

22nd October, 1931.

PRESENT:—

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

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

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

THE COLONIAL TREASURER (HON. MR. E. TAYLOR).

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. W. B. A. MOORE (Director of Medical and Sanitary Services).

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

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

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

HON. MR. J. P. BRAGA.

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

HON. MR. J. J. PATERSON.

HON. MR. W. H. BELL.

MR. R. A. C. NORTH (Deputy Clerk of Councils).

ABSENT.

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

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 paper:—

Regulation made by the Governor-in-Council under section 29 of the Births and Deaths Registration Ordinance, 1896, on 30th September, 1931.

QUESTIONS.

THE HON. MR. S. W. TS'O:—In the absence of the Hon. Mr. W. E. L. Shenton, I ask the questions standing in his name, as follows:—

1.—How many craft were during the 2nd September last towed to safety by "Kausing" from:—(a) West end of Harbour; (b) East end of Harbour?

2.—How far west did the "Kausing" patrol?

3.—How many requests were received by Harbour Office for assistance? Were they passed on to the "Kausing"? If so, is there any record of action taken? Can the log be produced?

4.—Details of craft refusing assistance?

5.—Is it a fact that the "Kausing" was anchored in Kowloon Bay during the afternoon of 2nd September when craft were sunk in various parts of the Harbour? If so, between what hours and why?

6.—Much as Naval assistance is appreciated, was it necessary for H.M.S. Stormcloud to carry out the rescues of fisherfolk on Lamma Island, after the typhoon? Could not this have been done by the "Kausing"?

7.—What are the duties of the "Kausing" during the presence of a typhoon in the Colony?

8.—Is the "Kausing" worked under the instructions of the Harbour Master or does the Master act on his initiative?

9.—Is the "Kausing" only intended to help large vessels or any size of craft requiring assistance?

10.—What acts of assistance did the "Kausing" perform during the typhoon of the 2nd September?

THE HARBOUR MASTER replied:—

1.— (a) Two trading junks. A third was towed some distance but the tow line either parted or was cut. The latter is suspected because the "Kausing" cannot steer at very low speeds and the junk people complain that she tows too fast. A line was thrown to a fourth junk but although caught was not made fast.

(b) None. No junks or cargo boats, approachable by "Kausing," were found in need of assistance.

2.—Past Green Island where two small sampans were offered assistance at 10.30 a.m. This assistance was refused and the sampans reached shelter under their own oars.

3.— (a) A request was received from the Kowloon Godown Company for the "Kausing" to tow some lighters from off Kowloon Wharf to Yaumati Shelter. This was passed to "Kausing" but no action was taken as there appeared to be no danger to life,—the Wharfage Co. having their own launches available.

(b) A request was received from Kwong Hip Lung to tow some lighters from West Point to Yaumati. As by then the "Kausing" had proceeded to the Eastern end of the harbour it was explained to his representative that the craft in the west having had their opportunity to be towed to safety it would be unfair to recall the "Kausing" from the East and so deprive any craft in the East, who might be in need of assistance, of their opportunity to accept towage. This request was not passed to "Kausing."

(c) A report was received that some lighters belonging to Butterfield and Swire were in trouble to the westward. As the "Kausing" had already proceeded to the East this report was not passed to the "Kausing" for the same reason as set forth in 3 (b).

(d) A report was received from the Green Island Cement Co. that some lighters were in distress off Hok Yuen (Kowloon Bay). This message was

passed to "Kausing." On arrival at Hok Yuen owing to bad weather conditions the Master decided that it would be an undue risk to take the "Kausing" in to the lighters, a decision with which the Harbour Master concurs.

- (e) A report was received that a junk was sinking inside Kellett Island. This message was passed to "Kausing." On arrival off Kellet Island no sign of such junk could be seen. The Master did not search inside Kellett Island as there was insufficient water for the safe navigation of the "Kausing".

Messages were passed to the "Kausing" as stated above.

Record of action taken is contained in the log.

Copies of both the Deck Log and Wireless Telegraph Log are produced.

4.—A large number of junks and cargo boats estimated at about 100 were lying alongside the praya and wharves. Each group was offered towage. Some craft declined, others ignored the offer.

No record was kept. An order has now been issued that such a record shall be kept in future.

5.—The "Kausing" due to weather conditions was anchored in Kowloon Bay at 3 p.m. At 4.50 p.m. anchor was weighed but at 5.10 p.m. the "Kausing" proving unmanageable at low speeds anchor was again dropped and "Kausing" remained at anchor until 6 p.m. when the weather moderating she again got under way.

Most of the craft sunk or broken up against the praya wall met their fate between the piers to the west of the Harbour Office between 2.30 p.m. and 4.30 p.m. Had the "Kausing" been present off these piers she would have been unable to go in to these craft as she would have been running a grave risk of becoming herself a casualty against the praya wall.

6.—On 3rd September whilst the "Kausing" was being employed carrying out the Gap Rock Lighthouse relief a report was received that some fishing junks had been wrecked on the Lema Islands in Chinese Territory. Owing to a temporary defect in " K a u s i n g ' s " w i r e l e s s t e l e g r a p h i t w a s

found impossible to get a message through to her and the Naval Authorities very kindly detailed H.M.S. "Stormcloud" to investigate. Acting on a report received from the "Stormcloud" by the Naval Authorities the Harbour Master sent out the "Kausing" on the morning of September 4th to carry out a thorough search. The "Kausing" arrived back in the evening having rescued 19 persons.

No report has been received of any casualty having occurred on Lamma Island.

7.—A copy of the orders for the "Kausing" during typhoon weather drawn up in July 1926 by the following Committee:

Harbour Master (Chairman),

R. Sutherland, Esquire,

T. N. Chau, Esquire, representing the Chinese Chamber of Commerce,

Captain P. H. Rolfe, Marine Superintendent, Indo-China Steam Navigation Co., Ltd.,

Captain R. Innes, Marine Superintendent, China Navigation Company,

Captain E. H. Neave, Senior Wharfinger, Hong Kong and Kowloon Wharf and Godown Co.,

is tabled.

8.—The Master works under the general instructions as laid down above.

Messages received at the Harbour Office are passed to him as requisite and in special cases definite instructions from the Harbour Master.

The Harbour Master acts in general control but in typhoon weather a great deal must be left to the initiative and judgment of the master who is the man on the spot and is better able to judge the capabilities of the "Kausing" in the weather conditions then prevailing than can an officer sitting in an office.

9.—All craft regardless of size, giving priority to the saving of life.

10.—This is answered by the reply to question 1.

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. 11 of 15th October, 1931, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

FULL COURT AMENDMENT ORDINANCE, 1931.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Full Court Ordinance, 1912." He said.—The object of this Bill is explained in a short memorandum attached to it.

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 enables a Full Court of either two or three judges to deal with applications and matters incidental to an appeal to a court of three judges. Such incidental matters sometimes occur when the third judge is not available.

2. Section 3 repeals a provision introduced into the principal Ordinance by Ordinance No. 39 of 1912, the effect of which is now spent.

THE BUDGET.

THE COLONIAL SECRETARY moved the second reading of "A Bill to apply a sum not exceeding Twenty-six million six hundred and forty-one thousand seven hundred and eighty-seven Dollars to the Public Service of the year, 1932."

THE COLONIAL TREASURER seconded the motion.

THE HON. SIR SHOU-SON CHOW.—Sir, the duty of presenting the joint views of the unofficial members of this Council on the Budget again devolves on me this year. In discharging this duty I should like, at the outset, to tender to Your Excellency our congratulations upon your ability to produce a balanced Budget—a Budget which is undoubtedly one of the most difficult that a Governor of this Colony has been called upon to prepare.

The financial position of the Colony for both 1931 and 1932 has been shown with admirable clearness in the Hon. Colonial Secretary's speech and in the Hon. Treasurer's
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memorandum is very comprehensive and is the most illuminating document of its kind that has been presented with the annual draft Estimates. Though it has no direct bearing on the Budget, the Annual Report of the Auditor for the year 1930 deserves a word of commendation for the sound views it expresses and the independent spirit it reveals, which is in keeping with the best traditions of the Audit Service of the Crown.

The Public must congratulate itself upon the fact that instead of a deficit of \$2,250,000 at the end of the year as anticipated when the Estimates for 1931 were framed, there is expected to be a surplus of about \$50,000, but it regrets that this position has been achieved only by stinting the Colony of very necessary public works, and by a seemingly unending series of fresh taxes which have hardly left a single item of licences and fees untouched.

The Colony's taxable capacity has now reached a point where any additional imposts will assuredly have adverse effects on trade and the economic life of the community. In this connexion I would draw Your Excellency's attention to the speeches of the Hon. Mr. Shenton and the Hon. Mr. Kotewall relative to the subject when the Supplementary Appropriation Bill for 1930 was before this Council in July last: and also to Your Excellency's answer thereto that you echoed the hopes of our honourable friends that it would not be necessary further to increase taxation in connexion with the Budget for 1932 so long as we were able on the present basis to maintain the necessary standards of efficiency. The qualification which Your Excellency deemed it necessary to add when expressing this pious hope left it open to Your Excellency to authorise, as you did shortly afterwards, the wholesale revision of licences and fees and the imposition of new taxes which have become almost a weekly feature in recent months. We, however, realise that, in order to enable the Government to balance the Budget, fresh imposts in one form or another were inevitable, and we consider that, on the whole, the form adopted by the Government was better than a further increase in Assessed Taxes.

We also agree in principle to the proposal to levy a Betting Tax, but it appears to us that the estimated yield of \$250,000 has been based on a too optimistic expectation.

While we are not opposed to an increase to the Petrol Tax, it might be pointed out that in these days of rapid transportation, and the gradual spread of the population from town to suburban districts, petrol is a necessity rather than a luxury. This is true not only in regard to those who live at some distance from town, but also to those who have to do much travelling by motor-car in the course of their business. It might be pointed out that in many countries in which this tax is levied, the receipts derived therefrom are employed for the maintenance of
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in Hong Kong the Government, simultaneously with imposing the tax, decided to reduce the votes for the maintenance of roads and bridges in the City from \$100,000 to \$80,000, and outside the City from \$120,000 to \$80,000. This is a step which, in the words of the Hon. Colonial Secretary himself, "will mean a lowering of the high standard at which the Colony's roads have hitherto been maintained."

What has been the prime cause of such economy exercised at the expense of efficiency? The answer is the enormous cost of administration that has been occasioned by the general increase of salaries, sanctioned by the Government in this Council a year ago when the financial condition of the Colony was just beginning to take a turn for the worse. The public was therefore amazed to hear that in spite of the present state of affairs, the Secretary of State for the Colonies had directed that sterling salaries should, as from the 1st January next, be converted at current rate of exchange, with the proviso that for the present payment should not be made at more than \$20 to the pound sterling.

The unofficial members protest in most emphatic terms against this decision. It will be within the recollection of all that during the debate on the Budget last year, Your Excellency agreed to the "compromise" suggested by the Hon. Mr. Paul Lauder of paying half the salary of sterling-paid officers at the rate of 1/6d to the dollar, and in so doing you said that the abnormal rate of exchange was "perhaps unduly favourable to the sterlingpaid officers." The compromise was therefore in the nature of an equitable readjustment, if not an *amende honorable*, after the Government had forced its salary scheme through the Legislative Council by means of the official vote.

Now, the Secretary of State has given his decision contrary to Your Excellency's advice, and we fear that any protest from us would be futile. But the decision amounts to a reversion to what Your Excellency has admitted to be an unduly favourable condition; it means additional expenditure. What it will actually cost to the Colony we do not know: everything must depend upon the movement of exchange, but whatever the cost, the Colony cannot afford it. In spite of the ruthless curtailment of necessary public works, in spite of a considerable number of the recommendations of the Retrenchment Commission having, according to the Hon. Colonial Secretary, already been acted upon, the estimated expenditure for next year shows the staggering increase of \$4,193,806 over the approved estimates for 1931, and of \$2,829,161 over the revised estimates for the same year, without taking into account the \$1,000,000 for the Naval Arsenal, to be financed out of surplus balances. These figures reveal a state of affairs which does not go to support the Hon. Colonial Secretary's contention that "we can afford to pay these salaries."

We are unable to ascertain from the draft Estimates the total amount of savings in personal emoluments that have been effected by the adoption of the Retrenchment Commission's recommendations, but it is conceivable that such savings would be more than counterbalanced by the increase entailed by the conversion of sterling salaries at current rate of exchange. This being the case, the retrenchments so far effected would be rendered nugatory. It would also mean dispensing with the services of a large number of less well paid men in order further to improve the lot of sterling-paid officers who are by no means niggardly treated.

The estimated total expenditure for next year, excluding Military Contribution and Public Works Extraordinary, is \$25,441,549, of which \$13,809,382, or 54.28 per cent. is for personal emoluments. It is true that these high figures are due to the Budget being framed on a shilling dollar; none the less, they are phenomenally high, whatever the cause, and it behoves us to exercise the strictest economy, especially when the Colony is undergoing—to quote once more the Hon. Colonial Secretary—"considerable financial perturbation."

In view of the facts I have mentioned, and in view also of the salary cuts that have been authorised in Great Britain and in colonies such as Ceylon and Singapore, we are of the opinion that it would be but fair that some reduction should be made in the salaries of sterling-paid officers in the Civil Service of Hong Kong.

The honourable member representing the Hong Kong General Chamber of Commerce will move an amendment to give effect to our proposal which we think is as reasonable as it is necessary in the financial circumstance of the Colony.

The Hon. Colonial Secretary, when referring to the "compromise," said that "the Government does not consider it fair that one section only of the community should bear such a disproportionate share of the burden of balancing the Budget." He also said that the example set by Government has not been generally followed by the business firms of the Colony; that though certain mercantile houses have found it necessary to reduce salaries they are not firms which should be taken as a barometer for the adjustment of Government salaries; and that other large business firms, so far as the Government is aware, have not found it necessary to curtail to any appreciable extent the dollar equivalent of their sterling salaries.

