

12th October, 1933.

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 O. C. BORRETT, C.B., C.M.G., C.B.E., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. D. W. TRATMAN, 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. M. J. BREEN).

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

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

HON. COMMANDER J. B. NEWILL, D.S.O., R.N., (Retired) (Harbour Master).

HON. MR. A. G. W. TICKLE, (Director of Public Works).

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

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

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

HON. MR. J. P. BRAGA.

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

HON. MR. J. J. PATERSON.

HON. MR. T. N. CHAU.

HON. MR. PAUL LAUDER.

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

MINUTES.

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

PAPERS.

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

Order under section 7 of the Rating Ordinance, 1901.

Regulations under section 4 of the Nurses Registration Ordinance, 1931.

Regulations under section 4 (1) of the Factories and Workshops Ordinance, 1932, relating to fire precautions in Factories and Workshops.

Rules under section 16 of the Gunpowder and Fireworks Ordinance, 1901, relating to Storage of Fireworks, etc.

Medical and Sanitary Report for the year 1932.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the report of the Finance Committee, No. 9 of 28th September, 1933, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

MISCELLANEOUS LICENCES ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An ordinance to consolidate and amend the law relating to miscellaneous licences". He said: Ordinance No. 8 of 1887, which will be repealed by this Ordinance, provided for the issue of licences in the case of auctioneers, hawkers, money-changers, and undertakers of Chinese funerals, and for billiard tables, skittle-grounds and nine-pin alleys open to the public. This new Ordinance requires licences for auctioneers, hawkers, massage establishments, money-changers, public billiard-tables, public dance-halls and undertakers of burials generally. A feature of the new Ordinance is that it contains in the Second Schedule the regulations which are to apply to the different classes of licences.

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

THE BUDGET

THE COLONIAL SECRETARY moved the second reading of "An Ordinance to apply a sum not exceeding Twenty-seven million twenty-nine thousand two hundred and thirty-five Dollars to the Public Service of the year 1934."

THE COLONIAL TREASURER seconded the motion.

HON. SIR HENRY POLLOCK.—Your Excellency,—It is my privilege as Senior Unofficial Member, to address this Council regarding the Budget for 1934, on behalf of the whole body of the Unofficial Members, with the exception of the Honourable Mr. J.P. Braga, who unfortunately was prevented by illness from attending our meeting, and the Honourable Mr. Paul Lauder, who was absent from the Colony.

It comes as no surprise to those who have watched the depressing and progressively downward course of trade in this Colony, which has naturally been accompanied by a big shrinkage in some of our important heads of revenue, to learn that the Government are once again producing a "colourless budget".

Perhaps the only thing upon which the Colony can whole-heartedly congratulate itself, in connection with the Estimates for 1934, is that no increase of taxation is considered necessary, as might well have been the case if the course of Exchange between our local dollar and sterling had been less favourable to us. At the same time we have the sum of \$500,000 re the Naval Arsenal and Kellett Island still unpaid.

And now, for convenience sake, I will endeavour, in reply to the speech of the Honourable Acting Colonial Secretary, to deal with the various subjects dealt with by him in the same order as he has done.

Decrease of Liquor and Tobacco Duties.

With regard to the considerable drop in the import duties on liquor and tobacco for the first half of 1933 as compared with the Estimates for that period, we should like, as drinks and smokes are perhaps the last things which people ordinarily forego, a searching inquiry to be made as to whether we might not, in these hard times, possibly obtain larger local consumption and more revenue by reducing the duties on liquor and tobacco.

Reduction in Opium Revenue.

Whilst fully recognising the good intentions of those who think that they can succeed in prohibiting the smoking of opium, we regret that, with our long experience of this Colony, we consider that such an aim is a hopeless one.

New Post Office at Kowloon.

It is satisfactory to note that the Government is seriously considering the erection of a new Post Office at Kowloon Point, and we hope that its erection will not remain merely a pious hope for many years to come as has happened in the case of the new Gaol, the new Government Civil Hospital, the new Central British School and other projects which have hung fire for so long in the past after having been approved of in principle.

New Central British School.

In regard to the new Central British School, this seems a convenient point to interpose some words of criticism.

On the 22nd September, 1932, in the debate on the Budget for 1933 (see Hong Kong Hansard for 1932, at page 154) the then acting Colonial Secretary, the Honourable Mr. E. R. Hallifax, said:—

"The Government has selected the Government Civil Hospital, the Central British School and the Kowloon Hospital as the objects on which attention should most immediately be concentrated."

The results of that concentration as regards the site for the new Central British School have been particularly disappointing.

In view of the fact that the site, which had been originally selected for the School, had (notwithstanding repeated protests from the Kowloon Residents' Association) at the time when the then Acting Colonial Secretary made the above remarks, been already appropriated as a site for the new Mental Hospital, one would have thought that the very least that the Government should have done would have been to let out the contract for the site formation of the new substituted site for the new Central British School as soon as possible after the 22nd September, 1932, and thus remove as speedily as possible the disgrace of British children in this Colony continuing for one moment longer than was necessary to be taught in the higgledy-piggledy and far too small congeries of buildings which form the present Central British School.

But what are the facts as to the site formation of the new school site?

They are almost unbelievable.

I have recently learned, as the result of inquiries, that the contract for the site formation of the new site for the new School was only signed on the 30th May this year, and that the contract stipulates 15 months for the completion of such site formation.

So much for Government concentration.

Air Services.

In regard to Air Services, we would echo the hope, expressed by the Honourable Acting Colonial Secretary, that very shortly agreements, on a mutually reciprocal and beneficial basis, will be arranged with the Chinese Authorities.

We approve of the proposed revival of the Flying Club.

Legal Departments.

With regard to the section in the Acting Colonial Secretary's Speech which deals with Legal Departments, we submit that two new Solicitors, with the necessary legal qualifications and with some years of practical experience, ought to be engaged at once from England.

One of such Officers is required to replace the late Mr. Agassiz.

The engagement of the second of such Officers is rendered necessary by the following facts, namely:—

(i) That one of the Officers in one of the Legal Departments, who is now home on leave, has, during his recent term of service in this Colony, been suffering from bad health, and

(ii) By the fact that the Officers in the Legal Departments are compelled to work long hours in order to keep them abreast of their tasks, and that, although they are most of them no longer young, no provision whatever is made for occasional sickness in their ranks or for any vacation leave.

Looking ahead a few years, we would add that the work of the Land Office and also of the Registry of the Supreme Court is in our opinion of such an important character, from the public point of view, that a Legal Officer should be engaged from England for the Posts of Assistants in the Land Office and the Registry respectively, to arrive out here for at least a year prior to the retirement of the present Land Officer and Registrar respectively; the laws and also conditions in this Colony being different from those at Home.

Police Department.

The proposed new appointments meet with our approval, as also the new scheme for Sub-Inspectors in the Cantonese contingent.

We regret that some more suitable name cannot be devised to indicate the "Upper Levels Police Station", as there are so many other higher levels than its proposed site on Hospital Road.

Prisons Department.

No comments on the Government proposals.

Medical Department.

We regret to learn, from the Honourable Colonial Secretary's speech, that it has been thought necessary to prune so excessively the Medical Department Estimates, and in particular we regret that the Dispensary Launch and the additional Sister for Public Health work and the Staff of four Chinese Health Nurses to make a start with Health Visiting and Instruction, have been abandoned.

But, in particular, we regret the parsimony which is apparently being practised in regard to the expenditure on the Malaria Bureau.

So far as we can ascertain (from page 61 of the Estimates) there is only one trifling small item of additional expenditure for the Malaria Staff, namely 1 Probationer Inspector with a salary of \$525 per annum.

Our chief cause for anxiety in this connection, which is based upon reports from time to time leaking through, is the apparently considerable rate of sickness from malaria amongst the coolies working in the Shing Mun Valley.

The Shing Mun Dam is only mentioned once in the acting Colonial Secretary's speech (at page 23) but the water shortages of the past few years have been sufficiently serious to make any neglect by the Government to ensure, to the best of its ability, that there shall be no delay in construction which is due to preventable causes, liable to severe adverse comment.

We would therefore ask for a definite reply from the Government as to whether every one of the requirements of the Honourable the Director of Medical and Sanitary Services and of the Malariologist in regard to Malaria prevention in the Shing Mun Valley have been fully carried out and, if not, for what reasons these requirements have not been fully carried out.

Also, we should like to be informed, in connection with the Shing Mun Dam, whether the recent decision to locate the Dam below the Falls is likely to prolong the contract time for the completion of the work and also the date when that contract time will now expire.

In addition, we should like to know how soon the Colony may expect to derive substantial benefit from the impounding of water by the partial construction of the Dam.

In connection with the second cross-Harbour Pipe-Line, which would have been quite useful during the recent few months for conveying surplus Kowloon water to the Island, we beg leave to point out that such a second Pipe-Line was suggested by the Unofficial Members as far back as 1929 (see Hansard 1929 at page 101) but was then negatived by the Government, on the ground that the Pipe-Line was an experiment (Hansard, page 110).

We would also enquire whether it is impracticable to complete that Pipe-Line and its necessary connecting pipes by the end of 1934 instead of at some date in 1935 (see Estimates, page 114).

Charitable Services.

The Unofficial Members cordially agree with the Government's inauguration of a Fund to meet "the wide and increasing distress which the bad times have brought upon Officers of the Mercantile Marine".

R. N. V. R.

They also approve of the proposed establishment of a Royal Naval Volunteer Reserve.

Military Contribution.

The Unofficials are glad to note that by friendly agreement with the War Office a reduction has been obtained in regard to certain items chargeable to Military Contribution.