We do not admit the fairness of the first contention for the reason, as I have stated, that the compromise was merely an equitable readjustment. Nor can we leave unchallenged his statement concerning business houses, of which the Hon. Mr. C. G. Mackie will adduce facts in refutation.

The unofficials are sorry that they have to move for a reduction in the salaries of the sterling-paid officers, but they feel that they would be failing in their duty to the public which they represent, if they were to allow this further increase to personal emoluments by the abandonment of the "compromise" without proposing some measure to offset the increase.

It is calculated that the difference between the Estimates framed on a 1/- dollar and those on a 1/3 dollar, is about \$1,500,000. If the sum represented by this difference should ever materialise, it should, we suggest, be utilised for financing some of the urgently needed public works that have been postponed from year to year, such as a new Government Civil Hospital, Infectious Diseases Hospital, and Lunatic Asylum.

I should like to return for a moment to the Retrenchment Commission. The unofficial members regret that the Commission's report, together with the comments of the Government thereon, was not presented with the draft Estimates, for these two documents would have been of material assistance to them in their scrutiny of the Estimates. We ask that when the report is published a statement may accompany it, showing the savings that will be effected both in 1932 and ultimately.

Similarly the report of the Clegg Mission which came out here at the instance of the Secretary of State to enquire into our currency would, if available to the public at this moment, have considerably assisted us in our consideration of the Budget, inasmuch as the finances of the Colony are bound up with the problem of exchange and currency. Will Your Excellency inform the Council why this report has not been published, and when it will be published?

I will now proceed to comment on a few individual items in the Estimates of Revenue.

The receipts from Light Dues, Buoy Dues and Fees for the Engagement and Discharge of Seamen, show decreases, the reason given in the footnotes being that these items were over-estimated in 1931. In view of the importance of shipping to the Colony, it would be interesting to know whether the figures estimated for 1931 were based on the expectation that more vessels would touch this port in the year than has actually been the case.

The unofficial members note with satisfaction that the revenue of the Kowloon-Canton Railway is expected to yield an increase of \$151,450 which is a healthy sign that the receipts of the British section of this line are steadily increasing.

Turning now to Expenditure, I will deal with certain items in the order in which they appear in the draft Estimates.

In regard to the Head "Cadet Service," we are of the opinion that during the last four or five years more Cadets have been brought out than were actually required by the need of the Service, having due regard to the fact that modern administration tends more and more to require the employment of specialists on special work. We trust that the two posts that have recently become vacant will not be filled for some years to come.

There is a reduction of five stenographers in the Senior Clerical and Accounting Staff. We think that a greater reduction can be made in this direction by substituting local men for sterling-paid stenographers.

We approve of the provision of \$24,000 for the purchase of two accounting machines which, according to the explanatory footnote, will result in the saving of six clerks. It is hoped that this saving will be a real saving by the actual abolition of the six posts instead of by transferring them to other departments, and so leaving the total number of clerical posts undiminished.

We have noted with interest that a small committee has recently been set up to enquire into the adequacy and use of Government launches, and we hope that the provisions made in the Estimates for new expenditure connected with the subject under investigation will not be implemented until the Committee has made its recommendations.

The unofficials cannot understand why coal and oil fuel for launches in the Harbour Department should show the considerable increase of \$62,870, while the vote for coal in the Railway Department remains unchanged. We can ascribe a portion of the increase in the Harbour Department's vote to a rise in the price of oil fuel, but that still leaves the unchanged state of the Railway vote to be answered.

Under "Special Expenditure" in the Estimates of the Harbour Department is the provision of \$6,400 for training expenses for one Government Marine Surveyor in England. The system of training men after they have been engaged, in order to qualify them for their work, seems to us to be one that is open to condemnation, in that it is not only uneconomical but does not conduce to efficiency. In future we trust that only properly qualified men will be engaged.

Complaints have frequently been heard that architects have experienced much difficulty and inconvenience in preparing plans for new buildings because the requirements of the Fire Brigade governing such are not definitely defined. The obvious remedy is to have a set of Fire Regulations formulated so that all may know what the requirements of the Department are. In this connexion we would urge that the work of recasting and consolidating the Public Health and Buildings Ordinance, which we understand is in

progress, may be expedited. At present the hundreds of amendments, large and small, that have been introduced since the Ordinance first came into being, are a source of some bewilderment to those who have occasion to refer to the law on the subject. Much time would be saved to both the Government and the Public if the Ordinance were consolidated in a comprehensive and clear manner.

The unofficials have noted with considerable satisfaction that provision has been made for anti-malarial and anti-venereal disease measures, as well as for infant welfare work. It is the earnest hope of the unofficial members that before long steps will be taken to give greater facilities for the treatment of tuberculosis cases, and, as soon as money is available, to build a sanatorium for the purpose.

While I am still dealing with the Medical Estimates, I desire on behalf of the unofficial members to express sincere thanks to the St. John Ambulance Association for having handed over on loan to the Government three motor-ambulances, and for the valuable services it has rendered to the Colony by giving free vaccination to thousands of people every year, the number vaccinated in 1930 being over half a million.

The thanks of the Colony are also due to those public-spirited gentlemen who founded the New Territories Medical Benevolent Society, particularly to those medical practitioners who give their services free to the suffering poor in the New Territories, cheerfully and unremittingly.

In the Estimates of the Kowloon-Canton Railway, under "Special Expenditure," provision has been made for the new body-work of four coaches. We do not know whether this body-work is to be of steel or wood. If work has not yet been commenced, we suggest that the coaches might be built of steel, as we have been given to understand that recent experience has shown that steel is not only safer than wood in case of accident, but is also more economical in upkeep.

We are glad to see that a beginning is at long last to be made next year in the construction of the 100-foot road between Causeway Bay and the Ming Yuen Garden. This road is an urgent necessity for the development of the district east of Whitfield Police Station, and our one regret is that larger provision has not been made in the Estimates for 1932. We hope that if in the course of the year the finances of the Colony should improve, a larger sum than the \$50,000 now inserted in the Estimates may be spent on this road, so as to accelerate its completion as much as possible.

The announcement that a new gaol is to be built has given satisfaction to the public. We
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the Government the proposition of removing the Police Training School at Mongkok to the neighbourhood of the new Gaol. The proximity of the Training School to the Gaol would help to keep down the staff of Warders; and the valuable property now occupied by the School which has recently been acquired at a considerable sum of money, can be resold, probably at a profit.

It may not be out of place here to tender to Your Excellency the advice, which I know has the support of the public, that the Superintendent of Prisons should reside at or close to the Gaol, for reasons obvious to all.

We were gratified to learn that on the construction of the Service Reservoir in the Botanical Gardens next year, and the laying of a 24-inch pipe-line to connect the reservoir to the cross-harbour pipe-line, the first section of the Shing Mun Scheme will be completed. Our gratification has been enhanced by the knowledge that works on the new dam for the Aberdeen Reservoir, the upper and lower Pumping Stations, the reconstruction of Eliot Filter-beds, and the East Catch-water First Section have all been satisfactorily executed. These, and the other waterworks that will be finished next year will, we hope, prevent a recurrence of serious water famines such as the one we experienced in 1929. It is sincerely hoped that the approval of the Secretary of State as regards the second section of the Shing Mun Scheme will soon be obtained, and that work on it will be proceeded with as early as possible.

While on the subject of Public Works Extraordinary the unofficial members desire to mention, incidentally, that comments and criticisms have been expressed on the terms and conditions attached to the notification calling for tenders for the Passenger and Vehicles Ferry. As this matter has no direct bearing on the Estimates, we do not propose to enter into details, but in the interests of the Colony we trust that the Government will give due weight to any representations it may receive on the subject.

We commend to the consideration of the Government, if the proceeding has not already suggested itself, the desirability of converting at an early date the Six per cent. Public Works (1927) Loan to one bearing a lower rate of interest, as soon as opportunity arises.

A few words may be said concerning Military Contribution, which shows an estimated increase of \$1,582,277. This increase is, of course, the result of the increase in revenue. While we do not desire to press for a more equitable method of calculating Military Contribution in view of the financial difficulties confronting the Home Government, we should like to be informed whether Your Excellency has obtained the sanction of the Secretary of State to the publication of the correspondence between himself and Sir Cecil

Clementi on the subject, as mentioned by Your Excellency during the Budget debate last year.

In conclusion, we respectfully congratulate Your Excellency on your success in preserving cordial relations with our near neighbours in Kwongtung and Kwongsi under extremely difficult conditions—an achievement which has called for sagacity and understanding, tact and statesmanship. We also assure Your Excellency of our loyal and wholehearted support of any measures which you may deem it necessary to adopt for maintaining peace and order in these times of unrest and anxiety. (Applause).

HON. MR. R. H. KOTEWALL.—Sir,—My senior Chinese colleague, having undertaken the office of spokesman for the unofficial members, has delegated to me the task of presenting the Chinese views on the draft Estimates. That task has been considerably lightened by the inclusion in the Hon. Sir Shou-son Chow's speech of all the matters of major importance to the Chinese community; and I need only say that I am in entire agreement with the views he has expressed thereon. There are, however, a few questions affecting the Chinese in particular, concerning which I am to offer some remarks.

When the draft Estimates for 1931 were before this Council, I put forward, on behalf of the Chinese General Chamber of Commerce, a proposal to tax race sweep-stakes, giving the reason that such a tax, while entailing no hardship on anyone, would yield a substantial revenue, and would be easy to collect. It is with much satisfaction, therefore, that the Chinese have learnt of the Government's intention to introduce before the end of the present year a Betting Tax, estimated to bring in a sum of \$250,000 in 1932.

The Hon. Sir Shou-son Chow, on behalf of the unofficial members, has expressed the opinion that a greater reduction could be made in the number of stenographers on the Senior Clerical and Accounting Staff by the substitution of local men for sterling-paid employees. I trust that I may be permitted to add a few words in support of this plea. It seems to me that there must be, either in the Service or outside it, plenty of local men and young women—Chinese, Portuguese and Indians—whose training and trust-worthiness qualify them to fill at least some of these posts. I recognise the necessity for employing adequately paid stenographers of undoubted discretion where the nature of the work is highly confidential; but I hold the view that if a local man has proven himself to have the necessary training and discretion, he should not be barred from one of these posts, or from other posts on the Senior Clerical and Accounting Staff. By throwing these positions open to local men, the Government not only would do justice to all alike, but would be able to effect considerable savings in exchange compensation, long leave pay, and free passages.

I welcome the Government's decision to increase the Capitation Grants by \$45,000 as being a step in the right direction. Though the increase is comparatively small, and will not benefit certain grant-in-aid schools to any appreciable extent for reasons I need not mention here, it connotes recognition by the Government of the usefulness of these schools in the educational scheme of the Colony. There is no doubt that but for the existence of the grant-in-aid schools, which relieve the Government of its responsibility to educate several thousand students every year, the cost of education in the Colony would have been considerably greater than the amount of grants now paid. I was glad to hear from the Hon. Colonial Secretary that should the financial position of the Colony be improved twelve months hence, the question of a further increase in the grants would be considered.

Last year I drew attention to, and strongly deprecated, the reduction of the vote "Subsidies to Elementary Vernacular Schools in Hong Kong" from \$95,000 to \$80,000. It is therefore a pleasure to find the vote not only restored to its former figure, but actually increased by \$5,000. As a believer in universal education, I should like to see this vote doubled, so that a free elementary education could be given to a larger number of poor children than the present vote permits. Whether a higher education is a luxury or a necessity is a question that might well be left to those who are in a better position to propound an opinion thereon, but I think few will dispute my view that all children, no matter of what station of life, should have the chance of acquiring an elementary education in their own language.

The institution of a Junior Technical School is another important improvement in our educational system, on which the Government is to be congratulated. The Hon. Colonial Secretary has said that the school was not expected to pay for itself by the fees received, as it was intended for sons of comparatively poor parents. No one could reasonably expect that the fees would cover expenditure, and my Chinese colleagues and I gladly approve of the provision made in the Estimates for this school which, we think, will be of real benefit to the community.

Your Excellency has recently appointed a committee to enquire into the question of Chinese education at the University of Hong Kong. It appears to me that the time has come when our educational system as a whole should be thoroughly overhauled, and that it may be profitable to appoint a committee for the purpose. Some think that we are spending far too much on education: others feel that we do not spend enough; while yet others consider that the system in vogue is capable of improvement. That being the case, a committee of enquiry, composed of men with practical experience of education and with knowledge of local conditions, should be of great assistance to the Government in determining its educational policy.

As the question of water supply is of vital importance to the Chinese, I make no apologies for adding a few remarks to those of the honourable senior unofficial member. Three years ago, when the supply to the rider-main districts had to be severely restricted from time to time, entailing acute hardship on the people, I felt it my duty to speak on the Government's lack of foresight in providing an adequate supply on both sides of the harbour. To-day, it is my agreeable duty to express appreciation of the expeditious and satisfactory manner in which various water-works have been or will soon be completed. The Chinese would be grateful if Your Excellency could assure them that with the completion of these works, sporadic restrictions such as we have experienced in the past need not be feared in the future.

The Hon. Dr. S. W. Ts'o will speak on the necessity for more encouragement and support being given by the Government to the growing of vegetables in the New Territories, so that the Colony may be less dependent on outside supplies. With his view and suggestion Sir Shou-sun Chow and I are in agreement.

Lest an omission on my part to mention the new taxes recently brought into force give the impression that the Chinese have no strong feeling on the subject, I should like to say that the Chinese view these wholesale imposts with considerable concern and apprehension. The Government has made a thorough revision of all the licences and fees, and has introduced many new forms of taxation, which affect all classes of the community directly and indirectly, and to a more or less extent. The taxable capacity of the people, as has been pointed out by the honourable senior unofficial member, has now reached a point where any additional imposts will have an adverse effect on the economic life of the community. It is earnestly to be hoped, now that the Government has managed to balance a very difficult Budget, and the rate of exchange is actually higher than the rate on which the draft Estimates are based, the Government will give the people some respite by ceasing its quest for additional revenue.

Having expressed the collective views of the Chinese unofficial members, may I, with great deference, offer some personal opinions and suggestions in regard to the technical aspect of the Estimates? I am emboldened to undertake this self-imposed task by the readiness with which the Government has in the past adopted similar suggestions from the unofficial members, and also by the experience which I gained from the humble part I took in the preparation of the Colony's annual Estimates when I had the honour of serving in the Colonial Secretary's Office.

If I may be permitted to say so, the form of the draft Estimates now before us is undoubtedly better than that of any Estimates that have been presented to this Council during
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years. The two statements showing the actual Revenue and the actual Expenditure for the past ten years, now embodied in the Estimates for the first time, are particularly helpful. But I venture to think that the usefulness of the second statement would have been greatly enhanced if Personal Emoluments, Other Charges, and Special Expenditure of each department were shown separately, thereby enabling the public to see the variations in each of those three main items for a period of ten years. The statement could be further improved, in my opinion, by having all the salaries chargeable to any one department allocated to that department, instead of having them grouped under the three "omnibus" heads—Cadet Service, Senior Clerical and Accounting Staff, and Junior Clerical Staff. To do this for the last ten years might entail too much clerical work, but perhaps a beginning in this direction might be made with 1931, the year in which the totals of the three main items mentioned were for the first time given in the estimates of each department under the caption "Summary." From this Summary the figures for the statement can be compiled without difficulty.

Speaking of the "omnibus" heads, I see from his report on the audit of the accounts of Hong Kong for the year 1930, that the Government Auditor is not altogether enamoured of the method of grouping salaries in the manner at present employed. It may be interesting to point out that in 1925 the late Hon. Mr. P. H. Holyoak said that the unofficial members were not fully satisfied that it was not preferable to debit salaries of the clerical service to the various departments concerned so that the unofficial members could arrive at a definite knowledge of the cost of running each department. But the Government did not accept this view. In 1929 the Hon. Sir Shou-son Chow, on behalf of the unofficial members, also drew attention to this method and suggested that the public interest would be better served by reverting to the old system of embodying in the estimates of each department all salaries chargeable to that department, even if a little more time and labour were entailed thereby. To this suggestion the Government made a partial concession by introducing the Summary I have mentioned. This Summary is a distinct improvement on the form of the previous Estimates, though on the whole I prefer to see the estimates of expenditure of each department contain all the *detailed* disbursements it has to make. At any rate, the Auditor seems to hold this view; but if the Government is not prepared to go to the length advocated by me, may I suggest that in future Estimates, under the head "Summary," Special Expenditure should be shown *after* Personal Emoluments and Other Charges have been totalled. Special Expenditure is non-recurrent expenditure, and may show a large amount in one year and nothing at all in another; to group it with the other two recurrent items may cause a wrong conception of the real position of the estimated recurrent expenditure of a department for

the following year as compared with that of that current year. For example, take the Summary attached to the Imports and Exports Office on Page 27. From this you will see that the special Expenditure for 1931 is \$20,800 and for 1932 only \$6,000; while the total of the three main items Personal Emoluments, Other Charges, and Special Expenditure for 1931, was \$948,610, and the total for 1932 was \$942,341—an apparent decrease of \$6,269—when in reality the estimates for 1932, if computed without the Special Expenditure, should reveal an increase of \$8,531. With the Special Expenditure shown separately in the Summary, this confusion would be obviated.

Another innovation which I would suggest is the inclusion in future Estimates of a new statement showing the percentage of each head of expenditure to the total estimated Expenditure, excluding Public Works Extraordinary; and also the percentage of each head of expenditure to the total estimated Revenue, excluding Land Sales.

I apologies, Sir, for the seeming presumption with which I have proffered these suggestions. I have done so in the belief that I might be helpful to the Government in its efforts to produce the Estimates in a form that would facilitate reference, and would afford the community information for which it has looked in vain in the past.

As a representative of the Chinese residents, may I associate them with the pledge of co-operation and support offered to Your Excellency by the unofficial members through their leader? I should also like, on their behalf, to tender to Your Excellency grateful thanks for your kind expression of sympathy with their countrymen in the great misfortune that has befallen them through the series of unprecedentedly disastrous floods in the Yangtze regions, and also for the Government's generous contribution in aid of the victims of the floods in Kwongtung. This friendly assistance, rendered spontaneously and promptly, exemplifies the truth of the lines:

"In faith and hope the world will disagree,
But all mankind's concern is charity." (Applause.)

HON. MR. C. GORDON MACKIE.—Sir, my colleague, Hon. Sir Shou-son Chow, the Senior Unofficial member, in his review of the Budget, dealt with the question of Sterling Salaries and mentioned that I, on behalf of the Hong Kong General Chamber of Commerce, would also speak on this subject. Before expressing the views of the Chamber, with which all the Unofficial members are in entire agreement, there is another matter of great interest to the commercial community which I wish to bring forward.

Reference is made by the Hon. Colonial Secretary in his speech to the work being done by the Port Development sub-department, which he states is at present mainly occupied with the Vehicular Ferry scheme. Whilst admitting that that work is of great importance to the Colony, I consider that a matter which requires much more urgent attention is the re-survey of the harbour so that the long over-due work of dredging can be taken in hand without any further delay. I understand that one officer has been detailed for this special service. There has been no extensive dredging done since 1928 and had it not been for the reclamation at Kai Tack that work might possibly not have been carried out even now.

To accommodate the larger steamers trading to this port, the Hong Kong and Kowloon Wharf and Godown Company, Ltd., have extended their existing wharves and are now building a still longer wharf. This new wharf, which is being erected at a cost of over a million dollars, will be completed by the end of this year, but owing to the shallow approaches it will not be available for the big modern liners until a channel is dredged.

I maintain this is essentially a work which should be carried out by and at the expense of the Government, whose duty it is to provide access to berths for all steamers trading to this port. Additional taxes have recently been levied on shipping and the rates and taxes payable by the Wharf Company are assessed on profits as shown in the Company's balance sheet: that is to say they are collected on revenue from wharves in addition to pier rents.

At the present time the Wharf Company have a grab dredger constantly employed removing refuse deposited between the wharves from the sewers and nullahs running down Haiphong and Peking Roads. That dredging should surely be undertaken by Government.

Although the Wharf Company keep a sufficient depth of water at their wharves to allow the largest vessels to go alongside, the approaches to the berths used by these steamers are by no means satisfactory. Anyone who cares to watch the berthing and unberthing of big mail boats can see from the amount of mud they displace that the navigating of these ships must cause much anxiety to those in command.

At times, in the neighbourhood of wharves our beautiful harbour reminds one of the muddy water of the estuary of the Yangtze as seen when approaching Shanghai. The prosperity of the Colony is largely dependent on the facilities it affords to shipping and everything possible must be done to meet modern day requirements.

I trust that full consideration will be given to this matter and that essential dredging will be taken in hand at once and not delayed pending the completion of the hydrographical survey now being made.

Turning to the question of sterling salaries, to which reference has already been made, that is a subject which—if judged by what one reads and hears—is causing more adverse comment and arousing stronger public feeling than any other matter raised in connexion with the estimates for 1932.

The Hon. the Colonial Secretary in his able general survey in introducing the Budget unfortunately when dealing with salaries drew a picture describing the sacrifices the sterling paid Civil Servants had been called upon to bear in the burden of balancing the Budget as compared with the employees of the business concerns of the Colony.

His statements were not at all convincing and were, in fact, very misleading, as, I may state, almost without exception, the entire business and professional community has been very severely hit by bad trade and the drop in exchange.

I have sent to Your Excellency confidentially figures which show that many of the large industrial concerns and business houses have, apart from paying sterling salaries at a fixed rate of exchange, made definite cuts in pay. In addition overheads have been reduced by a reduction in staff. According to the Government proposal, salaries of Civil Servants will, as from January 1 next, be paid at Treasury rate of exchange, notwithstanding that on the recommendation of the Salaries Commission they were recently increased by 15 per cent.

This means, according to the figures kindly supplied by the Hon. the Colonial Treasurer, that an additional tax on the resources of the Colony of approximately one million dollars will be levied next year. When this question of salaries was debated last year, thanks to the good offices of Your Excellency a compromise was reached, although in the opinion of the Unofficials, that arrangement was still too favourable to the Civil Servants. The matter would then no doubt have been finally disposed of but for the fact that certain members of the Civil Service forwarded a petition to the Secretary of State, pressing for payment of full salaries at current rate.

Legally it may be argued that employees on sterling salaries are entitled to be paid in local currency at Treasury rate of exchange, and I feel that there would really be no strong argument against that were it not for the fact that these same employees were paid at a preferential rate when the dollar was standing

much above what it is to-day and when it was vastly to their benefit to break away from the actual terms of their contract. One can't both have one's cake and eat it.

The cost of living has admittedly not gone up to the same extent that exchange has fallen, and anyone fortunate enough to be drawing his sterling pay at current exchange is infinitely better off than he could reasonably expect to be.

Government Servants at Home, in Ceylon, the Straits and other places have all had their salaries cut and it is only fitting that the Civil Servants of this Colony should shoulder their fair share of the burden occasioned by the present world-wide depression instead of increasing the levy on the already sorely-hit taxpayer, and incidentally finding themselves better off than they have ever been at any time during their service.

Full consideration to this subject has been given at meetings of the Committees of the Chamber of Commerce and China Association and of Unofficial Members of this Council. The decision unanimously adopted was that as the Secretary of State for the Colonies has definitely decided that sterling salaries are to be paid at Treasury rate of exchange as from January 1 next, notwithstanding that the present basis of payment is acceptable to the Official as well as the Unofficial members of this Council, full justice would be done both to the Civil Servant and to the taxpayer if salaries are reduced by 10 per cent. before conversion into dollars. I shall therefore in due course, move the following amendment to Section Two of the proposed Bill:

"That a sum not exceeding \$25,708,257 in place of the sum \$26,641,787 shall be and the same is hereby charged upon the revenue and other funds of the Colony for the service of the year 1932." (Applause).

HON. MR. J. P. BRAGA.—Your Excellency, the role I propose to assume in connexion with the Budget debate is that of special pleader on behalf of Kowloon. Before, however, presenting to Your Excellency and this honourable Council a case for the needs and claims which the Kowloon Residents' Association desire me to submit for modest and moderate but, nevertheless, urgent public improvement for the peninsula, great disappointment must be expressed at the non-fulfilment of the Government's undertaking to economise in the direction of the staffing of the public service by a larger number of dollar for sterling-paid servants of the Government.

I labour under some disadvantage in the formulation of my criticism, since in the absence of the Report of the Retrenchment Committee, which has been withheld from the
U n o f f i c i a l m e m b e r s

of the Legislative Council, except those who are also members of the Executive Council, it is impossible to determine the extent to which the Retrenchment Committee had acquiesced in the Government's policy of maintaining an expensive personnel on a sterling basis. Nor is it possible to ascertain how far Your Excellency's instructions to several departments (Hansard 1930, p. 227) regarding local recruiting have been carried out. Until the determination to apply the axe in respect of a large branch of the gold section of its administration is carried out, it is difficult to resist the conclusion that the community's demand for greater economy in the Colony's administrative expenditure has been ignored.

I must not be misinterpreted as denying to those officers of the Government who, by reason of their professional qualifications, high attainments and technical skill, should receive a full measure of their value so as to secure to the Colony the benefit of their valued services. As, for example, the provision of \$18,000, recoverable in fees, for three Consultants in the Medical Department, who are professors of the Hong Kong University doing specialist and consulting work and whose value to the Colony cannot be overestimated.

The abolition of the General Works Office of the Public Works Department, referred to by the Hon. Colonial Secretary in his Budget speech, is an economy measure of doubtful expediency. I do not know to what extent, if at all, honourable members will share my view; but the application of the pruning knife to the technical staff of top-notch men in the professional ranks of a highly specialised department may find the Colony, under normal conditions, bare of dependable men when important public works of large magnitude call for trained technicians with a knowledge of local conditions that can only be acquired after a few years' residence and professional practice in the Colony. Mistakes of unseasoned men newly recruited from England and unacquainted with the local physical and climatic conditions may prove so expensive as to absorb all the injudicious savings effected during a period of doubt and anxiety. The advantage of co-ordination obtained in the General Works Office will be lost by abolition and, speaking as a layman, I doubt if the redistribution of work hitherto coming within the purview of the General Works Office will tend to greater efficiency or potential economy. One disadvantage is obvious—the disadvantage of decentralisation and hence more costly supervision.

Saying what I have just stated, one is not unmindful of the fact that there are branches of the service in which it is little short of a luxury to retain officers on sterling salaries whose positions can and should be filled by men and women who can perform the duties with equal if not greater efficiency but drawing their salaries in dollars.

To better illustrate the comparative cost of the two divisions of the Clerical Service, I have compiled a brief summary that goes to show with how much indifference the clamour for economy in administration is received.

The members of the Senior and Accounting Staff are all paid in sterling, while those of the Junior Clerical Staff are paid in dollars. The comparison is a striking one.

The Senior Clerical branch was staffed by 66 officers in 1931 at an estimated cost of \$334,113.

The 1932 Estimates provide for 56 officers whose aggregate salaries will amount to \$409,634, showing 10 fewer officers out of 66 at an increase of salary of \$75,521.

The per capital cost to the Colony of each of the sterling-paid clerks will be \$7,315.

The provision made in 1931 for 633 dollar clerks in the Government pay roll was \$916,050.

It is proposed to increase this branch of the service to 679 clerks in 1932, whose aggregate salaries will amount to \$973,480; or an increase of \$57,430, with an increase in personnel of 64 more clerks.

The per capita cost of each of the dollar clerks will be \$1,433.

It remains to be established whether a £ clerk possesses the factor of five in efficiency value over the \$ clerk.