Their congratulations on this point are, however, somewhat tempered by the reflection that such Military Contribution in the year 1910 amounted to less than \$1,400,000 and that the Unofficial Members unanimously advocated by Motion in this Council, which was defeated by the Official Vote, in the year 1911 (see Hansard 1911, page 102 *et seq.*) that the Military Contributions should be limited to a fixed annual sum of \$1,000,000—whereas in the present year, 1933, it is estimated that that contribution will amount to over \$5,600,000.

The principle of paying increased Military Contribution because we have to raise additional revenue to pay for necessary public works extraordinary is so obviously unsound that I do not think that any Member of this Council will be found to support it.

The full absurdity of the position is brought out by the fact that the Military Contribution is now four times what it was in 1910.

Public Works Extraordinary.

The Unofficials note with pleasure that the action of the Polo Club in kindly consenting to a transfer of their Polo Ground at

Causeway Bay to Kowloon has released the present Polo Ground as a Recreation Ground for the use of His Majesty's Navy.

As regards the new Government House and City Development, the Unofficials approve generally of the proposed scheme but would venture to advocate:

- (i) That the new Government Offices should contain a suitably large room for H.E. the Governor to interview people, especially as his present Office in the present Government House will then no longer be available.
- (ii) That room for the Lending Collection Library and other books removed from the City Hall Library will be found in the new City Hall.

We note with regret that it is proposed to drive a new road of apparently much greater width than the present right of way on the North side of St. John's Cathedral, which new Road, by its greater encouragement of motor traffic, would tend to interfere with the quiet which is so necessary to the Services of the Cathedral.

Auditor's Report.

The Acting Auditor's Report for 1932 (in addition to raising some points of technical accounting) mentions two points upon which we feel bound to comment specifically.

The first and most important point (see paragraph 54 of the Report) is the loss of \$314,447.02 which the Government has suffered on a sterling contract for remittances to the Crown Agents for the Colonies.

In connection with this loss the Auditor reports:—

"The Government has been required by this Department to obtain the Secretary of State's covering approval for making forward sterling contracts, as this is a departure from the recognised Treasury practice. In connection with the loss on this contract, the Government has also been requested by this Department to ask the Treasurer how he has shown this loss in his account, but no reply has been received. Further, there does not appear to have been any notification to this Department of the signing of this contract".

The Unofficial Members would be glad if the Honourable Colonial Treasurer would reply to the statements of the Acting Auditor.

Also, in connection with paragraph 53 of the Auditor's Report, we should be glad to know from the Honourable Acting Director of Public Works why a penalty of only \$1,820 was enforced against the contractor in question instead of the full penalty of \$5,740.

Bus Services.

And, lastly, we come to the subject of the Bus Services.

At first, no doubt, there was every disposition on the part of the bus-using public to adopt rather a lenient view of the short-comings of the new services on both sides of the Harbour, having regard to the fact that new Companies were taking over these services and that it was only fair to give them sufficient time to get into their stride.

Such lenient considerations are, however, now no longer applicable seeing that these new bus services have already been running for four months.

At the commencement of the new services, constant breakdowns of buses took place, especially when going up Garden Road, and, even recently, breakdowns on Garden Road, still occur, whereas such breakdowns under the regime of the Hong Kong Hotel Company were practically unknown.

If such breakdowns are in any way attributable to the obtaining of less experienced drivers at lower wages, then such saving has been distinctly false economy, both from the point of view of the Company and also of the travelling public who have a right to expect a punctual and efficient service.

Another complaint which has been voiced in the columns of the local Press, and which is doubtless also due, in a measure, to drivers having insufficient experience, is the failure of the buses, especially on the Hong Kong side of the Harbour, to keep to a proper regular schedule of times, thereby causing grave inconvenience to passengers going to and from their offices.

In Kowloon special grievances have recently been ventilated in the *South China Morning Post*, namely the insufficiency of buses on certain routes at certain hours.

We trust that the Government will fully investigate the above matters with a view to their being remedied as it is so obviously necessary that the regularity and efficiency of public utility companies should, in the interests of the public, be fully maintained. (Applause).

HON. MR. C. G. S. MACKIE.—Your Excellency,—My Honourable friend, the Senior Unofficial Member has dealt very fully with the principal points in the Honourable Colonial Secretary's speech and has covered most of the ground which calls for any comment.

There are one or two matters however which have not been touched upon and on which I would like to make a few remarks.

I note with interest that the Harbour Survey is to be completed by 1935. The Colonial Secretary did not refer to the subject, but I see in the Estimates, Public Works Extraordinary, Item 91, that a sum of \$224,440 has been budgeted to be spent next year on dredging the Harbour. It is satisfactory to know that this now long overdue work which has been pressed for by the Shipping and Commercial interests is at last to be taken up seriously. I shall be glad if the Colonial Secretary, when he replies to this debate, will tell us what is the present position with regard to the contracts for putting this necessary and urgent work in hand.

It is a matter for regret that the already considerable expenditure on the vehicular ferry piers is to be increased by a lakh or more, but I trust that the advice of the Naval Dockyard expert will put things right. It would appear to the layman that some of the initial mistakes might have been avoided if expert advice had been sought in the first instance.

The application of the new Safety and Load Line Conventions to one of the World's great ports is, of course, necessary, and the Colonial Secretary informed the Council of the verdict of the Board of Trade as to the minimum increase in the Government Marine Surveyor's staff which application of the Convention will call for. The Technical (Shipping) Committee of the Chamber of Commerce stressed the point that once existing shipping has been surveyed and brought into line with the Convention requirements, the subsequent periodical surveys will doubtless occupy much the same time as before.

They therefore recommended that, until the amount of extra work has been ascertained in the light of practical experience, the Government should engage additional staff on temporary appointments only in order to avoid expensive enlargement of the pensionable staff.

The Committee still hold the same view notwithstanding the ruling of the Board of Trade that three additions to the permanent staff are necessary and they express the hope that any new appointments made will be in the first instance for a fixed period only, say three years.

I am afraid it is unlikely that there will be any large amount of new construction of ships in Hong Kong in the next few years.

The proposed expenditure of \$60,000 on making Magazine Gap Road accessible for motor vehicles will be welcomed by all Peak Residents, as it will reduce considerably the distance from the Upper Levels to the centre of the town.

I would suggest, however, that, in the interests of public safety, the road be barred to motor lorries unless being used in connection with building operations on Magazine Gap Road itself.

I feel that the Government is wise in reverting to the scheme for re-building Government House on the site available at Magazine Gap which is so admirably suited to the purpose. The new Residence, with the completion of the new Motor Road, will be almost as conveniently situated as the present Government House and in much more pleasant surroundings. However, for the convenience of passers-through and residents on the lower levels might I suggest that Your Excellency arrange to have a Visitors Book kept at the Government Offices.

Members naturally listened with interest to the Colonial Secretary's remarks on the subject of aviation. I agree that we must continue to develop Hong Kong as an air port in readiness for the time when China becomes a party to the International Air Convention and thus places herself in a position to derive the incalculable benefits to her progress which will follow upon development of aviation.

In the meantime, I desire to acknowledge the value of the work done by the Postmaster General in effecting air mail connections with existing services to Europe.

I would like to say a word on the subject of Empire Preference. Since Hong Kong has been brought within the scope of this scheme there have been distinct signs of improvement in the export trade of the Colony but unfortunately the fillip which the reduced duties have given to certain lines of business has been to a great extent nullified by the difficulty experienced in passing goods through the Customs on their arrival at destination. Merchants have been put to much unnecessary trouble and expense in satisfying the United Kingdom Customs that their goods comply with the conditions under which they benefit from the reduced tariff, that is to say that the finished article is 50 per cent British, either in the form of raw material or labour applied to it in Hong Kong.

If shippers could obtain a Government Certificate that their merchandise is definitely of British origin, the cause of their present grievance would be at once removed. It may be argued that with the existing machinery at their disposal the Government is unable to certify the Goods. If that is the case then the Customs at home must be prepared to accept suppliers' declaration of origin, if necessary, supported by a certificate from a recognised Chartered Accountant.

Speaking as the representative on this Council of the Chamber of Commerce, I can unfortunately confirm the Colonial Secretary's observations about the depressed state of the Colony's trade and shipping.

In the general opinion, things are worse than they were during the political agitations of 1925/1926.

The Government has heavy commitments in respect of practically re-developing the centre of Hong Kong, as well as large works in prospect on the Kowloon side. With a decreasing revenue and lessened ability on the part of the taxpayer to bear increased taxation, it seems likely that there are difficult times ahead for the Colony as a whole, and many anxieties for its administrators. (Applause).

HON. MR. R. H. KOTEWALL.—Sir,—In these days of unprecedented financial stringency, a balanced Budget, even with the wealthiest of countries, is a matter for congratulation to both the Government and the tax-payers. The Budget now engaging our attention is "balanced" in more than the accounting sense of the word, and I therefore venture to congratulate Your Excellency on your success in its production which must have involved Sisyphean labour.

The Hon. Colonial Secretary, too, has earned our admiration for the able manner in which he has presented this, his first Budget. When he described it as "colourless" he was, I think, unduly modest, for a careful examination of the draft Estimates and of the admirably lucid memorandum by the Hon. Colonial Treasurer on the financial position of the Colony, as well as the helpful notes prepared by the Hon. Director of Public Works on Public Works Extraordinary, has convinced me that the Budget is far from being colourless, even though it cannot be said to be colourful. By confining his speech to the broad principles of the Government's financial policy and the more important changes in the draft Estimates, leaving details to be dealt with in the memoranda and the foot-notes, the Hon. Mr. Tratman has succeeded in presenting to the public a clear perspective of our economic situation.