To pursue the analysis a little more minutely. Take, for example, the case of Senior Clerks in Class II. and compare them with the highest class in the Junior branch. The combined salaries of nine of the former class are estimated at \$94,481 for 1932, while 10 clerks of the latter group will cost the Colony \$53,000 next year. The comparative individual salaries are \$10,498 and \$5,300. It is a matter of common knowledge that for locally recruited hands to attain to the higher class in the Junior Clerical Service they must be of great efficiency and have seen a long period of service. The commencing salary of the highest class dollar clerks is \$4,800 a year. Cases are on record of qualified men with meritorious service attaining that grade only after 30 years in Government employ. By contrast a sterling clerk upon joining the service in Class II. forthwith draws £460, or \$7,360 at Ex. 1s. 3d., with all the privileges of home leave, etc., and the additional cost to taxpayers that these privileges to glorified men imply. This differential treatment of local *versus* imported hands cannot be too strongly criticised.

In dealing with subjects relating to Kowloon none are new to Your Excellency, as representations have been made to Government from time to time for the past three years. Since the first reading of the Appropriation Bill three weeks ago, I have been in communication, through the honorary Secretary, with the vigilant committee of the Kowloon Residents' Association. That versatile committee, who keep watch and ward over municipal affairs on the Mainland, have favoured me with a list of the most important subjects which require Government attention. They embrace such public questions as Kowloon's need of improved postal facilities commensurate with its size; the provision of police protection in Kowloon Tong; typhoon signals in the north-eastern districts of the Peninsula; the need of a portable fire-pump to deal with outbreaks in the outlying districts of New Kowloon; the Yaumati Ferry approach; hospital and bathing facilities; and disorderly houses in the residential areas.

To deal with the various subjects in their proper order, as long ago as September of last year the K.R.A. invited the Government's attention to the absence of postal facilities in the Hunghom, Mongkok, and Kowloon Tong districts of Kowloon. In April last the Committee again complained of the unsatisfactory state of affairs at the main Kowloon Post Office. The Association is very modest in its request; it suggests as a temporary measure that the accommodation be increased by the addition of a structure similar to the adjacent wooden police buildings, which would enable the postal service in general to be considerably extended at a relatively small cost and better facilities provided for sorting, etc., resulting in quicker delivery of letters. With the completion of the Ho Tung apartment building and the extension of the Kowloon Y.M.C.A., Kowloon's diminutive post office is completely dwarfed. Whereas on all hands Kowloon bears a striking evidence of considerable prosperity by dint of private enterprise, it reflects little credit on Government when it exhibits so much indifference with the planning and erection of a new post office fulfilling the requirements of the large population of Kowloon.

Recent events are still too fresh within one's memory to fail to emphasize the need of a police sub-station in Kowloon Tong. The growth of this and adjoining districts has been simply amazing, and it was with considerable regret that residents were officially informed that, owing to financial stringency, not only the original proposal to erect a police station, but a subsidiary proposal to erect two police boxes with telephones installed in each, have been cut out of the Estimates for 1932.

I have been requested to urge for consideration the desirability of displaying typhoon warning signals at Kowloon Tong and in the vicinity of Kowloon City. The residents' request, made a year ago, was turned down by Government in February of this year. The cost of the erection of a typhoon signal mast at each

of the two localities is comparatively small and should be justified before the next typhoon season.

Owing to the inaccessibility of the available fire appliances to certain areas in the Kowloon City district, it is considered desirable that provision be made for a portable fire pump of the trailer type. Its cost is inconsiderable and can be defended by the increased protection afforded to the lives and property of the poorer inhabitants of the Kowloon City districts, who are least able to bear any such loss.

I am aware that Government does not regard with favour the suggestion of surfacing the roadway and providing a properly levelled car park in the vicinity of the Yaumati Ferry Wharf. When it is remembered, however, that actually an average of 25,000 people use the Yaumati Pier daily this very necessary public improvement should not be long delayed.

Official statistics obtained of the number of out-patients treated in the Kowloon Hospital for the corresponding first six months of 1930 and 1931 give a total of 7,695 and 10,085, respectively. It is no exaggeration to state, as was pointed out to Government last month, that the accommodation is pitifully inadequate. The K.R.A. in their letter to Government describes "the waiting room as so small that many of the outpatients have to sit on the floor and door steps until other cases have been dealt with: this applies equally to male and female patients." For lack of accommodation applications for admission of inpatients have frequently had to be refused. As compared with a total of 439 operations performed during the whole of last year, there were 313 during the first six months of this year. This latter figure shows an increase of 167 cases as against last year's 146. The increase is over 100%. The addition of another European medical officer and the increase of the nursing staff are urgent requirements demanding the immediate attention of Government.

Not much need be said for increased public bathing facilities in Kowloon. The subject was exhaustively and ably dealt with in the columns of the Press in the early Spring. If the Government could see its way to remedy the deficiency before the next bathing season, public dissatisfaction would be greatly placated.

This is not the first occasion that I am addressing the Council on the subject of the presence of disorderly houses in the residential areas of Kowloon. The serious objection to their existence is obvious when it is stated that such houses are in the neighbourhood of schools for boys and girls. Their removal to a less objectionable location has been repeatedly

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interest of public morality and safety. I trust it will not be long before a suitable solution is found to this vexed problem.

I hope there is no truth in the report that Government contemplates a reduction in the public lighting on the Island and at Kowloon. If it is on the score of economy that it is proposed to reduce the number of street lamps at certain hours of the night, then in the interest of public safety let it be urged that the sooner this proposed measure of false economy is abandoned the greater will be the sense of security at present enjoyed by the community.

Hitherto the revenue derived from Land Sales has been put down in the Estimates as one lump sum for the whole of the Colony. It will serve a useful purpose for comparison if the item "Premia on New Leases" under Head 10 "Land Sales" could be shown separately for Hong Kong, Kowloon and the New Territories.

There are two items under Head 29—Kowloon-Canton Railway—which may be queried. Sub-head 35 calls for an expenditure of \$32,400 for One Boiler for 2-6-4 Type Class B Locos." Can the repairs to the two defective boilers not be effected at one or other of the local Dock Companies, whose facilities for handling such work are unsurpassed in any port of the world, thereby doing away with the need for a spare boiler? In this way some little assistance will be afforded the premier local industry, which should be most welcome in these days of intensive competitive tendering for jobs.

In order also to foster local industries every endeavour should, I think, be employed to utilise products of local manufacture in all Government building and construction works. While on this subject, it would be interesting to learn if there is a possibility of securing for Hong Kong the benefits and advantages of preferential tariff treatment in respect of products of local manufacture.

Item 36 makes provision for repairs to Galvanised Steel Plate Fencing round the Loco Yard, Hunghom—\$10,500. The Colonial Secretary made reference to this item in his speech. It is considered by some people that the elaborate galvanised railings which have been placed around the Railway property in the vicinity of Yaumati Station and Kowloon Tong, could have been substituted by some less costly fencing. It is suggested that any railings required for renewals to the railings enclosing the Loco Yards should be obtained by lifting the present railings and replacing them with barbed wire on properly doped wood stanchions.

Item 42.—May I be permitted to re-state my remarks last year when I said: "\$40,000 for new body work for four coaches. There

are technical men who advocate that, before incurring this expenditure, enquiries might be made of, and tenders invited from, firms in the Colony capable of building railway coaches, of which there are several. In this connexion there are those who hold that the present third-class coaches are of an entirely unsuitable type for the traffic on this line." Before approving this item I would like to know if these suggestions have been acted upon.

While motoring in the New Territories one is unpleasantly confronted with the huge quantity of shrub and undergrowth on some of the most dangerous corners of the road to Taipo. I therefore strongly recommend that a portion of the vote of \$5,000 for Brushwood Clearing be utilised immediately for clearing the said corners and that the work be done under proper supervision.

I return to the suggestion in the forlorn hope of a start being made, when funds permit, on the first section of the circular road to Sai Kung from Ngau Shi-wan to Ma Yue Tong. It was only the other day that I read in a recent number of *Motor* that the motorist is not getting a fair deal. It is argued that "as a ratepayer he contributes his share to the road as an average citizen. As a taxpayer he pays his full share of general taxation. In addition he contributes heavily to motor taxation for the sole reason that he wants to use the roads," and yet, as the Senior Unofficial Member has pointed out, simultaneously with imposing the additional Petrol Tax, in Hong Kong the Government has reduced the vote for roads. All round London are to be seen examples of roads cutting across fields of little agricultural value. As soon as the road comes the value of the land is increased enormously. Houses go up, new building and other work is stimulated, and new public facilities are created. It can be said with equal truth of the New Territories. If we are to listen to the panic-mongers all new road making and road widening is to cease. This will check the development of motoring, and the progress of land development and building. "Surely," the technical journal argues, "it is far better to make use of derelict fields in suitable areas and open them by roads which will create new land values, and will give new homes to the people."

Adverse comment has been made in the local Press on the official omission to notify in the *Gazette* appointments of all Committees of Inquiry with the names of the members composing such Committees. It was the practice to gazette all such appointments, and if Your Excellency will be pleased to cause that instructions be given to revert to the former practice I feel sure the information will be generally appreciated.

Hitherto the names of successful tenderers for Government contracts have been published in the *Government Gazette* together with the amount of the successful bid. While
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given, for some unexplained reason the amounts of the contracts have been omitted. In the *Shanghai Municipal Gazette* a full list of the tenderers is given and it should not be too much to ask that when awards are made by the Tenders Adjudication Committee the various amounts should be notified in the local *Gazette* for public information.

I heartily concur in the graceful tribute paid by the Senior Unofficial Member to the excellent work of the St. John's Ambulance Brigade and the New Territories Medical Benevolent Society. I would go further and appeal to Your Excellency to show the community's appreciation of the good work of the Medical Benevolent Society in a practical manner. This appreciation might take the form of a vote of, say, \$2,400 a year under Head 32 "Charitable Services." With this money the doctors in private practice, who are so generously giving of their time and professional skill towards providing a free medical service on the mainland, will be enabled to dispense medicines to the poor Chinese patients benefiting by the clinic organised in various centres in the New Territories. This benevolent work owed its initiation to the public spirit of a few local residents and two frequent visitors to the Colony, whose modesty has prevented their beneficent work from being more widely known than it is. The originators of this Society have avoided publicity; but it seems time that the public did know a little about the fine service being rendered by the Society. The Society has one permanent Medical Officer who is paid a small nominal salary. He visits on six days a week. On Sunday visits are made by five medical officers who volunteer their services. Every case is examined and treated by a doctor. Many century old customs have already disappeared and Western medical methods are bringing new hope and happiness to the people of the New Territories. (Applause).

HON. MR. S. W. TS'O.—Sir, I have studied the Budget for the year 1932, also the speech by the Hon. the Colonial Secretary on this subject with much interest. I desire to associate myself with the remarks and criticisms made on the Estimates by my hon. colleagues, the Senior Unofficial member, Sir Shou-son Chow, and Mr. Kotewall, in their speeches. At the same time I should like to add a few observations of my own which may not bear directly on any particular item of the Budget, which has been so carefully and ably reviewed by my hon. colleagues, but rather on the general effect which the increase of taxation has on the Chinese community.

I quite agree that, in order to balance the Budget without reducing efficiency in administration, increased taxation is a matter of absolute necessity. In this respect I can assure Your Excellency that the Chinese community will loyally support the Government. Nevertheless, I earnestly hope that, in its anxiety

to increase the revenue, the Government will not impose or insist on small Chinese traders such hard and stringent conditions that may kill their business and take away their living. For, I submit that the prosperity of this Colony is judged by the success of the many and not of the few, and that small traders, who eke out a living by sheer industry and frugal habits, form the great majority of the population here.

Notwithstanding any opinion to the contrary, cost of living among the Chinese in the Colony has increased enormously during the last two years: although it has not increased in the same ratio as the value of sterling to silver. It does not therefore hit those, whose income is on a sterling basis, so hard as those whose income is in silver. To a dollar-paid man a dollar is a dollar and no more. We all know that the supply of necessaries of life in the Colony depends chiefly on importation from abroad; some from gold countries and others from China. Recently Canton put a duty on fish and vegetables for export to Hong Kong: and there is no telling to what limit these taxes may extend. It behoves the Government, therefore, to seriously look into and find ways and means by which the farmers in the New Territories may be encouraged to increase agricultural production. I was informed that what the farmers need are facilities for transportation and a market of their own where they can dispose of their produce without being subjected to hard bargains for their goods driven by stall-holders of other markets. I would suggest therefore that a Committee be appointed by the Government to enquire into the matter thoroughly and give the farmers every assistance possible.

I am glad indeed that provision has been made in the Budget for the increase of school grants in the year 1932. The amount so increased is still, I consider, insufficient. Before the year 1913 the policy of the Government was to assist private schools by grants rather than open more Government schools. Since then that policy has been changed and more Government schools have been established and a higher standard of education provided. Whether it is the duty of the Government to provide Secondary Education for the public is a controversial point. But I remember that, on a speech day at St. Stephen's College, Sir Cecil Clementi, our late Governor, said in effect that "the Government can only provide a stereotyped education, and if any one desires a special education he must go to a school like St. Stephen's." From an economic point of view it would be very interesting, indeed, to know what was the actual sum expended in 1930 by the Government on its own schools and the number of pupils attending therein, also the total amount of grants, apart from Building grants, to all private schools in the Colony and the number of pupils attending therein. A comparison of these figures will show the relative cost for education between a Government and a private school.

With these few remarks I desire to join my Chinese colleagues in wishing Your Excellency a successful financial year for 1932. The recent rise of three pence to a dollar is an indication of improvement in our finances and augurs well for the coming year. (Applause).

HON. MR. PATERSON.—Sir, I find one advantage in being a young honourable member and that is that when it comes to my turn to speak other Unofficial members have dealt so fully, very fully in some cases, of the matters at issue that, fortunately, there is very little left for me to say. I think there are only one or two points I want to mention.

The first is that I want to associate myself with my honourable friend, Mr. Charles Mackie, on what he said about the harbour. The harbour is rather a controversial subject, and I have a very direct interest as chairman of one of the wharf companies, but I do feel this—that the Wharf Company puts a good deal of money into Government coffers and does not get an awful lot out. Last year, 1930, they put in \$91,000 and did a certain amount of dredging as the Hon. Mr. Mackie pointed out, and also made minor repairs to a road, and what benefits they have received from the Government for that I don't really know. The harbour is still very much what it was 10 or 15 years ago, and I really do seriously hope that something may be done about it.

The other point I want to make is on the very vexed question of sterling salaries. Almost every Government officer I have discussed the matter with remarks, "You have put up all the Directors' fees" and is generally extremely vague as to what Directors' fees are. Well, as a matter of fact certain Directors' fees have been put up and I will deal with the companies I know.

The first one was one of our leading insurance companies. They make a very great deal of money in sterling and pay dividends in sterling and, not unnaturally, are now paying Directors' fees in sterling. Exactly the same thing happened in the Hong Kong and Shanghai Bank which can, I think, be fairly argued as not having increased their fees.

I admit that the two dollar companies of which I am chairman had suggested putting up their Directors' fees. In each instance the suggestion was made from the floor, but could not be dealt with because notice was required. I don't know what will happen at the forthcoming meetings, but it might be put through and the increase is only \$8,000, which I submit is tiny.

My argument is rather like that of the housemaid, or domestic servant, in the well-known novel by Capt. Marryat, who was applying for a situation and had to confess that she had had an unfortunate experience and was possessed of a small and

unaccountable baby. She added, as an excuse, that it was "only a very little one." On the point in this case, the sum of \$8,000 is only a very little one.

That, I think, is all I have to say. (Applause).

HON. MR. W. H. BELL.—Sir, the senior Unofficial member, the Hon. Sir Shou-son Chow, referred in his speech to the statement made by the Honourable the Colonial Secretary as regards the maintenance of the standard of our roads. The Hon. the Colonial Secretary actually stated, when referring to Public Works Recurrent, "This vote has again been kept down to a low figure. It will, I fear, mean the lowering of the high standard at which the Colony's roads have hitherto been maintained." In my opinion, Sir, this is a step which should be avoided if possible. It seems to me that this policy is not a sound one, for surely it must be cheaper to maintain our roads at the present standard rather than to lower that standard and bring them up to the present standard at a later date. I would therefore press upon the Government the desirability, I might almost say the necessity, of maintaining the present standard of the roads of the Colony.

Whilst on the subject of roads I would like to refer to the estimated expenditure on new roads for the coming year. I note that there are 11 items in this connexion, and that the total comes to \$392,300. I note with very much regret that only \$50,000 of this sum has been earmarked for the Shaukiwan Road. I refer to the portion between Causeway Bay and Ming Yuen Gardens. This, as you know, is not an extension of some existing road the value of which may be problematical. It is the completion of a road which I may fairly describe as the main artery from East to West connecting up Shaukiwan with Hong Kong. The present road is far too narrow for the traffic which it has to carry, more especially in the summer time when the Tramway Co. have to carry enormous numbers of passengers to the bathing sheds beyond the Ming Yuen Gardens.

A visit to this district on any evening in the summer would certainly convince anyone who had any doubt on the subject of the necessity of completing the road as rapidly as possible. I see that the completion of the road is estimated to cost some \$350,000. I trust that the Government will be able to vote larger sums in subsequent years, otherwise it looks as if the public might have to wait for seven years before the road is completed.

There are other roads, such as the motor road from May Road to Magazine Gap, the making of which I would like to press for, but I refrain from doing so in view of the fact that I consider the uncompleted portion of the Shaukiwan Road to be the more important.

When going into this question I made up some interesting figures as regards the receipts by the Government from direct road taxes.

The main item is, of course, the lately increased Petrol Tax, but before going any further I would like to make it quite clear that I am not opposed to a Petrol Tax in principle. It is, in my opinion, quite sound that the more an individual or company uses the roads the more they should pay towards their upkeep and this is the principle upon which the Petrol Tax is levied. I feel, however, that it is somewhat of an anomaly that the amount budgeted for the upkeep of the roads should be reduced just when the Petrol Tax has been increased considerably. The following are the estimates for the various taxes:

Petrol.....	\$600,000.00
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Licences on vehicles.

Motors.....	160,000.00
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Motor drivers.....	28,000.00
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Others.....	41,500.00
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Others drivers.....	5,000.00
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Making a total of:.....	\$834,500.00
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Against this the Government propose to spend:

Maintenance of

Roads.....	\$385,500.00
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New Roads.....	392,300.00
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Making a total of:.....	\$777,800.00
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It will be seen, therefore, that the amount the Government propose to spend is about \$55,000 less than the amount they estimate to get in from direct road taxes. I might, in addition, point out that the Hongkong Tramway Company pay on an average about \$45,000 a year for the privilege of using the road and, in addition, have to maintain a portion of the road, averaging probably 15 feet in width, from Kennedy Town to Shaukiwan. I estimate that the cash payments and the cost of the above maintenance must come to an average of \$100,000 a year. It would appear, therefore, that the Government are getting about \$150,000 a year more than they

propose to spend on maintenance and new development. Now it seems to me that these direct taxes should be sufficient to *maintain* the roads, but that it is hardly reasonable that they should be so greatly in excess of the amount required to do so. As regards new roads, the development of them brings in so much revenue to the Government from the sale of Crown lands and, later on, from assessment taxes when the properties have been developed, that I consider the cost should be met mainly out of general revenue.

However, I do not propose to press for any reduction in the direct road taxes, but I do again urge upon the Government the necessity of maintaining the standard of our roads, and in particular I would ask their serious consideration to the question of pressing on with the completion of the Shaukiwan Road at the earliest possible date. There is, of course, the question as to where the money is to come from. It is obvious, however, that the Government will in all probability have a substantial surplus at the end of next year. When making this statement I have in mind the fact that a fair portion of the Government expenditure is in sterling. I have no definite figures, but I imagine that they must have something between £400,000 and £500,000 to pay in sterling. Now as they have budgeted for these payments at an exchange of 1/-, they will not have to pay out so many dollars to obtain the requisite amount of sterling. The saving might be anything between 1½ to 2 million dollars.

My colleague, the Hon. Mr. Gordon Mackie, has spoken on the subject of Government salaries, and in view of the very definite mandate which he received from the Committees of the Hong Kong Chamber of Commerce and the China Association, it is my duty as Chairman of these two bodies to support him. My colleague dealt so fully with the subject that he has left but little that I can usefully add. I would like to point out, however, that since the present scale of salaries was recommended by the Salaries Commission there has been a very heavy fall in the retail as well as in the wholesale prices of all commodities as expressed in sterling, and it is only reasonable to argue that salaries should be reduced accordingly, seeing that these salaries are to be paid in the sterling equivalent in future, or at any rate so long as exchange does not go below 1/-. (Applause).

HON. MR. S. W. TS'O.—I have been requested by the Hon. Mr. W. E. L. Shenton to deliver his speech in his absence. With Your Excellency's permission I will now deliver it as follows:—

Your Excellency: We have again arrived at that period of the year when it is customary to bring the past under review, and make our calculations for the future. It is the occasion when the Unofficials of Your Excellency's Legislative Council are given an almost unfettered opportunity of a roving criticism over the past and the future—in fact I believe one of Your Excellency's predecessors once described it as the "Unofficials' half-holiday." Personally I have always regarded it as an occasion when a mass of mathematical

calculations in the shape of the Estimates, and a series of highly technical departmental reports, are placed in our hands with the intention that we should travel through their intricate and varied ramifications, with the object of gaining some intelligent knowledge of how the public revenue of this Colony has been spent, and the manner in which it is proposed it should be allocated in the coming year.

Our senior member has already expressed our appreciation of the clarity with which the Estimates and accompanying memoranda have been presented this year, and it is unnecessary for me to add anything to his eulogy. I should nevertheless like to commiserate with the Honourable the Director of Public Works, inasmuch as I find on perusing his "Notes on Estimates" that so many of his most cherished toys have been taken from his shop window, and placed on the obscure shelves of the future; but I nevertheless appreciate his very real desire to economise, as shown by the substantial pruning down of his Estimates, and the savings appearing in his Report, some of which, however, I find it difficult to agree with. I sincerely hope the economies in road maintenance are not too drastic, and there are some other items which I will deal with later where I should like to have seen, either some provision made, or larger allocations.

Our system is not without its difficulties for the Unofficials. A mass of detail is placed before us, and out of this maze of figures we are expected to follow the Government's financial commitments for the coming year. For some weeks before the Estimates are presented, a Government Committee, on which the Unofficials are not represented, sit in judgment on the financial requests of the various Government departments. We are unaware of the arguments brought forward for this or that item of expenditure, but eventually the decisions of this Committee are brought before us in the bald form in which they appear in the Estimates. It has been found desirable to appoint a small committee of two Officials and two Unofficials to assist the Honourable the Harbour Master with his requirements, and I have little doubt that other departments of the Government might benefit by Unofficial assistance on a similar basis. I should like to be assured, that the items 21 to 28, and the new furnace and combustion chamber to Police Launch No. 5, also the new Launch for the Sanitary Department, appearing on Page 28 of the Estimates, have been approved by this Committee.

I have often wondered whether it would be practicable for one of the Unofficials to sit with the Government Estimates Committee: there are eight of us and the work could be judiciously distributed. It certainly would be of substantial assistance in considering the Estimates, if we were aware of the arguments and reasons put forward by the various departments, in justification of their applications.

I will not deal with the question of sterling salaries, as this matter is in the hands of my honourable colleagues who represent the General Chamber of Commerce; but if the Colony is to be called upon to implement the Salaries Commission, then obviously the Colony is entitled to demand a state of high efficiency. I should like to draw Your Excellency's attention to Ordinance No. 2 of 1862 Section 2, under which Your Excellency in Council, with the approval of the Secretary of State, can dispense with the service of any Government servant at any time after he has attained the age of 55. Now by the time this age is reached, at least 30 years service has been given—in most cases entirely in this Colony. I venture to suggest that by then the time has arrived, except in exceptional cases, for retirement on pension. Besides keeping the service in a state of high efficiency it insures a continual stream of younger men into the responsible positions instead of, as often happens, responsibility does not come, until the recipient is already too far advanced into the groove of his predecessor. I as a member of this Council hope that this ancient Ordinance of the Colony is being adhered to and that each Government servant, as and when the age of 55 years is attained, has his dossier brought before Your Excellency in Executive Council for consideration.

Bound up with the question of the standard of high efficiency, is the question of interchangeability of officers with other colonies. This is a matter which has received the strong recommendation of a Royal Commission known as the Warren Fisher Report. One cannot help thinking that the Colony is benefiting by the following of this policy in the past, and I personally hope that it will receive a greater stimulus in the future. It is, however, necessary that a change of posts should not work financially to the detriment of either transferee.

This leads me on to the question of whether it is not desirable to have a liaison officer or officers between Hong Kong and Canton. This Colony's interests are inextricably bound up with those of Canton, and an inter-change of officers between this Government and His Britannic Majesty's Consulate at Canton should have beneficial results.

I note from the speech of the Honourable the Colonial Secretary, that it is anticipated that there will be a qualified Cadet Officer available for the post of Assistant Attorney General in the Spring of next year. The Incorporated Law Society of Hong Kong view with apprehension the holding of any of the legal positions in this Colony by persons who have not been in active legal practice, and I desire to express the views of the Society to Your Excellency.

Before dealing with the Estimates in detail there are certain matters arising on the Reports to which I should like to draw attention.

In the Police Reports we find an extraordinary increase in the value of property stolen, mostly connected with persons placed in a position of trust—a very disconcerting development.

With the Director of Medical and Sanitary Services we have the voice calling in the wilderness, "Why is the Chairman of the Sanitary Board a Cadet?" My personal view is that this position ought to be occupied by a person possessing technical knowledge. I fail to believe that a specialist possessing ordinary intelligence cannot adapt himself to the susceptibilities of the Chinese. When all is said and done, times are changing rapidly, Chinese are demanding in their ordinary daily life conditions of living in conformity with modern ideas of sanitation—Nanking is demanding the assistance of the world's experts in her public health work; and I refuse to believe that the Chinese of this Colony do not wish for similar facilities.

Again we have the insistent demand for special facilities for the cure of tuberculosis, and I hope I am not disclosing anything that is confidential when I say that the Committee which sat to advise on the site for the new Government Civil Hospital asked that special provision should be made to deal with this all-prevalent disease.

The promised Report of the Director of Medical and Sanitary Services has long been waited for—some day I presume we shall receive it. It may of course be we shall find that in our present financial position we cannot afford it, but at least we shall know the worst.

The absence of plague is reassuring.

The Auditors' Report has already been referred to. It is, however, impossible for me to pass it over, without mentioning the Chater Collection of Pictures—a generous gift of great historical interest to this Colony. This matter was dealt with by me in the Legislative Council on the 30th December, 1927, when the then Honourable Colonial Secretary gave, in answer to questions put by me, a most emphatic undertaking for safe custody and preservation. I sincerely hope that every effort is being made, to get back any missing pictures from those who have purloined them.

Turning now to the Estimates, on Page 5 there is a statement of Revenue for the past ten years. In Item 3, Licences and Internal Revenue etc. is included the revenue derived from the Assessment Tax. The Honourable the Colonial Treasurer has courteously supplied me with the figures for the past ten years. In 1921 the rates collected amounted to \$2,339,838, and for the year 1930 \$4,208,277. With the amount of new building that has taken place in the past ten years, and the considerable rise in the value of property, I expected to find a bigger increase. I
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have been assiduous in their duties and that the returns reflect the correct rateable value of property in this Colony.