On the Revenue side of the draft Estimates there is only one item—"Assessed Taxes"—on which I have a few remarks to offer. In spite of these hard times, with innumerable vacant shops and tenement houses in all parts of the Colony, this item shows an increase of \$200,000; and the explanation given in the foot-notes is "Normal increase". Allowing for the new houses that have been erected since the last Budget was passed, we must not forget the equally large number of old houses which, on the other hand, have been vacated. It is an unchallenged fact that at this moment there are more empty houses or flats than there were at this time last year, and my Chinese colleagues and I are driven to the conviction that the increase in revenue is due not so much to normal development as to the higher ratable values placed on tenement houses by the Assessor's Office. This action has had an adverse effect on the Colony, in that the higher the assessment, the higher becomes the rental, so that the increased burden ultimately falls on the tenants.

In this connection the Hong Kong & Kowloon Property Owners Association has recently made representations to the Chinese members of the two Councils asking that the Government be requested to grant certain alleviations, even temporarily, by a reduction in the rates, and by separate assessment for each floor in all houses which are let by the floor, each having access to a common staircase.

After careful consideration my Chinese colleagues and I cannot support the plea for a reduction in rates, for the simple reason that the Budget has to be balanced, and that if the rates were reduced other forms of taxation, perhaps more burdensome to the people, would have to be imposed to enable the Government to carry on.

We do, however, commend to the sympathetic consideration of the Government the request for separate assessment for each floor as a temporary measure of relief to the people. Only recently I have heard that the owner of a house which was partly empty, found it cheaper to give "notice to quit" to the remaining tenants, so as to leave the whole house vacant, which would enable him to obtain a refund of the rates paid. Under the present system tenement houses are assessed as a whole, and no refund of rates is made for vacant floors. With this subject the Hon. Mr. T. N. Chau will, I understand, deal in greater detail.

On the Expenditure side of the draft Estimates, several matters call for remarks and comments. In connection with the item "Chinese Assistant" and "Chinese Press Censors" in the Secretariat for Chinese Affairs, I desire to pay a long-delayed tribute to these officers for the manner in which they have discharged their onerous duties. No one outside the Department knows more than I do—for I had some direct association with the work of Chinese Press censorship in the troublous years of the General Strike and Boycott in 1925 and 1926—what a difficult and thankless task these Censors have to perform. The work has to be done within certain prescribed hours, and done at high pressure. It has been a marvel to me how it could have been performed so efficiently by just four men under the Chinese Assistant; and the absence of serious mistakes and complaints is a standing tribute to the ability and tact of Mr. Lau Tsz-ping and his junior colleagues. (Applause).

It may not be out of place here to refer to the impending retirement of my Honourable friend, Mr. A. E. Wood, Secretary for Chinese Affairs. The Chinese members of Council heard the announcement, as did the whole Chinese community, with more than ordinary regret, for Mr. Wood, during his long association with the Secretariat, has won the high esteem
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all those who know him. (Applause). The announcement came as a surprise to the Chinese community, though not to me personally, for I had for some time known that he had been contemplating retirement on grounds of health. My Chinese colleagues and I sincerely hope that Your Excellency may find it possible to prevail upon Mr. Wood to suspend his application for retirement until after the expiration of his leave of absence which may, as we earnestly hope, restore him to such a state of health as may induce him to accede to the very urgent wish of the Chinese community that he should remain in his post for a few more years. (Applause). Mr. Wood being only 49, the prolongation of his service for a few more years would not be an undue obstacle to the advancement of his junior colleagues, while it would be to the best interests of the Colony.

Under Harbour Department, Special Expenditure, on page 28, again appears the item "Training Expenses for Assistant Government Marine Surveyor in England". The amount required in 1934 is \$7,680. In connection with the Budget for the year 1932, the Honourable Senior Unofficial Member, on behalf of the whole Unofficial body, said that the system of training men after they had been engaged, in order to qualify them for their work, seemed to be one that was open to condemnation, and that it was not only uneconomical but did not conduce to efficiency. He further expressed the hope that in future only properly qualified men would be engaged. I have been unable to trace any reply by the Government to this comment. The system is certainly expensive, costing the Colony from nearly \$8,000 to \$9,000, according to the rate of exchange ruling at the time, to give training to one single Assistant Government Marine Surveyor. If there is good reason for this expenditure, that reason should, I submit, be given to this Council.

On page 51 of the draft Estimates provision is made for the expenses of the Juvenile Offenders Remand Home. In connection with this matter, may I enquire when the Juvenile Court will commence to function? The Juvenile Offenders Ordinance was passed as long ago as the 11th February, 1932, and it would be of interest to know what are the causes which have held up the implementation of this very necessary legislation.

The Hon. Colonial Secretary in his Budget speech invited attention to the new grade of Sub-Inspector in the Chinese Police Contingent, and said that it was hoped "to recruit for these posts young men of good education who will, after a few years probationary training, be competent to take their place in the commissioned ranks." He went on to say that "hitherto recruitment has only been of men who, however efficient they may be in other respects, are not the type that makes Assistant Superintendents." It is a matter of gratification to the China community that this important opening has been made to the

Chinese. It is our hope and belief that sufficient qualified candidates will be forthcoming, and that the appointees will prove themselves worthy of these positions of greater responsibilities now offered to the Chinese community for the first time in the history of Hong Kong.

Under Public Works Extraordinary on page 104 appears the item "Dredging", the estimated cost of which is \$320,000, and the provision made for next year is \$224,000. In the Notes on Public Works Extraordinary prepared by the Hon. Director of Public Works it is stated that a portion of this cost will be borne by the Admiralty and the Hong Kong & Kowloon Wharf & Godown Co., Ltd. As the sum involved is large, it would interest the public to know the respective amounts of the contributions from these two sources.

While I am still on the subject of Public Works Extraordinary, may I take this opportunity to express, on behalf of the Chinese Community, our grateful thanks to Your Excellency for the sympathetic manner in which you have dealt with the position to allow the existing bathing pavilions at North Point to remain where they are. Though Your Excellency was unable to grant the request *in toto*, you have permitted the pavilions to remain until the beach is required by the Government for public purposes. This concession is much appreciated by the public, and is proof of Your Excellency's solicitude for the welfare of the community. My colleagues and I realise that sooner or later these pavilions will have to move elsewhere, and we also cannot think of any more suitable site than the Saiwan Beach contemplated by the Government. We hope, however, that before giving notice to the bathing clubs definitely to move from North Point, the Government will have a motor-road, sufficiently wide for buses, constructed from Shaukiwan to Saiwan Beach. If funds permit, this new motor-road could, with advantage, be extended so as to link up with the Shaukiwan-Sheko road at Big Wave Bay. I respectfully commend this suggestion to the consideration of the Government.

The Honourable Senior Unofficial Member has stressed the necessity for anti-malarial measures to be adopted at the Shing Mun waterworks. I strongly endorse his remarks, for a malaria outbreak of a serious nature in Shing Mun Valley would delay the completion of the works, which should on no account be permitted when we are still suffering from annually recurring water shortage. The possibility I have mentioned is by no means remote, for it might be recalled that when the Kowloon-Canton Railway was being constructed, an outbreak of malaria at Shatin Valley considerably impeded the progress of the work.

In regard to the new Government House, the Chinese members, having examined the proposal in all its aspects, acquiesce in the abandonment of the present house and site, and the
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the new house at Magazine Gap. In view of the distance of the new site from town, I would suggest that, when the Governor moves into his new residence, the Governor's Book may be deposited at the Colonial Secretary's Office for the convenience of the public. The matter may seem trivial, but in reality it means a great deal to the large number of people who call to sign the Governor's Book as a mark of respect to the head of the Government. I may mention that my Unofficial colleagues support my suggestion.

The Honourable Senior Unofficial Member, on behalf of his Unofficial colleagues, has expressed satisfaction that some concessions in the method of computation for Military Contribution has been secured from the War Office through the Secretary of State for the Colonies. An examination of Appendix II on page 107 of the draft Estimates has revealed that the total saving to the Colony by these concessions is only \$119,105, an amount by no means substantial, when we consider that the Colony has still to pay as much as nearly \$5,000,000 in 1934. There are apparently some other savings, according to certain remarks of the Hon. Colonial Secretary; but the amount is not disclosed. Mr. Tratman, at the last meeting of this Council, said that "in addition to relieving the annual expenditure the concessions should also release a certain portion of the liability under this head which appears as a Suspense Account in the financial statement." A reference to the financial statement on page 109 of the draft Estimates shows that the sum of \$976,782.27 is entered against Suspense Account. It is, I submit, a matter of importance to the public to know how much of this sum represents concessions from the War Office in respect of Military Contribution.

I now deal with a subject which the Honourable Senior Unofficial Member has delegated to me. The Hon. Colonial Secretary in his Budget speech pointed out what he considered to be drawbacks in the allocation of Cadet Officers and clerical officers to individual departments instead of showing them under what he called General Staff, and he proceeded to give an illustration of the obfuscation to which the system was said to have given rise. I respectfully submit that the illustration is not sufficient reason for a reversion to the unsatisfactory system of lumping salaries under 'Omnibus' heads which, when in vogue a few years ago, gave the public no idea of what any one department spent. Changes in the personnel of the administration are bound to occur after the preparation of the annual Estimates, but it should not be very difficult for the accounts to be adjusted at the Treasury. The views of the Unofficial members have always been that the estimates of each department should embody as far as possible all expenses—personal emoluments, other charges and special expenditure—chargeable to that department, and they are glad these views have the support of the Government Auditor who commented on the subject in his report for the year 1930.