I am glad to see that the new Female Gaol has at last become a reality. It is difficult to understand how conditions have been allowed to remain as they have been for so many years—conditions which I can only describe as disgraceful.

It is also pleasing to learn that a real start is going to be made with the new Gaol, when it will be possible to carry on our prison administration on modern lines. I hope it will be pressed on with until the new building is completed. My sympathies will always be with the Superintendent of Prisons and his Staff, in any troubles that may occur.

I am sure we shall all desire to meet the Superintendent of Prisons with the Public Works Committee on his return from the voyage of discovery to Malaya and Shanghai.

I notice on Page 46, Item 26 of the Estimates, that there is a proposed saving in the Secret Service vote. I hope the amount asked for is sufficient because I consider that in the difficult times through which we are passing the Secret Service plays an important part.

The Hospital Authorities have an urgent claim on us. An early start must be made with the new Government Civil Hospital, a matter in which we have long neglected our duty.

The fact that a sum of \$50,000 is to be allocated, to the first section of the new 100ft. road between Causeway Bay and Ming Yuen Gardens, is a matter for congratulation. Our short-sighted policy in this respect has held up the development of property right through Shaukiwan, and the Government has lost much revenue thereby. I should like to see an even greater allocation.

I will now speak on the Education side of the Estimates.

I am glad to find that we are able to continue our grant-in-aid of \$350,000 to the University of Hong Kong. I venture to suggest that there is no way of giving to the Chinese what we believe to be best in our civilisation, than through our University and our schools, especially in Hong Kong where the student is able to study the sciences of the West in his Eastern setting. I cannot do better than refer Your Excellency to the Report of the Economic Mission which on Pages 104 to 107 and 126, deal with the cultural relations with China—this all-important subject; but I would add this, that in my opinion Hong Kong is doing her duty in this respect, and that it is up to the Home authorities and public associations there, to make substantial contributions, as they stand to benefit greatly by the work of our University and our schools.

I venture to suggest that the good work of our University has not yet been sufficiently recognised at home—grateful, as I am sure, the University is for the Boxer Indemnity contribution: but it should not stop there, because there are many other sources from which the University might reasonably expect assistance.

I should like to have seen more than the sum of \$50,000 provided for the Kowloon British School. That institution carries on under great difficulties. It is an absolute necessity, and a new and adequate building is badly needed. It caters for a section of the community which has a real and just claim on our funds and one which we should not overlook.

I see that the Honourable the Colonial Secretary refers to the good work done by the grant-in-aid schools and the desire of the Government to increase the present grants. The Diocesan Boys School is one of them and naturally was happy in the idea that they would benefit from the Government's munificence. Unfortunately the scheme as promulgated benefits them only to the extent of \$266, which I am sure was not intended by the Government.

In conclusion may I wish Your Excellency every good wish for the coming financial year and express the hope that it may be a successful and prosperous one and that at the conclusion we may find ourselves with substantial and satisfactory cash balances. (Applause).

THE COLONIAL SECRETARY.—Sir,—In rising to reply to the criticisms of my unofficial friends I should like first on behalf of the Government to thank them for their appreciation of the efforts which have been made to present them with the fullest possible information in the most readily accessible form, and for their general approval of the methods adopted to raise the additional revenue which they agree is necessary in order to balance the Budget.

The main criticism of the Budget is concerned with the question of the payment of sterling salaries at current rates of exchange, a subject with which Your Excellency proposes to deal. Apart from that, the speeches of my unofficial friends may be said to confine themselves for the most part to matters of detail, which disclose a close scrutiny of our proposals and a sincere regret, which the Government shares, at seeing so many desirable works postponed to a future date. Leaving in Your Excellency's hands some of the more important items I shall now endeavour to the best of my ability to answer the various questions raised.

Taking first the speech of the Honourable the Senior Member, attention is drawn to the danger of regarding petrol as a luxury. The Government does not so regard it and is not unmindful of the necessity for cheap transport. It does not, however, consider that

the petrol tax has been unduly raised or that the cost of transport will be seriously affected thereby. The hon. member and some of his colleagues have referred to the amounts provided for roads. The excellence of the Colony's roads is remarkable and we hope that it will still be possible to maintain a high standard with the funds provided. The suggestion that a road fund be created, which I read into the Honourable the Senior Member's speech, is open to serious objections as all must know who have followed the history of the road fund in England.

Bearing in mind that Your Excellency will deal more particularly with the question of Civil Service salaries which looms so large in the speeches of the Senior Unofficial Member and of the representative of the Chamber of Commerce, I shall confine myself to remarking that my references to business firms were based on the only information then available to the Government, and the information was derived from entirely reliable sources. I was particularly careful to qualify my remarks by the words "so far as the Government is aware." It must not be forgotten that business firms do not publish annual estimates and Blue Books with details of the emoluments of all their employees, and the Government is for the most part dependent for its information on such details as the firms may choose to communicate. Business firms can hardly have been unaware that the Government would have welcomed information on any recent changes in the emoluments and methods of payment of their employees.

I would refer to only one other point on this subject. My honourable friend Mr. Mackie quotes the Treasurer as saying that payment of salaries at current rates will cause an additional tax on the revenues of the Colony of approximately one million dollars next year—additional that is, over paying half at 1/6d. and half at current rate. But that figure will only apply if the average rate for the year is 1s. or under. The figure must be reduced proportionately as the dollar rises.

Reverting, Sir, to the speech of the Honourable the Senior Member, I share his regret that it has not been possible to publish the Retrenchment Report in time for this debate. The Government will give full consideration to his request that a statement of savings should accompany the Report.

The only question raised on the Revenue side of the Budget is on certain items of Harbour Office Revenue. The estimates for 1931 were based on certain increases in the charges made, and there was a small over-estimate of the effect of these changes in the matter of Light Dues and Buoy Rent. The larger over-estimate in the item "Engagement and Discharge of Seamen" is due to the fact that a full year's increase was allowed for, whereas the revision of the charges did not take effect till the 1st of August, 1931. Even so there was a considerable over-estimate. Allowance was in fact made for an

estimated reduction in the amount of shipping using the port in 1931 and a further reduction may be expected in 1932 unless conditions in the shipping world improve.

The Government takes note of the wishes of unofficial members regarding the Cadet Service, the Senior Clerical and Accounting Staff and the Treasury and will give due weight to their recommendations.

The Government will, as desired, refer to the special committee on the adequacy of the Government launches the question of proceeding with the expenditure provided in the estimates for new launches and special repairs to launches. The increase in the estimate for fuel for the Harbour Department is due to increased cost. The Railway, which uses a different type of coal from that used in launches, is also paying more per ton for its coal, but has been able to secure a fuel of better quality with which it hopes to be able to maintain its services without increased cost.

As regards the sum provided for the training of one Government Marine Surveyor, the Government can only say that this system is forced on it by the fact that trained officers cannot be obtained in any cheaper way.

The preparation of a new Public Health and Buildings Ordinance is already in hand and will be pushed on with all possible speed. "Fire Regulations" regarding certain types of buildings have already been issued. The possibility of a further codification of "Fire Regulations" will be considered.

The Government shares the desire of my honourable friends to see greater provision made for anti-tuberculosis work and the matter will not be forgotten when funds are available, but I need hardly remind Honourable Members that it will mean an increase in Personal Emoluments.

The Government associates itself with its unofficial friends in their appreciation of the work of the St. John Ambulance and of the New Territories Medical Benevolent Society. The Honourable Mr. Braga suggests that a special grant be made to the Medical Benevolent Society. Full consideration will be given to any application which this Society may make for assistance.

Reference is made to the Railway estimates in the speeches of the Senior Unofficial member and of the Honourable Mr. Braga. The points raised have for the most part already been carefully considered by the Railway Department. Steel has not been adopted for rebuilding the body work of old coaches on account of expense and of the waste of much material which can be rebuilt into wooden coaches but could not be utilized if they were rebuilt of steel. The Honourable Mr. Braga's suggestions of last year were acted upon. The design of the coaches has been improved and they

are built on tender. The Government is advised that it is more economical in the long run for the extensive repairs now required to certain locomotive boilers to be done by the expert locomotive builders in England who have the exact machinery required. The question of whether a cheaper form of railway fencing could be adopted with advantage was referred to the Manager of the Railway, who informs me that there is no cheaper form of fence which would be likely to prove satisfactory.

As regards the new Gaol, the Superintendent is to be housed close to the Gaol and the question of moving the Police Training School to the same locality is already under consideration.

No representations have so far reached the Government regarding the notice calling for tenders for the Passenger and Vehicles Ferry. Any representations which may be received will be given full consideration.

The question of converting the 6% loan has already received consideration but no action is possible before the latter part of next year.

The Honourable Member who represents the Chamber of Commerce, as indeed did my honourable friend Mr. Paterson, restricted himself to two aspects of the Budget—Salaries and Harbour Dredging. I have already referred briefly to the Salaries question and as I understand Your Excellency will also deal with the dredging of the harbour, it is only necessary for me to say, in fairness to the Government, that the Wharf Company entered upon their project for a new wharf with full knowledge of the depth of water available and after a warning from the Government that it could not promise to undertake special dredging to provide access to that particular wharf for specially large vessels. The whole question will be reviewed when adequate data are available from the harbour survey. It is hoped that sufficient data will be available at an early date.

The Government, Sir, welcomes the suggestions of my honourable friend the second Chinese Member for improving the form of the Estimates. We are always aiming at such improvements and while I do not go so far as to say that we can adopt every one of his suggestions we can certainly go some way towards meeting his wishes. I do not agree with him in his objection to what he has termed "omnibus heads." The advantages to be gained by a reversion to the old system seem to me to be outweighed by the increase of clerical work involved.

The Government will give serious consideration to the Honourable Member's suggestion that a Committee be appointed to consider the general education policy of the Government.

Turning to the comments of my Honourable friend Mr. Braga, in so far as I have not already dealt with them I find that the first

part of his speech deals largely with the vexed question of local recruitment. As Your Excellency is only too well aware, the subject is one to which much time and thought have been given. The Government is in entire sympathy with the desire for the larger employment of local personnel. The matter is, however, one of considerable difficulty, but I need not enlarge upon it as I understand Your Excellency proposes to refer to it at a later stage in our proceedings.

I should, however, perhaps correct one misunderstanding which might result from the Honourable Member's remarks when he spoke on the increase in personnel of the junior clerical service of 46 clerks. As the footnotes to the estimates show, this is due to a transfer from the Statistical Department. Actually, there is a decrease of eleven posts, as I pointed out in my opening speech.

My Honourable friend has favoured us with a long list of the pressing needs of Kowloon: a new Post Office and better postal facilities, improved police protection, additional typhoon signals, new fire appliances, a car park at Yaumati, increased staff and accommodation at Kowloon Hospital and additional bathing facilities. I think that without exception these matters have all been before the Government in the recent past and several have actually been considered in connexion with the present estimates and have only been omitted for lack of funds. They will be reconsidered as funds become available.

I regret that the Honourable Member does not see eye to eye with the Government on the subject of public lighting. There are certain roads on which the Government considers there has been extravagance in lighting and it proposes to take action to correct it. The Honourable Member's view shows how difficult it is to obtain unanimity in matters of retrenchment.

The Government takes note of the Honourable Member's view regarding revenue from land sales and will consider his proposals when next year's estimates are being prepared, but I am afraid his suggestions for preferential tariffs for Hong Kong products is impracticable unless he is prepared to see a general Customs tariff for Hong Kong by which reciprocity can be given. I doubt if he is prepared to travel so far from the traditional free trade policy of the Colony.

I am sure my honourable friend the Director of Public Works will do his best to improve any corners on the Taipo Road which are obscured by brushwood, but I cannot offer any hope that the honourable member can look forward to an early commencement of the Sai Kung Road. I do not think that the motorist can complain that he does not get a fair deal as regards roads in this Colony, and the Sai Kung Road must wait till we can recommence development on a more extended scale.

It has not been customary to publish the names of all Committees of Enquiry in the Gazette. The Government does, however, as a general rule make known the appointment of any Committees of public interest. The question of publishing lists of tenderers and their tenders has been fully discussed and it is held to be contrary to the public interest to publish more than the name of the successful tenderer.

The Government greatly appreciates the continued interest of my honourable friend the third Chinese Member in all matters affecting the poorer classes of the community and particularly in the affairs of the New Territories and in Education. This interest is reflected in his remarks this afternoon. The Government will certainly look further into the question of facilities for the transport and marketing of New Territories products, and if it appears that a Committee is likely to be useful will readily appoint one. It would, however, prefer to explore the position further before coming to a decision on this point.

The honourable member will, I am sure, appreciate the fact that I cannot supply him this afternoon with the Education statistics for which he asks. They will, however, be prepared and sent to him. The question of how far the Government should provide Secondary Education is, as the honourable member points out, a controversial one. The Government has attempted to steer a middle course and while supporting private schools has in its own comparatively few schools endeavoured to achieve a high standard of education. It fully recognizes the admirable work done in the aided schools.

My honourable friend, Mr. Bell, confines his attention for the most part to roads, and some of his remarks are dealt with in my replies to other members. He refers particularly to the Shaukiwan road. The Government is anxious to see the uncompleted part of this road pressed to a conclusion. There is, however, much preliminary work and much rock cutting involved before rapid progress will be possible. Should the finances of the Colony improve, the Government hopes to be able to allot further funds for this work at a later period of the year. With regard to my honourable friend's comparison of the revenue from certain taxes with the expenditure on roads, I should perhaps point out that he has omitted to deduct from the revenue the amount due for military contribution—a matter of nearly \$167,000.

I pass, Sir, to the speech of our absent friend the Honourable the Senior European Member, whose remarks, as is only to be expected from one so keenly interested in public affairs, range over a wide field. His suggestion that an unofficial member should be present at the preliminary discussions on the Budget is in the opinion of the Government neither practicable nor necessary. The Government must take the responsibility of presenting the
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It endeavours to afford full information to unofficial members when the Budget is presented, and is ready at all times to supplement that information to the best of its power, should there be any points on which unofficial members may desire more detailed knowledge.