I join with the Honourable Senior Unofficial Member in expressing satisfaction that Your Excellency has not found it necessary to resort to fresh taxation. There are some people who expected even a reduction of taxation, but personally I cannot see how the Government could have taken off any taxes yielding substantial revenue without having to sacrifice some of the essential public works or essential public services. That there is no fresh taxation is in itself a blessing for which we should all be thankful in these days of shrinkage in public and private incomes.

I hope, however, that no one will construe these remarks as evidence of any complacency on my part in regard to our increasing cost of administration. The increase has been steady and enormous during the last several years, and I view it with grave concern and apprehension. Let us compare the actual expenditure of the year 1926 with the estimated expenditure for next year, exclusive of Public Works Extraordinary. I take the year 1926 because it was a year of trade depression somewhat similar to, although not as severe as, the one we are undergoing. The total expenditure for that year was \$18,804,715, while that for 1934 is estimated to be \$29,750,745. The increase is \$10,946,030, or as much as 58 per cent. in only eight years! The time has certainly come when a halt should be called to this increasing expenditure, especially when the Colony is passing through a trade depression of unprecedented severity.

I cannot agree with the opinion expressed in certain quarters that Hong Kong is still lightly taxed as compared with other countries, and that additional taxation is inevitable in the no distant future. It is to be devoutly hoped that the Government will not regard this opinion as representing the sentiment of the public. The public, or a preponderant majority of it, is opposed to any new imposts: it simply cannot bear them. Experience has shown that there is a limit to the taxable capacity of the people, beyond which revenue, instead of gaining, will suffer. Hong Kong has, I verily believe, reached that limit. Only two years ago the Government made a thorough revision of all licence and other fees, and introduced many new forms of taxation, which have affected all classes of the community, directly and indirectly. If, therefore, future Budgets had to be balanced, the public would expect this to be effected by economy in administrative expenditure rather than by increased taxation.

As I have said, the Colony is suffering from an economic depression never equalled in its history. It was bad enough in the years 1925 and 1926, when the economic and financial fabrics of the Colony were shaken to their very foundations by the General Strike and Boycott directed from Canton. But at that time it was only trade with the neighbouring provinces that we lost for a while; we still did a fairly large volume of business with other countries

which were then enjoying varying degrees of prosperity. To-day the economic depression is world-wide, and consequently our trade with many countries has greatly diminished, and with certain others almost stopped. Though I am optimistic of the future, I think it nevertheless imprudent to delude ourselves with the belief that the downward course of our trade has touched the lowest level, or that its present condition will not continue for some time. Any unwise action on the part of the Government in the way of taxation would therefore impair our chance of recovery. Fortunately for the Colony, the present Budget clearly indicates that Your Excellency is of the same mind.

If the present careful and enlightened policy of the Government were continued, I have not the least doubt that Hong Kong, with its geographical and other advantages, would be among those countries first to recover from the general depression. There are, however, not wanting a class of people—though fortunately the number is small—who believe that Hong Kong will never regain its former prosperity, and who go about bemoaning to all and sundry their dismal forebodings. Such people do infinite harm to the Colony in these days when investors are holding tight their purse-strings, and financiers are pursuing a policy of more than ordinary caution. I should like to see evinced a greater spirit of optimism in my fellow-citizens—a greater faith in the Colony and its future. Only a week ago we read in the Press the heartening words of Mr. Neville Chamberlain, who is not a man given to making extravagant statements, that Great Britain was seeing the beginning of a permanent advance and progress, and that she could look forward to the future with every confidence, for the upturn was definite and continuing steadily. These good signs have not yet manifested themselves here, but knowing Hong Kong as I do—its natural advantages, its remarkable resiliency, the peace and security it affords the people, its good government, and the policy of justice and tolerance which characterises Your Excellency's administration—I am confident that this Colony will have its share in the recovery of international trade and prosperity, which from all indications are at last returning to a sorely stricken world. (Applause).

HON. MR. S. W. TS'O.—Your Excellency,—My Honourable Colleagues, the Senior Unofficial Member and the Senior Chinese Member, having respectively, fully and ably represented the collective opinion of the Unofficial Members and the joint views of the Chinese Members on the Budget, there remains little for me to say except that I wish to associate myself with the remarks and observations which they have made in their speeches.

However, I should like to make a few remarks on the following matters in which, I may say, I take a personal interest.

The Hon. Colonial Secretary in his speech, drew the attention of Hon. Members to the new grade of 3 Sub-Inspectors in the Cantonese Contingent, under Head 20—Police Department. It was hoped to recruit for these posts young men of education who will, after a few years' training, be competent to take their place in commissioned ranks. I fully agree to the creation of these new posts. It is a policy in the right direction. It opens a way for the better class of Chinese to take an interest in the Police Work. As the Hon. Colonial Secretary says in his speech, our Police Force must grow with the time. If some commissioned officers of the Cantonese Contingent be Chinese, it will be a saving in the personal emoluments of the Police Department.

But turning to Head 20 in the Estimates I was surprised to find that the emolument provided for these new posts is nothing better than that of a Junior Chinese Clerk of the VI class. I consider the pay is too meagre to induce men of education to take up such a responsible post. I may say that the Chinese Company of the Police Reserve is a good recruiting ground for the type of men wanted. But unless better inducement and brighter prospects are offered, it will be difficult to secure the proper type of men for these posts.

Under Head 22 of the Estimates provision is made to take over The Tsan Yuk Maternity Hospital next year by the Medical Department. I should like to point out here that this hospital is situated in the poorest district in the Colony. It is a boon to the people living there because of its nearness to their home and it saves them the expenses of conveyance in case of sickness if the hospital were to situate at a distance. The various clinics carried on by the hospital such as the baby clinic, antenatal clinic and the treatment of woman diseases and the V-D. clinic were initiated by the late Dr. Mrs. Hickling whose energy and hard working were unsurpassing. It was entirely due to her that the hospital was so successfully carried on and her memory will never be forgotten by those who associated with her in her work.

I am now expressing a hope that clinics may continue to be carried on either in the Tsan Yuk or somewhere else close to the locality as may be conveniently arranged, so that the poor of the Western District may continue to receive the benefits which they have enjoyed during the last ten years. (Applause).

HON. MR. T. N. CHAU.—Sir,—As my two Chinese colleagues have dealt with the Budget so fully, it only remains for me to express concurrence in their remarks. There is, however, a subject about which, because of its great importance to the Chinese community, I should like to say a few words in addition to the observations of the Senior Chinese Member. I refer to "Assessed Taxes's commonly called "Rates."

The recent request of the Hong Kong and Kowloon Property Owners Association for a change in the method of assessment seems to me to deserve serious and sympathetic consideration. The present system of assessing tenement houses by the house instead of by each floor, and of allowing a refund of rates only when the whole house is vacant, is one that is clearly inequitable. It does not seem to be fair that rates should be required to be paid in respect of a floor that is vacant, and from which no rent has been received. Nor is the system economically sound, for it has the tendency of compelling landlords, as has been pointed out by the Senior Chinese Member, to close the whole house when there are two or more floors vacant, in order to enable them to obtain a refund of rates. This may have the effect of spreading the population, but in these days of extreme commercial depression, the sight of entirely empty houses dotted about all over the town, does not conduce to a restoration of confidence, so essential to our economic recovery. I sincerely hope that the Government will accede to the request of the petitioners, and I venture to believe that if the concession is made, the revenue will not suffer, since many of the houses now entirely vacant will be at least partially occupied, and rates will be payable in respect of such partial occupation. The proposed method of assessment might be treated as an experiment which could be abandoned in favour of the old method in case the revenue were found to have materially suffered by the change. (Applause).

THE DIRECTOR OF PUBLIC WORKS.—Sir,—I propose to reply to the observations of Honourable Members which refer particularly to works under the control of the Public Works Department.

Central British School Site.

The preparation of a new site for the Central British School was put in hand as soon as was possible after the Board of Education had signified its concurrence in September, 1932. As the new site included the portion of land offered to and accepted by the Church Missionary Society for the re-erection of the New Victoria Home and Orphanage, it was first necessary to re-open negotiations with that body with a view to their accepting an alternative site. It will also be appreciated that before tenders for site preparation could be invited, it was necessary to make a contour survey of the area and prepare the necessary schedule of quantities.

Cross Harbour Pipe.

As stated by Sir Cecil Clementi in 1929 the construction of this type of cross harbour pipe was in the nature of an experiment, and it was essential that its behaviour should be carefully watched before taking a decision on the second line. The experience now gained is being kept in view in enquiries at present being made in England in connection with the second pipe.

It will not be possible to complete the second pipe line and contingent works by the end of 1934, but, provided that no radical change is made in the design, it is anticipated that it will be completed by the middle of 1935.

Dredging.

The sum of \$320,000 shown in the Draft Estimates 1934 for dredging is the estimated net cost of this Government's share in the scheme. The contributions of the Admiralty and the Hong Kong & Kowloon Wharf and Godown Co. will be based on a similar unit cost to that used in computing the proportion chargeable to the Colony.

P.W.D. Contract No. 59 of 1929.

This contract was for the filling in of areas north-west of Nan Chang Street and west of Taipo Road. Instructions to commence work were given to the Contractor on the 28th October, 1929, and the completion date under the Contract was 27th April, 1931.

On account of work additional to the contract, and changes which the Contractor was obliged to make in truck lines, road crossings etc.—owing to the building of houses over areas on which the lines had originally been laid—a six months' extension was granted, making the completion date 27th October, 1931.

Later, as certain truck lines had to be entirely removed, the Contract, which was started with a large amount of rolling stock, had to be completed by lorry, and on this ground the completion date was further extended to 31st May, 1932.

The work was completed on the 28th November, 1932, and a fine of \$1,820.00 (being \$70 per week, as provided for in the Contract) was imposed for the 26 weeks from the 31st May to 28th November 1932. (Applause).

THE DIRECTOR OF MEDICAL AND SANITARY SERVICES:—

In reply to the Honourable Senior Unofficial Member, I have the honour to state that the greater part of the expenditure incurred by the Medical Department on anti-malarial measures at Shing Mun is debited against the Shing Mun Loan Account and therefore does not appear in the Medical Department's estimates.

The whole area surrounding the site for the Dam is broken country consisting of granite hills separated by steep sided valleys. At the date of commencement of operations the narrow inverts of these valleys were drained by boulder bedded streams fed by innumerable seepages and springs. Wherever possible the hill sides

had been terraced and irrigated for the wet cultivation of paddy. The country abounded with potential breeding places of anopheline mosquitoes many of which were difficult to bring under control.

By mutual agreement it was early decided that there should be a division of labour in carrying out the scheme for malaria control. The Medical Department undertook responsibility for investigation and research, for anti-larval measures other than drainage, for drug prophylaxis and for treatment. The Engineering Staff undertook to do clearing and drainage, the construction of buildings and general sanitary requirements. It was understood that the two Departments should work in full co-operation.

All the privately owned land within a radius of half a mile from the lines has been resumed in order that there may be full control over this area. In Malaya it was found that half a mile was beyond the normal flight of anophelines from their breeding places. It is hoped that the same applies in Hong Kong.

The Resident Medical Staff, all of whom are paid from Loan Account, include one Chinese Medical Officer, two Dressers and a gang of coolies. Two Anti-Malarial Inspectors who are in training at the Malaria Bureau will shortly join the Resident Staff.

A small mosquito proof hospital of fourteen beds has been erected and in a few days time will be equipped and ready for occupation. A microscope has been provided. Mosquito proof quarters for the Medical Officer and for the Dressers have been completed.

Pending the completion of the hospital it was arranged that the travelling dispensary should visit three times a week and that a stock of drugs and dressing should be kept near the lines.

The Malariologist supervises the investigative and preventive side of the medical activities and the Medical Officer New Territories the curative work. Both Officers visit bi-weekly.

Anti-malaria Inspectors from the Malaria Bureau visit frequently for the purpose of collecting mosquitoes and their larvae. Specimens caught are conveyed to the Bureau for identification and dissection. During this year 25,000 anophelines caught in the lines have been identified and dissected. The infection rate varied from nil to 20 per cent. accordingly to the species and the season.

The lines are visited daily and any sick found there are examined and treated. A statement of vital statistics is sent daily to medical headquarters and records are being kept.

The daily sick rate among the labourers, so far as can be ascertained from a shifting population, is about 5 per cent. off duty owing to sickness.

From time to time blood tests have been made to ascertain the parasite rates of the various sections of the labour force. It has been found that a varying percentage of those engaged are already carrying the parasite when they take up residence.

Prophylactic Measures.

The prophylactic measures taken so far have been those directed against mosquitoes and their breeding places. The methods employed are oiling and paris green application by the Medical Staff and clearing and drainage and mosquito proofing of lines by the engineering staff.

It is estimated that twelve miles of water channel are being oiled weekly, the amount of oil expended being 250 gallons. Certain areas are being treated with paris green diluted with dust.

The oiling gang consists of ten men under the supervision of a dresser.

With regard to clearing and draining, the following data have been supplied by the drainage engineer:

Area dried by drainage operations.....	18 acres.
Length of subsoil piping.....	12,763 yards.
Length of open concrete channels.....	8,870 yards.
Clearing preparatory to oiling channels.....	8 miles.
Number of labour force employed in clearing and draining.....	200.

Mosquito nets were supplied to the coolies but the infection rate remaining high among the mosquitoes found in the lines it was decided to try and mosquito proof the lines themselves by providing wire screens for windows and doors. Work is in progress in this direction.

Drug prophylaxis has not been attempted owing to opposition on the part of the labourers and the difficulty of checking individuals under the contract system.

The malaria situation at Shing Mun is a very difficult one to control owing to topographical and geological factors, the range of flight of malaria carrying anophelines and the constantly shifting population. There is every reason to believe, however, that the activities of the medical staff and the engineering staff working in full co-operation will render the area salubrious and maintain a good state of health in the labour engaged. (Applause).

THE INSPECTOR GENERAL OF POLICE.—With regard to the question raised by the Senior Unofficial Member in connection with bus routes, generally speaking it may be said that on certain of the bus routes on both sides of the Harbour, the service is well maintained, but on others it is bad. In Hong Kong, the service on the Lower Level routes, gives little cause for complaint, but on the hill routes, the constant breakdown of the buses makes it quite impossible to adhere to the fixed time schedule and complaints are numerous.

In Kowloon, the same applies, some services are good, others, such as No. 6 Kowloon City to Star Ferry, are starved during busy hours, owing to the excessive number of buses under repairs in the Kowloon Motor Bus Co's. work shops. This points to unsatisfactory supervision and lack of work shop accommodation, staff and supervision, which applies to both Licensees alike.

Representations have been made to the Licensees to improve matters, so as to do away with the two main complaints (1) failure to maintain proper time schedules, which in turn is due in many cases to (2) the breakdown of buses. The Hong Kong Licensee contemplates the purchase of new buses for the hill routes, in due course, as he is unable to maintain his existing equipment in sufficiently satisfactory condition to avoid breakdowns. However, although the new concessionaires for Hong Kong took over forty-one and those for Kowloon seventy-three of the drivers employed by the former holders there is no doubt that lack of experience on the part of the drivers contributes in some measure to the bad running on the hill routes and if the licensees do not in their own interests employ more satisfactory staff on these routes, steps will have to be taken to compel them to do so.

The New Territories service appears to be running reasonably well. The companies have recently applied for certain concessions for the more economical and possibly satisfactory running of the services, but it is proposed to make any deviations from the strict terms of the Contract dependent on improved services all round, in conformity with the terms of the Contract, and to the satisfaction of the general Public. Should these measures fail to bring about the required improvement, it will be necessary to have recourse to the penal clauses in the Contracts. (Applause).

THE COLONIAL TREASURER.—Sir,—To assess floors separately as proposed by the Honourable Member would treble the work of the Revenue Collection Branch of the Treasury and more than treble the work of the Assessor's Office as the extra supervision would be increased disproportionately. The large addition of staff required would be out of all proportion to the relief that owners of house property could obtain.

In Hong Kong a general reassessment now takes place annually and owners obtain relief when rents are reduced much more quickly than elsewhere. In Britain, for instance, reassessments are quinquennial. At the moment the rents of Chinese tenement property in Hong Kong are falling, partly owing to overbuilding, and to some extent as a result of trade depression. Owners therefore have to reduce rents or risk losing their tenants. To assess each floor separately and consequently to refund when vacancies occur would merely encourage landlords to remove the occupants of a partially occupied floor and crowd the remaining ones. They would in fact employ in respect of floors the tactics which the Honourable Member mentions in respect of whole houses.

The owner who is prepared to meet altered conditions and reduce rents, accordingly obtains due relief as I have explained at the next annual assessment where full consideration of his case will be given. The existing law permits an allowance of up to 20 per cent. on the valuation, a figure ample to cover normal periods of vacancy in all cases where several tenancies are included in one assessment. The practice is to grant 6½ per cent. in the first instance and a further 5 to 10 per cent. when justified. In some cases the Assessor allows the full 20 per cent. when circumstances in his opinion justify the concession. It is therefore considered that the existing system is equitable and generous and that no undue hardships on property owners are involved. (Applause).

THE COLONIAL SECRETARY.—I propose to take the criticisms of Honourable Members, in so far as they have not already been met, in the order in which they were presented.

The first item in the speech of the Honourable Senior Unofficial Member that falls to me is the staff of the legal departments. I say again that even without the late Mr. Agassiz, whose death we all so deeply deplore, there should be sufficient legal officers in the Colony next year to keep all the departments fully manned and I now add that we propose to recruit a new officer in Mr. Agassiz' place which will give a surplus. In addition it must be remembered that there are a number of Cadet Officers with legal qualifications who can from time to time be spared to assist the regular legal Staff. One is doing so now. As regards future retirements, Government cannot agree that it is necessary to recruit new officers a year in advance. Apart from the reflection which this seems to cast on the competence of the experienced staff who will be left behind and can supply local knowledge, the idea that new officers must have a year's trial run is a costly novelty which the Colonial Office is hardly likely to accept. I am aware that this is the course adopted in the case of Cadet Officers but there are special reasons in that a Cadet recruit must devote his whole time for two years to acquiring the requisite knowledge of Chinese. As for periodical shortages of staff and overtime, these fall to the lot of

every senior Government servant, Acting Colonial Secretaries included. To have kept the Secretariat fully manned in the face of all the casualties which have afflicted it during the last four months, three spare Cadet Officers would have been required.

The question of a more suitable nomenclature for our Police Stations will receive the consideration of the Inspector General.

As regards the completion of the Shing Mun Dam, the Resident Engineer still hopes to complete the work in the time originally set, but in any case the delay and the subsequent change of site were due to the very unexpected defects in the subsoil revealed by the preliminary drillings and were unavoidable. The Resident Engineer also hopes to be able to achieve some storage towards the end of 1935, but here again the stability of the dam as a whole must take priority. I may add that the new siting of the dam is expected to increase the total storage by two hundred and fifty million gallons.

I now come to the points raised by the Honourable Mr. Mackie.