The question of the age of retirement to which my honourable friend refers is already under reference to the Secretary of State for the Colonies.

Interchangeability of officers in the Colonial Service is a matter which is receiving much attention at home and is one with which this Government has every sympathy, but it is fraught with considerable difficulties, not the least of which is the necessity for a knowledge of the local vernacular in all except the senior posts of the service. An interchange of officers between the Colonial Government Service and the Consular Service under the Foreign Office is fraught with even greater difficulties, but this too has recently been under consideration.

The Government notes the views of the Incorporated Law Society of Hong Kong regarding the qualifications for certain legal posts and trusts their apprehension will prove unfounded.

Further consideration of the question of the future constitution of the Sanitary Board awaits the return from leave of the Director of Medical and Sanitary Services.

My honourable friend refers to the valuable bequest known as the Chater collection of Pictures. This collection was handed over with a somewhat inadequate catalogue, but it has been found possible to trace and identify every item said to have been handed over except one small portfolio. There is no reason to suppose anyone "purloined" the portfolio, and there is nothing in the Auditor's report to justify the suspicions engendered by the honourable member's use of the word "purloined." Careful search is being made for it and I have every hope that it may yet be traced.

As regards the Assessment of the Colony the honourable member will be aware from my opening speech that we propose to strengthen the Assessment Department.

I note that the honourable member welcomes the improved Prison accommodation and presses for the commencement of the new Hospital and the new Kowloon British School. The Government entirely agrees with the honourable member as to the need for these new buildings and hopes to undertake them as soon as our finances permit.

I cannot close, Sir, without thanking honourable members for the kind reception which they have given to the Budget as a whole with the one exception of the Civil Service Salaries,
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constructive character of most of their criticisms. I should also like to take this opportunity of thanking the Treasurer and his staff and the staff of my own office for the able assistance they have so cheerfully rendered in the task of preparing this Budget.

H.E. THE GOVERNOR.—Honourable Members:—In the first place I wish to congratulate my honourable friend the Colonial Secretary for his able and lucid speech introducing the Budget, and to thank both him and his officers for the great help which they have given me in the final preparation of it. I also thank honourable members for giving it such careful consideration, and for their helpful comments and criticism. On the whole I am grateful that the criticism has not been more severe.

This Budget, like many other budgets, has both its gratifying and its disappointing aspects. It may be regarded as gratifying in that it clearly indicates the financial strength of the Colony, a strength which is probably unequalled in any part of the British Empire to-day. The estimate of revenue for 1932 exceeds in dollars by a very considerable sum that of any preceding year, and I think that it must be admitted that this has been achieved without any excessive or oppressive taxation. It has been stated *ad nauseam* perhaps that this Colony is comparatively lightly taxed. It has been necessary to increase taxation, but I think I am right in saying that more than one honourable member of this Council has publicly admitted that taxation is still reasonably light.

I had hoped that further taxation might have been avoided, but owing to our sterling commitments and the low dollar, it has been unavoidable. At the same time, I have endeavoured to spread the additional taxation as fairly as possible, to restrict it on the whole to luxuries, and to avoid raising the essential cost of living by any further increase in the Assessment Tax. A number of fees have been revised in view of the fall in the dollar, but I think that the revised fees are entirely reasonable, and I am greatly indebted to the Colonial Treasurer for the care and trouble that he has taken in his revision. I also take this opportunity of congratulating the Treasurer on the very able and lucid memorandum which he has drawn up in connexion with the Estimates. A new feature has been introduced in the shape of taxation based on sterling in the case of liquor and tobacco duties. Should the dollar average a higher figure than a shilling for 1932, the dollar estimate under these heads will of course be reduced, but this will be far more than compensated for by a reduction in the dollar equivalent of our sterling commitments.

The disappointing feature of the Budget is that, in spite of the increase in revenue, it has not been possible to provide as much as I should have liked for special services. This, of course, is largely due to the fact that our sterling commitments have had to be

calculated on the basis of a shilling dollar. I trust, however, to be able to show that provision has been made for a number of improvements and for further progress in the forthcoming year. Should the dollar rise, the position will be more favourable, and I hope in that event to explore after a few months the possibility of reinforcing certain maintenance votes, and providing for additional extraordinary works.

Approximately two-thirds of our sterling commitments are in respect of sterling salaries, and on this much has been spoken and written, almost as much as on the question of currency. The crux of the difficulty is that some persons, whether Government or non-Government, are paid on a sterling basis, while others are paid on a dollar basis, and each party is inclined to complain whenever the situation changes and puts the other in a more favourable position. When the dollar goes up, the dollar paid employee gets the advantage, and the sterling paid one loses. When the dollar goes down, the converse is the case. With an anticipated low dollar, which is to the advantage of the sterling paid employee, whether he be Government or not, the latter is exposed to the frost of envy. Doubtless the stabilization of the dollar would obviate these differences, but until that is achieved I would urge that a broader view be taken and judgment not passed merely in the light of temporary and passing conditions. As honourable members are aware, I was of opinion a year ago that a Government servant might reasonably make some concession and draw his salary at a modified rate. This system was adopted as from the 1st January last. It entailed a surrender by all sterling paid officers from the Governor downwards of approximately 17% of the dollar equivalent of the salary which they had been promised.

This is a considerable surrender, and I am inclined to think that it has not been sufficiently appreciated. In point of fact it has meant that an officer has actually been drawing less dollars than he would have drawn if the rates prior to the Salaries Commission had remained in force and he had drawn his pay at the current rate of exchange. This is probably not realized by most people and could scarcely have been contemplated. This sacrifice certainly saved the Colony some \$1,400,000, thus enabling the Budget for the current year to be balanced. I venture to say therefore that the statement of my honourable friend, the Senior Unofficial Member, that this balancing of the Budget has been achieved *only* by stinting the Colony of very necessary public works and increasing taxation is scarcely an accurate representation of the position. While I appreciate that many in the Colony have suffered financially from the depression, it is well known that this is not universally the case, nor has the recent rise of the dollar been universally welcomed. Certain sterling salaries have been consistently paid at current rates of exchange, and, says my hon. friend Mr. Paterson, certain director's fees have been increased and in some cases doubled because of the low dollar, while

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have only taken place during the course of this year,—some indeed only quite recently, months after the reduction of the dollar equivalent of Government sterling salaries had been adopted. Moreover I believe that I am right in saying that these reductions outside Government service have rarely reached as high a figure as 17%.

These facts came within the knowledge of the Secretary of State, both from some of the local people affected and from others, representations being made in the House of Commons on the subject. The Secretary of State, after full consideration, is of opinion that, the fall in exchange having been arrested and the Colony having had a sufficient interval in which to re-adjust its budgetary arrangements to meet the new conditions, a period should now be set to the sacrifice which has been demanded from officers on sterling salaries. He has decided therefore that the present reductions cannot be continued beyond the present year, and that salaries should be paid at the current rate of exchange, as from the 1st of January, 1932, subject to a minimum rate of 1/- to the dollar and a maximum rate of 2/- to the dollar, and he has issued instructions to this effect. Government is unable therefore to accept the amendment put forward.

As Honourable Members are aware, I appointed a Retrenchment Commission, which has reported. Their report will probably be made available after it has, together with the considered views of this Government, been perused by the Secretary of State. As stated by the Colonial Secretary, certain reductions in personnel have been made as a result of the Commission's report, though Government has not been able to go quite so far as it hoped. It would be a mistake to reduce staff too quickly and find that the loss of efficiency proved too great. It would moreover be a great disadvantage to the Colony to reduce our staff too drastically, and so get the Colony a bad name which would damage its chances of successful recruiting in the future.

When I came here, I was impressed by the large number of European staff, particularly in the subordinate grades. Steps are being taken to replace some of these gradually by local officers, though it is a step which must be taken with caution. Government is ready to give local recruits every chance, and it will be for them to prove that such confidence is not misplaced. This policy can only be followed if local recruits prove that they possess the necessary integrity and efficiency. If they fail to do this, they and the Colony cannot complain if we have to revert to the system which has obtained hitherto. The matter lies in their hands.

The needs of the Colony in health and medical matters still loom large, and I am glad that I have been able to make some additional provision in this department. Malaria is not so great a scourge in this Colony as it is in many others, but it is showing a tendency

to increase, and there is no doubt that steps must be taken to prevent this. I trust that my honourable friend the Acting Director of Medical and Sanitary Services will agree with me when I say that, generally speaking, malaria can be eradicated almost anywhere, provided that sufficient funds are available for the purpose. In Malaya, where the measures taken have proved very successful, a great deal of money has been spent, but the cost of permanent works in this Colony, owing to the nature of its formation, will relatively be much higher. In Malaya ravines, nullahs as they are called here, can be trained at a more reasonable cost, owing to there being a sparsity of rock. Here, where the nullahs in many cases consist of solid rock, the cost of training them and providing for anti-malarial drainage work will be much higher. A sum of \$150,000 has been entered to deal with this work, and I anticipate that a similar sum will be entered in the Estimates for the following year. I may say that I gave instructions for the entry of this sum in the first instance, but eventually with great reluctance had to reduce it to \$50,000. With the increase of revenue resulting from the extra taxation, I was enabled to restore the original figure. I think that I should stress in this matter that where areas liable to malaria are occupied only by a comparatively small and well-to-do population whose total contribution to the rates is small, it is only equitable that they should contribute directly to the special measures which are necessary. Assuming that this is done, it will be possible to carry out the work with greater celerity than would otherwise be the case.

I have always been interested in infant welfare, and when I came here I was disappointed to find so little provision made for it. I have made provision in the forthcoming year for a centre to be established on the island, with a lady medical officer in charge and a staff. In the first instance, it is proposed to rent premises, but if it proves a success, it may be desirable eventually to build an institution of our own. The St. John Ambulance Brigade has done good work in the New Territories in relation both to adults and children, and the Brigade is anxious to start an infant welfare centre there. Steps have been taken with a view to carrying out this proposal, but I consider that it is the duty of Government to provide a centre in Kowloon, if possible in 1933, similar to that which it is proposed to establish on the island.

I wish to add the thanks of Government to those expressed by my honourable friend the Senior Unofficial Member to the St. John Ambulance Brigade for the very great services which they render to the Colony. These services stand out even in the Colony where so much unselfish work is done by private citizens for the public good. I also wish to record my appreciation of the work done by the New Territories Medical Benevolent Society.

In the matter of venereal disease clinics, here again we are somewhat behind hand. A health officer has been appointed who is a specialist in this disease, and he has made certain
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As honourable members are probably aware, there is a clinic for both men and women at the Government Civil Hospital, while the Tsan Yuk Hospital provides a clinic for women. This, however, is not enough, and it is proposed to establish a clinic in Kowloon. I consider it better to have it more in the centre of the town than the hospital is, and here again premises will be rented in the first place, to enable us to see what success is achieved. In addition to this, further special equipment is being provided for, in accordance with the recommendations of the health officer.

In this connexion it is perhaps desirable that I should refer to the Government policy in relation to brothels. Most countries have now adopted the policy of the abolition of recognised houses, but the problem in Hong Kong is more difficult than in most other places. Here we have an enormous proportion of illiterate people who fail to appreciate the health side of the question, and we have an enormous floating population. Singapore has definitely closed these houses, in some respects the problem there may be said to approximate to that in Hong Kong more closely than does that in Western countries. But here the problem is even greater than it is in Singapore, owing to the aforesaid floating population. This question has engaged my attention, not only since I came here, but in Malaya, and there is no doubt that it is a most difficult problem to solve. I have had correspondence with the Secretary of State on the matter and propose to ask for a further report on the effect on the abolition in Singapore. I may then be in a position to take the matter further, but it is probable that it will be best to await the report of the League of Nations Commission which visited the Colony a few months ago, and devoted some attention to this question.

No one can deplore more than I do the terrible toll taken in this Colony by tuberculosis. At the same time I confess to grave doubts whether sanatoria would achieve as much as many people think. Experience has shown, more particularly in the East, that tubercular patients as a rule only come to such institutions when the disease is so far advanced that little or nothing can be done for them. It is hoped that propaganda in the shape of pamphlets and health lectures may achieve something, but I feel convinced that this dread disease will never be eradicated or even reduced to very small dimensions in this Colony except by the carrying out of extensive town improvement and reconstruction schemes with a view to the amelioration of housing conditions, which are very bad indeed in this Colony and which are undoubtedly the main cause of tuberculosis.

Some increased benefits have been provided for in the matter of Education. The grants in aid will be increased and are to be based on a flat rate, which will give some relief to various schools, though some will benefit but little. The existing fees in Government schools are certainly on the low side, and it has been suggested that they should be raised in order to contribute a more equitable share to educational costs. It has also been suggested that there

should be a distinction between the fees paid by scholars who are domiciled in the Colony and those paid by scholars coming from China. After due consideration, Government is not prepared to agree to this. From many points of view which I need not amplify at the present moment, it is desirable to encourage education and cultural relations with China, and it would therefore be a retrograde step to discourage in any way scholars coming from that country to Hong Kong for education.

I appointed a Committee to consider certain aspects of technical education and their report will shortly be laid on the table. As a result of their recommendations, it is proposed to open a Junior Technical School, which it is hoped will be in operation by the middle of next year. The necessary provision has been made in the Estimates. This will cater for a particular class of mechanic, and will, it is hoped, help to supply a very necessary demand which hitherto has been unfulfilled.

Another Committee which was appointed by me was the Committee to deal with the question of juvenile courts. It has reported, its report has been laid on the table and its recommendations are now being considered by Government. I need only say at present that, generally speaking, they appear to me eminently sound, and Government proposes generally to give effect to them.