The position regarding our dredging scheme has been dealt with by my Honourable friend the Director of Public Works except as regards the date on which the work is expected to commence. As to this I should say first that Government has been advised that plant of the necessary type is not available in the Far East and therefore cannot be expected to arrive here from Europe until the period of the N. E. Monsoons is over. Secondly, it is the intention of the Government to invite tenders both locally and at Home, and the specifications and details with the view to obtaining tenders at Home should go by the next mail. There is every reason, therefore, to believe the work can be started as soon as it is physically possible for the plant to arrive in the Colony. I pass to the matter of the Marine Survey Staff. The views of the Chamber of Commerce as to the desirability of the additional staff being recruited on a temporary basis were shared by the Government and communicated to the Board of Trade through the Colonial Office; but the Board appears to have found them impracticable. It must be remembered that it is essential that trained men shall be on hand in the Colony as soon as possible and it is only to be expected that such men will hesitate to fall out of the running at home in order to take up the posts with uncertain prospects in Hong Kong. I shall have more to say on the converse of this proposition in my next section.

As regards the use of the improved Magazine Gap Road, it is the intention of the Government that, apart from trademen's vans and lorries carrying goods to the houses *en route* the road shall be kept for passenger traffic.

In the matter of the admission of Hong Kong manufacturers to preferential duties in the United Kingdom I am glad to be able to say that it is believed that a method of certification

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both to local manufacturers and to the Customs Authorities has now been arranged. Details of the procedure have been communicated to the Chamber of Commerce.

Next are the comments of my Honourable friend the Senior Chinese Member, and before I deal with them I must thank him for the generous terms in which he has received my maiden venture. I need not remind him that in learning alphabets the skill and patience of the tutor counts for more than the capacity of the pupil.

I again express my sympathy with the speaker and those whom he represents over the impending retirement of the Secretary for Chinese Affairs, but I fear I can hold out no hope that he will change his mind.

As to the training of Marine Surveyors after recruitment, I refer my Honourable friend to the reply already given on page 184 of the Hansard volume for 1931. Whenever it has been possible to find fully trained men willing to transfer to the service of this Colony we have accepted them eagerly but such cases have been few and we have had to accept the cost of training as part of the price of bringing this port up to full Board of Trade requirements.

It is expected that the Juvenile Courts will be in operation very shortly. At first the proclamation putting the Ordinance into effect was held back while certain criticisms made by the Secretary of State were met. Later the delay has been mainly due to the difficulty experienced in securing suitable Probation Officers but this difficulty has now been overcome.

The only other point of detail that falls to me is the matter of the "Omnibus" heads. The objection that Mr. Hallifax and I have raised to the new system is not that it involves extra work but that it does not achieve the object with which it was instituted, namely to give Legislature a more accurate view of the cost of each department. Comparative figures over a series of years will show quite fictitious fluctuations due to the fact that it is only possible to frame the estimates for a given year on the position as it exists in the middle of the previous year. We know from bitter experience that the best laid programmes for coming leave seasons never can work out as planned, but the deviations which unforeseeable casualties will impose are not calculable even by the law of averages. We know that the odds against the figures we set down proving correct in the event are great, but these figures are at least a fixed point and we take that rather than embark on wild guessing. It is true that after the close of a year we can calculate exactly the expenditure for the year in Personal Emoluments in any one Department; but even that is useless for comparative purposes because as I showed in my opening speech, the Department has to bear, if not in that year then in another, the cost of officers on leave

who may revert to it but more often will be required to serve else-where on their return and are therefore not a proper charge on that department.

As regards the general question of increased cost of administration, I must remind Honourable Unofficial Members that the Government of this Colony is continually receiving demands from all directions including themselves, to increase its public services. We are pressed to provide new and larger schools, new and larger hospitals, new health services, new factory legislation, first class port status, larger legal staff, and many other similar improvements and expansions. All these involve not only increases in technical staff but parallel increases in secretarial and clerical staff. The best instance I can give is that just provided by the Honourable Member himself and so strongly supported by his colleague. If the property owners want assessment by separate flats, we shall have to treble the collection staff of the Treasury and more than treble the Assessor's Office. In ordering new houses one must not forget that the straw in the bricks though low-priced still costs money. Furthermore I would remind the Honourable Member that the exchange rates adopted for the 1926 Estimates were 1s. 8d. for sterling salaries and 2s. 2d. for other sterling charges. (Applause).

H.E. THE GOVERNOR.—Honourable Members,—The Budget has been dealt with in such detail by both Officials and Unofficials that there appears little left me to say except as regards the general position.

In the first place, I wish to congratulate my Honourable friend the Colonial Secretary on the clearness and lucidity of his first Budget speech, and to thank him and his officers for the great help which they have given me in the final preparation of it. I also thank the Honourable Colonial Treasurer and Honourable Director of Public Works for their useful memoranda. Further, I wish to express my great appreciation of the work done by Mr. Grantham in connection with the Budget. He has had a lot of spade work to do; and from my own experience, many years ago, I can appreciate the care and patience which are necessary in carrying out a work of this kind in which constant changes in items and figures almost bring a feeling of despair to the officer in direct charge. Mr. Grantham has carried out his duties most efficiently.

I thank the Honourable Senior Chinese Member for his kindly reference to myself.

I am indebted to the Honourable Members for their careful consideration of the Budget and for their helpful comments and criticisms. If we exclude certain comments which are scarcely relevant to the Budget itself, the criticisms have been gratifyingly few. It is noteworthy and somewhat unusual that some of the suggestions involve increases in staff and expenditure. That was stressed just now by the Colonial Secretary.

I must confess that I found the Budget somewhat difficult and, in a measure, disappointing. Six months ago our financial position seemed so strong that my feeling was that though there were many urgent needs which had to be met, the money was available and the only question was whether we could carry out the work with sufficient expedition. As the months passed, however, it became clear that the position was not so bright as I had hoped. What is called the economic blizzard struck the Colony perhaps a little later than it struck other Colonies; but when it did come it struck with the decision of a true typhoon, but without any of the compensations which come with a typhoon and unfortunately not so brief in duration.

The effect is reflected in the revised revenue figures for the current year.

As the Colonial Secretary has pointed out, were it not for two large windfalls, the revised estimate for the current year would be four million dollars below the original estimate. The large sum realized from the late Lord Inchcape's estate has undoubtedly enabled us to provide for several services which would otherwise have had to be postponed. The proceeds of the sale of part of the City Hall is a separate item to which I will refer again later. At the present moment I am afraid I can see little hope of improvement in the estimated figures for 1934; and, indeed, I have a somewhat uncomfortable feeling that I may have increased some of the figures beyond what may prove to be justifiable.

We are fortunate, therefore, in finding ourselves in possession of considerable surplus balances. I feel convinced that the policy of aiming at a minimum surplus of ten million dollars, which I laid down early last year, is a sound one, though there are no doubt critics, few in number however, who consider the conservation of such an amount excessive. In a colony like this, which is based on a variable currency, I have no doubt in my own mind that it is essential to keep a substantial margin. The policy which I have followed this year and last year of submitting a supplementary budget when it appeared, largely owing to the maintenance of the dollar at a favourable figure, that there would be more money available than was anticipated, is somewhat unusual, but I think it has been justified and it has received the approval of this Council and the Secretary of State. It remains to be seen whether similar action will be possible next year, though I confess that at the moment I am not optimistic about it.

With this serious drop of Revenue it is perhaps natural that the Budget should contain nothing spectacular, but it must be conceded that provision has been made for a number of important works and that it shows signs of steady progress.

I confess therefore to some surprise at learning from the Senior Unofficial Member's speech that perhaps the *only* cause for congratulation is that no increase of taxation is considered necessary.

We have been able to make some provision out of Revenue Account for a new Government Civil Hospital, for several much needed Markets, for a new important Police Station, for Senior Officers Quarters, for improvements to certain Roads, for Anti-Malarial works, for a new Central British School, for important Harbour Dredging work and Reclamation connected therewith, and certain Water Works. From Loan funds we have made provision for other Water Works, including the Gorge Dam at Shing Mun, for a second cross-harbour Pipe Line, for the new Gaol and for certain improvements to the Air Port.

The fact that we have been able to provide for this considerable number of important services is evidence of what may be reasonably termed a strong financial position. It entails, however, our taking a sum of over \$1,600,000 out of Surplus Balances, and I confess that I felt some anxiety when considering the commitments involved by these works, having regard to the fact that we cannot look to much, if any, improvement in the Revenue during 1934. This will mean that we shall have to draw further from Surplus Balances to continue the work, and the Budget shows that the estimated Surplus Balances, apart from the City Hall Account at the end of 1934 will be less than ten and a half millions. The prospect at first sight seems, perhaps, a little perturbing. It always happens, however, that with a large personnel many posts are vacant for brief periods during the year, resulting in a considerable saving in the total. This over the whole year will probably amount to several lakhs of dollars. If the dollar continues at or only a little below the present figure, there will be a further considerable saving in the dollar equivalent of sterling commitments. There will also be a falling off in the dollar revenue realised from such imposts as are based on sterling, but this will be much smaller than the amount saved on sterling commitments. There is also a sum to be transferred from Suspense Account in respect of certain amounts which have been held back pending the settlement of some outstanding questions connected with Military Contribution. The determination of the exact figure awaits the approval of the Secretary of State of the amending Ordinance; but it will probably amount to the greater part of the sum entered against "Suspense Account." It is also to be noted, as the Colonial Secretary has pointed out, that we shall have eventually the present site of the Government Civil Hospital and the site of the Naval Arsenal for disposal when the new works are completed. Therefore, even should it be necessary temporarily to reduce our Surplus Balances to some extent, the deficiency would be made good by such disposal. I feel, therefore, that we are on reasonably safe ground in embarking on such commitments as are being undertaken.

With regard to Revenue, the falling off under the heads of Duties and Opium has been somewhat alarming. The estimate of

revenue from Tobacco Duties was seriously over-estimated, though I have for some years past, both in Malaya and in Hong Kong, found this source of revenue a steadily improving one. No doubt some of the falling off is due to increased manufacture in the Colony, resulting in the importation of a larger amount of non-manufactured tobacco, with a lower rate of duty, and a less amount of manufactured tobacco. The suggestion of the Senior Unofficial Member that, as drinks and smokes are perhaps the last things which people ordinarily forego, (as they are), we might obtain larger consumption and more revenue by reducing the duties on liquor and tobacco, strikes me as somewhat of a "non sequitur." The point, however, might be further considered.

My Honourable friend the Colonial Secretary has dealt with the question of Opium. No doubt some of the falling off in revenue both from import duties and opium is due to smuggling, and I trust that the provision of additional Revenue Officers for the New Territories will result in some improvement, though I doubt whether it will be very large. I would only add that the problem which at one time loomed rather large, namely, what we should have to do to replace the revenue from opium if the policy of entire abolition were adopted, seems likely to solve itself, for the revenue under this head has dropped so much that its entire disappearance will not have a very marked effect.

The estimated revenue for the forthcoming year under Water Supply and Meter Rents shows a considerable increase due, in a large measure to the adoption of universal meterage. The question of charges for water supply is one which will have to be seriously considered during the next year or two. We have undertaken to make our water supply self-supporting and, as you know, we are spending very large sums on this vital service. My own feeling is that there should be no free allowance and that all water consumed should be paid for, though I would give a minimum allowance to each house at very low rate and charge higher rates on a sliding scale for water consumption in excess of such allowance. I think that such a system is necessary to bring home to consumers the necessity for avoiding waste. I would prefer, however, to make no change until our new water works are further advanced.

In regard to Expenditure, I have tried to keep the personnel down as low as possible having regard to efficiency. We are endeavouring to carry out as far as appears possible the policy of increasing the number of locally recruited officers and reducing the number of those recruited from Europe. It is, however, neither possible nor expedient to proceed too fast with such a policy.

As the Colonial Secretary has dealt comprehensively with the increases in the various departments. I need only make a brief reference to one or two points.

He has informed the Council of the arrangements made with the Far East Aviation Company in regard to a Flying School, and I trust that the two years experiment will prove a success. The item to which he referred in his speech is termed "Annual Subsidy to Flying Club." It would, perhaps, be more correctly termed "Annual Subsidy to Flying School," as the payments will be made to a large extent in consideration of flying facilities granted by the School to members of the Club.

I share the regret expressed at the necessity of postponing many desirable services connected with the Medical Department, especially in the matter of Health. At the same time I would point out that the provision for Medical and Sanitary Services has grown enormously in the past twelve years. The actual expenditure under Medical Department in the year 1922 was \$371,782, while the amount provided in next year's estimate for this Department is no less than \$1,745,589. The amount expended by the Sanitary Department in 1922 was \$548,824, and the amount provided for 1934 is \$1,179,394. These figures of course do not include Special Services performed for these departments by the Public Works Department. I do not, in quoting these figures, wish it to be thought that I grudge this increase or that I am satisfied that all is being done that is desirable. I realize that a great deal more is required, but in a colony of this size there must, for financial reasons, be some limit to the rate of progress. It is my earnest hope that I shall be able to provide in 1935 for an up-to-date Health Centre in which I trust it will be possible to arrange some co-operation with the University where I hope, by that time, to see a Chair of Health established.

Meanwhile further facilities are being provided for the treatment of Venereal Disease, a new additional clinic having been opened in Kowloon some months ago. I hope that a permanent Infant Welfare Centre at Wanchai, to be built by private subscription and handed over to Government, will be completed within a few months. It is proposed to open a Centre in rented premises in Kowloon next year, and I hope to see a permanent Centre built there before long. There is no question whatever that these Centres meet an urgent and real need and do an immense amount of good.

Satisfactory progress is being made with the preparation of the site of the new Government Civil Hospital. The position of this building will render it much more easy to provide wards for tubercular cases and provision will be made for this. Considerable extensions have been carried out to the Kowloon Hospital and provision made for an adequate Out-Patients building. With the growing population in Kowloon the necessity for this is obvious and the work cannot be longer delayed.

I take this opportunity for expressing the gratitude of the Colony to the Tung Wah, Tung Wah East and Kwong Wah Hospitals, the Chinese Public Dispensaries and the St. John Ambulance Brigade for the very valuable assistance that they give in medical and health matters. The Colony is deeply indebted to them. (Applause.)

Under Education you will notice that further provision has been made in connection with the Junior Technical School. We have been very fortunate in the master selected to take charge of the school and it is doing most excellent work. It should, however, be further developed along vocational and other lines. In fact, speaking personally, I consider that this is one of the most important of our educational establishments. I attach the greatest importance to technical training, and, if funds for further development cannot otherwise be found, I would prefer to see further economies in other branches of education in order that such development may be accomplished.

The Colonial Secretary has referred to concessions which have been obtained in regard to the Military Contribution. There will be opportunities for full discussion when the Bill which has been referred to the Secretary of State comes before this Council, but I may say in advance that, while the present basis of contribution, like every other basis that has been suggested, may be open to some criticism, I am not prepared to admit that it is entirely absurd to increase the Colony's contribution to its defence *pari passu* with the increase in its revenue, which must, I submit, be in a large measure an index both of its capacity to pay for its defence and of the value of the property and interests to be defended. I trust that when the Bill is submitted this Council will feel able to endorse unanimously the thanks which I feel are due from the Colony to the Secretary of State for his strong support and assistance in securing valuable concessions.

I am glad that the idea of a Royal Naval Volunteer Reserve has received your approval. This was an old proposal and was postponed on financial grounds. It is now being revived and I feel sure, especially with the energy and keenness of our present Commodore, it will prove a success.

Under Miscellaneous Services you will note that the grant to the University of Hong Kong remains at \$350,000. In the present state of the finances of the University it is impossible to reduce this grant. I am glad to say that with its help it has been possible to carry out certain improvements to this institution. A new department of Surgery is being built at a cost of \$26,000 and a Prime Movers Laboratory is also under construction. Extensions are being provided to the Lecture Room and Laboratory space in the departments of Physics, Chemistry, P h y s i o l o g y a n d B i o l o g y a t

a cost of something like \$10,000, to enable the University to cope with the increased number of students. Other minor improvements have been carried out. The University has also spent an appreciable sum on the purchase of two valuable collections of books from Hankow and Macao.

It has, however, been a great disappointment to me that my appeal for voluntary contributions to the University on the occasion of its coming of age has met with no success.

I am inclined to think that the residents of the Colony fail to realize what a valuable asset it has in its University, and how essential it is that it should receive all possible support. It has hitherto held a high reputation, but this will diminish and eventually be lost unless greater support is forthcoming than has been the case during the past year or two.

There is a considerable amount of money at present in the Colony in spite of bad times, and I should like to see some of it donated to this institution.

For a University of this kind to have no Chair of Health is a very serious blemish which I hope will disappear in the near future. The Government is already giving the utmost assistance that it can, having regard to its own financial position, and it remains for private effort to supplement this help and make the University an institution of which this Colony may well be proud.

I have already referred to various works provided for under the head Public Works Extraordinary, and I have little to add. The scheme for building Senior Officers' Quarters at May Road is largely based on economic grounds. Owing to the paucity of quarters, Government incurs a very large bill for allowances to officers, representing, subject to a maximum, the difference between 6 per cent. of their salaries and the rent which they actually have to pay for non-Government accommodation. The construction of further quarters will result in a saving of money.

A sum of \$100,000 appears under the head of Anti-Malaria Works and I trust that it will be possible to spend at least the whole of this amount. I have been perturbed for the last year or two at the increased incidence of malaria in the Colony, and there is much to be done. Progress is being made with various preventive works, though it is slower than I could wish: the engineering difficulties are considerable. I may inform the Council that Government has decided to resume the bulk of the low-lying land between Shouson Hill and Aberdeen, now being used as vegetable gardens. There is no doubt that this is a most dangerous breeding ground for mosquitoes and its resumption is unavoidable if we are to make any progress in eradicating the disease. Even desirable improvements have their disadvantages, and I understand that the Malariaologist feels that by

the resumption of this land he will be deprived of one of his most productive larvae collecting grounds! (Laughter).

I share the regrets expressed at the slow progress that has been made with the Central British School. I stressed the necessity of pushing on with the work and am very disappointed that it has not been possible to make greater progress. The Director of Public Works has explained to the Council the reasons which prevented his making an earlier start. I give an undertaking that if the work can be accelerated I will ask this Council to vote an additional sum for it in the course of next year.

Under Loan Works, I trust that it will be possible to make more rapid progress with the construction of the new Gaol, for the existing one, as you all know, is a disgrace to the Colony and the present position is almost untenable.

Meanwhile, as Honourable Members are aware, a temporary block is being constructed at the Laichikok Prison to enable us to cope with the present congestion.

My Honourable friend the Director of Public Works has dealt with the cross harbour pipe line. Government fully realises the urgent need for a second line and will push on with the work as fast as possible.

The same remarks apply to the Shing Mun Gorge Dam and I can only add that in the Resident Engineer we have a most capable and energetic officer who can be trusted to get the work completed with the greatest possible expedition.