In my visits to the Districts North and South, I found that several growing villages were very backward in the matter of health and sanitation, particularly the village of Tsun Wan, and I considered it necessary to make an effort to improve matters. I discussed the condition of Tsun Wan with the elders, and they generally agreed with my proposals, which amounted to building a market on the higher levels and gradually inducing the inhabitants by exchanges of land to move their village to more sanitary sites round the market. Provision of \$8,000 has been made in the Estimates for a new market and site preparation. I definitely feel that we have not done enough for the health and sanitation of these villages. I think the time has almost come to bring certain villages, only two or three in number at present, within the purview of the Assessment Ordinance, and it is probable that in 1933 a reasonable assessment rate will be levied, the proceeds of which will be devoted to improving conditions.

I am in entire accord with the views expressed by my Hon. friends, Dr Kotewall and Dr Ts'o as to the desirability of increasing production from the New Territory but I am inclined to think that this would be best achieved by further inculcating the principle of co-operation among the agriculturists.

The question of harbour improvement is a very important one to this port, and a hydrographic survey is at present in progress with a view to enabling Government to decide
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dredging and so on are necessary to give adequate facilities to the port. A special officer, who returned from leave last June, is engaged on the work. There was some delay owing to typhoons, but up to date some 715 acres have been surveyed leaving upwards of 10,000 acres to be dealt with. Arrangements are being made to employ an additional officer so as to expedite the completion of the work. I appreciate, however, that it may be necessary to carry out more extensive dredging before this survey is completed and I propose to consult the Harbour Advisory Committee on the subject.

The Government Marine Surveyors' Department is undoubtedly an expensive one, and it will be necessary when a favourable opportunity arises to consider the revision of fees for services rendered with a view to recovering a greater proportion of the costs of the department. I do not consider it desirable, however, to raise these fees during the period of depression which the shipping industry is at present undergoing.

Some reductions have been made in the Police Force, partly as a result of the recommendations of the Retrenchment Commission, but it is hoped that this will not reduce the efficiency of the Force. The principle which has largely been followed is to meet a reduction of staff by increased mobility. If it is proved that this materially reduces the efficiency of the Force, the question of a restoration of some of the personnel will be considered.

It will be noticed that the grant to the Hong Kong University is the same as that made this year. It is quite obvious that it is unable to carry on, even on the present basis, without this help, and it is unthinkable that the Colony should allow its University to lose its place for want of that necessary support.

As a result of the considerable increase in the revenue, the military contribution has naturally largely increased in dollar figures, but it must be remembered that the cost of the garrison is mainly incurred on a sterling basis, and our contribution in sterling still falls very far short of the total cost. Correspondence has been continued with the Secretary of State in regard to certain principles regulating this contribution. These principles include that of calculating the contribution on the net revenue of quasi-industrial undertakings, such as wireless telegraphy, and the rate for the annual percentage allowance on the capital expenditure paid for from current revenue on such undertakings as railways, telephones and water supplies. The question of excluding all reimbursements from the calculation is also being considered. I am hopeful that we shall obtain some concession in the matter. When I have received the final decision of the Secretary of State I will ask for his sanction to publish the whole correspondence.

Under Public Works Recurrent, when originally balancing the Budget, I found it necessary to curtail certain maintenance votes.

With the increased taxation, however, it has been found possible to reinstate these to a large extent. As the Colonial Secretary has stated, we have hitherto maintained a high standard of roads in this Colony, and it would be deplorable to allow them to deteriorate. I hope to be able to allot further funds for maintenance later in the year, should this prove necessary.

The Public Works Extraordinary programme is admittedly not a large one, but certain works are being provided for out of loans. The questions of a new Government Civil Hospital, Mental Hospital and Infectious Diseases Hospital have for the moment been deferred, but I hope to take them up in the near future. A site on the Pokfulam Road more suitable from nearly every point of view has been decided upon for the new Government Civil Hospital. A site at Kennedy Town was suggested for the new Infectious Diseases Hospital but I feel strongly that the city will develop in this direction and that such a scheme would seriously interfere with that development. I suggested Green Island as a better site from every point of view and this has been accepted by my advisers and those leaders of the Chinese community whom I have consulted. I have had with great regret to postpone the further extension to the Government Hospital at Kowloon, which is in urgent need of such extension, but I hope to make provision for proceeding with this in 1933. Meanwhile the block intended for a maternity hospital there is approaching completion. In view, however, of the increased demand for accommodation for general cases it is almost certain that this new block will be used mainly for such cases pending the erection of another ward. I consider that a further extension to this hospital is one of the most urgent needs of the Colony and if our financial position should prove to be as good as I anticipate at the end of the first quarter of next year, I propose to consider the question of special provision for the purpose.

I take this opportunity of assuring my honourable friend Mr. Braga who has made such an eloquent appeal on behalf of Kowloon that its interests will not be overlooked. I would point out that, even regarding the new Female Prison at Laichikok as a partnership institution, as indeed it is, the amount provided for Public Works Extraordinary is divided almost equally between the Island and the mainland.

Final provision is made for the completion of the new Female Prison. This work is long overdue, and will, when completed early next year, greatly alleviate the present state of things.

Loan works have been adequately dealt with by the Colonial Secretary. It is estimated that a sum of nearly \$2,000,000 will be expended on loan works in the forthcoming year. In the first instance, this expenditure will be met from surplus balances, but it may be necessary to raise a loan towards the latter part of the year. In fact it is almost certain that this will be done, as apart

from other considerations, Government fully appreciates the desirability of converting the 6% Public Works Loan to one bearing a lower rate of interest.

In reply to Sir Shou-son Chow's query regarding the report of the Clegg Commission on the Currency question, I am unable to say definitely when it will be published but it will almost certainly be in the near future. I am subject to the Secretary of State's instructions in the matter.

I thank the Unofficial Members for their renewed assurance of their wholehearted support. I on my side undertake, so long as I hold my present post, to work wholeheartedly for the welfare and prosperity of the Colony; and, so long as I do this, I feel confident that I shall always receive that support.

The Colony has in its history passed through dark days, but has emerged successfully. It cannot hope entirely to escape such days in future. Clouds at times gather round us, and indeed have done so during the past months, but the Colony has succeeded in maintaining its friendly relations with all parties, and I trust that it will always succeed in doing so. With the continued co-operation of all classes of the Community, I feel confident that this hope will be realised.

The motion for the second reading was put, and agreed to.

The Bill was read a second time.

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

HON. MR. MACKIE moved the following amendment to clause 2:—

"That a sum not exceeding \$25,708,257 in place of the sum of \$26,641,787 shall be and the same is hereby charged upon the revenue and other funds of the Colony for the service of the year 1932."

HON. MR. BELL seconded.

H.E. THE GOVERNOR.—I am afraid the Government cannot accept the Amendment, but I will put it to the meeting.

The Amendment was then put to the meeting and was declared lost.

A division was called for, and the votes were recorded as follows:

For the Amendment:—Hon. Sir Shou-son Chow, Hon. Mr. R. H. Kotewall, Hon. Mr. C. G. S. Mackie, Hon. Mr. J. P. Braga, Hon. Mr. S. W. Ts'o, Hon. Mr. J. J. Paterson, Hon. Mr. W. H. Bell.

Against the Amendment:—The Officer Commanding the Troops, the Colonial Secretary, the Attorney General, the Secretary for Chinese Affairs, the Colonial Treasurer, the Director of Public Works,

the Inspector General of Police, the Harbour Master, the Director of Medical and Sanitary Services.

The Amendment was therefore lost by nine votes to seven.

Upon Council resuming,

THE COLONIAL SECRETARY reported that the Bill had passed through Committee without amendment, and he moved the third reading.

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

TOBACCO DUTIES.

THE COLONIAL TREASURER moved the following resolution:—

Resolved that the duties on tobacco set forth in the resolution passed by this Council on the 26th February 1931, and published in the *Government Gazette* of the 27th February, 1931, by Government notification No. 122 be varied and subject to the provisions of subsection (3) of section 6 of the Tobacco Ordinance, 1916 (Ordinance No. 10 of 1916), as amended by section 7 of the Tobacco Amendment Ordinance, 1929, (Ordinance No. 3 of 1929) the duty payable:

1. upon all tobacco imported into the Colony after the coming into operation of this resolution, and

2. upon all dutiable tobacco already in the Colony at the coming into operation of this resolution shall be as stated in the following table per pound weight: Provided that the dollars and decimals thereof stated in the table shall be conventional dollars reckoned as the equivalent of one shilling and eight pence sterling; and that consequently to arrive at the actual amount payable in Hong Kong currency the conventional dollar stated in the Table shall be multiplied by 20 and divided by a figure settled by the Colonial Treasurer from time to time representing the average opening selling rates for the previous month of the Hong Kong and Shanghai Banking Corporation for demand drafts on London and until so settled the figure shall be 12.25.

TABLE.

A.—On unmanufactured tobacco:

(1) If unstripped:

(a) containing 10 pounds or more of moisture per 100 pounds weight thereof, \$0.70.

- (b) containing less than 10 pounds of moisture per 100 pounds weight thereof, \$0.79.
- (2) If stripped:
 - (a) containing 10 pounds or more of moisture per 100 pounds weight thereof, \$0.84.
 - (b) containing less than 10 pounds of moisture per 100 pounds weight thereof, \$0.93.

B.—On manufactured tobacco:

- (1) Cigars,
\$2.00.
- (2) Cigarettes,
\$0.90.
- (3) Other manufactured tobacco including snuff and cigar cuttings,
\$0.90.

He said:—The reasons for the increase were explained by the Hon. Colonial Secretary when moving the first reading of the Appropriation Bill on the 1st of this month. The duties came into force on the 17th September by order made by His Excellency the Governor-in-Council.

It will be remembered that in February last liquor and tobacco duties were placed on a sterling basis, but that the actual figures in the table were reduced to the figures in force prior to June, 1930, when in that month they were raised.

To take an example, unstripped tobacco class 1 (a) prior to June, 1930, was assessed at .75 per Hb. In February it was reduced to .50 per Hb. on the sterling basis. It has now been raised to .70 on a sterling basis. The actual duty payable per Hb. reckoned by the conventional dollar before the present order was made was at the rate of .87 per Hb.

The duty to-day is \$1.14, an increase of approximately 30 per cent and this is the approximate increase throughout the table.

At the time the estimate was made it was reckoned that the increase in revenue would amount to \$1,800,000 in a full year with a 1/- dollar, but with a ½d dollar this would be reduced by \$845,000 to \$955,000. It will be seen, therefore, that placing duties on a sterling basis acts also against the revenue.

THE COLONIAL SECRETARY seconded and the resolution was agreed to.

LIGHT OILS DUTY.

THE COLONIAL TREASURER moved the following resolution:—

Resolved under section 7 of the Motor Spirit Ordinance, 1930, Ordinance No. 4 of 1930, that the duties on light oils as set forth in section 6 of the Motor Spirit Ordinance, 1930, be increased to twenty-five cents per gallon.

He said.—I rise, Sir, to move the resolution standing in my name to increase the duties on light oils. The reasons for this are the same as in the case of tobacco, *viz.* to balance the budget. This is an increase of 10 cents per gallon, *viz.* from 15 cents to 25 cents, and is estimated to yield an additional \$240,000 in a full year. The total estimated receipts from this source in 1932 are placed at \$600,000.

THE COLONIAL SECRETARY seconded and the resolution was agreed to.

DUTY ON SPIRITS.

THE COLONIAL TREASURER moved the following resolution:—

Resolved under section 41 (1) of the Liquors Consolidation Ordinance, 1911, Ordinance No. 9 of 1911, as amended by the Liquors Amendment Ordinance, 1931, that, in addition to the duties upon intoxicating liquors set out in the Resolution of the 26th February, 1931, published by Government Notification No. 122 of 1931, as amended by Government Notification No. 414 of 1931, the following duty shall be paid on spirituous liquors other than intoxicating liquors, namely:

On perfumed spirits, medicated spirits and toilet preparations, containing more than ten per cent. of pure alcohol by weight \$10.00 per gallon.

Provided that the said duty of \$10.00 shall be conventional dollars reckoned as the equivalent of one shilling and eight pence sterling; and consequently to arrive at the actual amount payable in Hong Kong Currency, the conventional dollar shall be multiplied by 20 and divided by a figure settled by the Colonial Treasurer from time to time representing the average opening selling rates for the previous month of the Hong Kong and Shanghai Banking Corporation for demand drafts on London and until so settled the figure shall be 12.25.

He said.—This tax was estimated to produce \$150,000 in a full year but if the dollar remains round about $\frac{1}{2}$ d the yield will be only \$124,000. The extra cost to the general public when they buy such luxuries would be small. As an example, the duty, on a pint

bottle of the perfume Eau de Cologne, or on a pint of the hair wash Eau de Quinine, would amount with a ½d dollar to \$1.40.

THE COLONIAL SECRETARY seconded and the resolution was agreed to.

CODE OF CIVIL PROCEDURE AMENDMENT ORDINANCE, 1931.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Code of Civil Procedure."

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 he moved the third reading.

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

ARMS AND AMMUNITION AMENDMENT ORDINANCE, 1931.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the Arms and Ammunition Ordinance, 1900."

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 he moved the third reading.

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

SUITORS' FUNDS AMENDMENT ORDINANCE, 1931.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Suitors' Funds Ordinance, 1896."

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

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

THE ATTORNEY GENERAL.—There is one slight amendment in that the Bill will come into operation on the first day of January, 1932, the marginal note being the word "commencement".

Upon Council resuming,

THE ATTORNEY GENERAL reported that the Bill had passed through Committee with an immaterial amendment. He said he would move the third reading at the next meeting of Council.

ADJOURNMENT.

H.E. THE GOVERNOR.—Council stands adjourned *sine die*.

FINANCE COMMITTEE.

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

Votes totalling \$62,487, contained in Message No. 12 from H.E. the Governor, were considered.

No. 98.

HON. MR. PATERSON.—What is a tele-autographic plant?

THE COLONIAL SECRETARY.—It is a machine which will transmit messages, in the exact form in which they are written, by wireless.

All the votes were approved.