The question of our policy in regard to financing Loan Works will require careful consideration in the near future, and I propose to go into it with the Colonial Treasurer, Mr. Taylor, on his return from leave, as it was proposed that he should consult the Financial Advisers of the Colonial Office while in England. For some time we have been financing Loan Works out of Surplus Balances.

This course is economically sound but obviously it cannot go on indefinitely, and the difficulty is to decide just at what point to raise a further loan.

You will see from the Colonial Treasurer's memorandum on the financial position that it is anticipated that by the end of this year we shall have drawn on Surplus Balances, in anticipation of a further loan, for an amount of over seven and a half millions. It is obvious, therefore, that we cannot continue drawing on Surplus Balances much longer, and it may be necessary to borrow before very long.

The Hon. Senior Chinese Member has made a reference to bathing beaches. Government has every sympathy with this form of recreation, which is at the same time very popular and very desirable from a health point of view, and it has gone to a good deal of trouble to explore the possibilities of other sites. When it becomes necessary, owing to industrial development and port requirements, to go farther afield to Saiwan or elsewhere, I consider that Government should provide adequate road access.

The Hon. Senior Unofficial Member has raised a question in regard to a sterling contract made in 1931 which I consider scarcely relevant to the Budget now under discussion. I am prepared, however, to make a statement on the subject. The history is briefly as follows: In September, 1931, the estimates for 1932 having just been prepared on the basis of a shilling dollar, exchange fluctuated considerably as a result of England abandoning the gold standard. The sterling rate rose from 117/8d. on September 21st to 1s. 2d. on the 26th, and after consultation with and on the advice of banking and business circles, where the view was held that the rate would not be maintained at that figure, it was decided promptly to obtain cover for a portion of our future sterling commitments and a contract for £200,000 at 1s. 3d. was made for 1932.

It happened, however, that when it became necessary to make remittances to the Crown Agents under this contract the dollar was higher than 1s. 3d., with the result that the remittances cost us more dollars than would have been the case had we merely remitted as required at the current rate of the day. This additional cost is what is termed by the Auditor a "loss": it is rather a misleading term and would not, I believe, be so used by a firm in similar circumstances. Having regard to the difficulties which had been encountered in balancing our Budgets, owing to the fluctuations of the dollar, I was definitely of opinion that we should take advantage of a marked appreciation of the dollar to safeguard the future to some extent and so ensure that in regard to our sterling commitments in 1932 we should not find ourselves seriously embarrassed by a possible further fall in the dollar.

In view of the Auditor's opinion I submitted the whole matter to the Secretary of State who, in his reply, expressed the view that the remittance of money exactly when money is required without the freedom to use discretion as to the best time for remittances would not be an advantageous procedure and would in the long run almost certainly result in a loss which could have been avoided. He was of opinion that the Hong Kong Government, with the expert advice available locally, ought to be in a position to remit, broadly speaking, at the right time, and approved of my exercising my judgment in deciding on any individual occasion what is the best course to take in the public interest of the Colony.

The only other point to which I wish to make reference is what has been referred to as Government House and City Development Scheme. The scheme has been submitted to the Honourable Members and has received their approval and that of the Secretary of State. I am glad that the proposal to build the new Government House at Magazine Gap meets with approbation. The site was only chosen after careful consideration. The suggestion that on the completion of the house a Governor's Visitors' Book should be kept at the Colonial Secretary's office appears sound. I fear that I shall not be here myself, but I feel sure that my successor will be ready to adopt the proposal.

I have already been approached in regard to the proposed new road on the north side of the Cathedral, and have recorded my view that, unless there are cogent reasons to the contrary, this portion should not be open to motor traffic.

It is the present intention of Government to find room in the new City Hall for the library removed from the old building.

I am of opinion that it is most desirable that, if the Secretary of State sees no objection, we should treat this scheme as a whole as a matter separate from the ordinary estimates. It entails, on the one side, the sale of land after site preparation, and on the other, the levelling of land and the construction of a new Government House, a New City Hall and various other buildings for Government purposes.

So far as can be seen at present, the scheme should result in a very large profit, but until it is further advanced it would, in my opinion, be entirely wrong to use any money which we may have received under the scheme for any other purpose.

It may happen that the Colony will have to wait for several years for the benefit of such profits as may accrue, and at present such profit is merely an estimate.

Should it approach the estimated figure, Government will have a very large amount at its disposal and, if I may indulge in a vision looking ahead to a time a year or two after I shall have left the Colony, I hope to see the greater part of that profit utilized for slum improvement in Hong Kong. As to its need there can be no doubt, but it is a difficult problem of which, having regard to the financial side, I have not been able to find a solution. The increased number of buildings which have been erected in various parts of the Colony must, I think, have relieved to some extent the congestion in the most crowded parts, but this is not an entire solution of the problem.

When more buildings are erected and funds become available it may be possible to break up some of the congested areas and open up new streets and open spaces.

At the moment I can think of no better use for what I trust will be a very large sum available on the completion of the scheme to which I refer.

I trust that my remarks to-day do not give the impression of undue complacency in regard to the position in Hong Kong to-day for I should strongly deprecate any such impression. While Government's financial position may be regarded as not unsatisfactory I am fully conscious of the fact that the state of the Colony's trade to-day is very alarming and I do not consider that my Honourable friend Mr. Mackie exaggerates when he says that it is worse than it was in the troubles of 1925.

One of the leading Chinese recently remarked to me that from personal knowledge he considers it worse than it has been for the past fifty years.

Unfortunately this is mainly due to the world's economic position and there is little that Government can do to ameliorate the local position except to avoid any increase in taxation; and this I hope to do.

Advices from home indicate that there are signs of the clouds lifting; and I believe that even our near neighbour, Malaya, who has been a great sufferer, is striking a note of greater optimism. That such an improvement will prove real and that this Colony will participate early therein is the earnest hope of us all. (Applause).

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

The Bill was read a second time.

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

Upon Council resuming,

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

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

MOTIONS.

H.E. THE GOVERNOR.—If Council has no objections, the Colonial Secretary will move the following motions standing in his name *en bloc*.

THE COLONIAL SECRETARY.—The six Resolutions standing in my name are in connection with proposed expenditure in 1934 on approved loan works. Particulars as to what
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do are given on the last page of the memorandum by the Director of Public Works. Resolutions to cover the other two items, 2nd Cross Harbour Pipe and the Wireless Telegraph Station at the Air Port which are new works will be moved as soon as the authority of the Secretary of State has been obtained to charge their cost to loan funds.

I now move therefore:—

1.—That this Council approves of the expenditure of \$56,000 on the Aberdeen Valley Water Scheme during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

2.—That this Council approves of the expenditure of \$8,000 on the Shing Mun Valley Scheme 2nd Section Preliminary Works during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

3. That this Council approves of the expenditure of \$1,735,000 on the Shing Mung Valley Scheme 2nd Section Gorge Dam during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

4. That this Council approves of the expenditure of \$1,000,000 on the New Gaol at Stanley during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

5. That this Council approves of the expenditure of \$320,000 on the Tytam Tuk Catchwaters during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

6. That this Council approves of the expenditure of \$340,000 on the Air Port—Air Port and Seaplane Slipway etc., during the financial year 1934 which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony.

THE COLONIAL TREASURER seconded and the resolutions were agreed to.

THE ATTORNEY GENERAL moved "That the rules dated the 31st day of August, 1933, made by the Chief Justice under section 48 of the Divorce Ordinance, 1932, and under section 9 of the Interpretation Ordinance, 1911, be approved." He said: The laws of the Divorce Ordinance require that the rules made by the Chief

Justice should be laid on the table of the Legislative Council at one meeting and approved at a subsequent meeting. These rules were laid on the table at the last meeting and approval is now requested because it is intended to bring the Divorce Ordinance and these rules into effect on November 1.

THE COLONIAL SECRETARY seconded and the rules were approved.

DANGEROUS GOODS AMENDMENT ORDINANCE, 1933.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the Dangerous Goods Ordinance, 1873."

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

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

Upon Council resuming,

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

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

**INDUSTRIAL AND REFORMATORY SCHOOLS
AMENDMENT ORDINANCE, 1933.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Industrial and Reformatory Schools Ordinance, 1932."

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

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

Upon Council resuming,

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

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

MONEY-LENDERS AMENDMENT ORDINANCE, 1933.

THE ATTORNEY GENERAL.—I would ask that this stand over to the next meeting. A petition has been received to-day and there has not been time to consider it. I will proceed with the next item.

JUVENILE OFFENDERS AMENDMENT ORDINANCE, 1933.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Juvenile Offenders Ordinance, 1932."

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

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

Upon Council resuming,

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

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

**BANKRUPTCY AND MAGISTRATES AMENDMENT
ORDINANCE, 1933.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the law relating to the jurisdiction of Magistrates in Bankruptcy Offences."

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

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

Upon Council resuming,

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

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

MERCANTILE MARINE ASSISTANCE FUND ORDINANCE, 1933.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance for the establishment and administration of a Mercantile Marine Assistance Fund in Hong Kong."

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

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

Upon Council resuming,

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

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

ADJOURNMENT.

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

FINANCE COMMITTEE.

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

Votes totalling \$16,200 contained in Message No. 10 from H.E. the Governor were considered.

Item 85.—Police Force:—Photography \$2,500.00.

HON. SIR HENRY POLLOCK.—Regarding item No. 85 I should like to know why the contract rate has gone up?

THE COLONIAL SECRETARY.—Well I do not know if I can answer that question. The report of the Inspector General of Police, although I have not got it here, is that the contract price, which I should imagine is the lowest tender, is all round considerably higher than the price in 1932, and in some cases 50 per cent. higher. Why that should be I do not know, there may have been some increase in the cost of material.

All the votes were approved.
