

27th June, 1935.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT (SIR THOMAS SOUTHORN, K.B.E., C.M.G.).

THE HONOURABLE THE OFFICER COMMANDING THE TROOPS (BRIGADIER H. G. SETH-SMITH, D.S.O.).

THE COLONIAL SECRETARY (HON. MR. D. W. TRATMAN, C.M.G., *Acting*).

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

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. N. L. SMITH).

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

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

HON. MR. R. M. HENDERSON, (Director of Public Works).

HON. DR. W. B. A. MOORE, (Acting Director of Medical and Sanitary Services).

HON. MR. M. J. BREEN, (Postmaster General).

HON. SIR HENRY POLLOCK, KT, K.C., LL.D.

HON. SIR WILLIAM SHENTON, KT.

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

HON. MR. W. H. BELL.

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

HON. MR. T. N. CHAU.

HON. MR. J. J. PATERSON.

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

ABSENT:—

HON. MR. J. P. BRAGA, O.B.E.

MINUTES.

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

PAPERS.

THE COLONIAL SECRETARY, by command of His Excellency the Officer Administering the Government, laid upon the table the following papers:—

Air Navigations (Hong Kong), No. 1, 1935—Trade Registration Marking on Aircraft.

Aberdeen Industrial School certified fit for the reception of youthful offenders to be sent there under Ordinance No. 6 of 1932.

Regulation under section 88 (7) of the Liquors Ordinance, 1931, amending Condition No. 2 (b) in Form 6.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of His Excellency the Officer Administering the Government, laid upon the table the report of the Finance Committee, No. 9 of June 13th, 1935, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

**(1934 SUPPLEMENTARY) APPROPRIATION
ORDINANCE, 1935.**

THE COLONIAL TREASURER moved the first reading of a Bill intituled "An Ordinance to authorize the Appropriation of a Supplementary Sum of Six hundred and thirty-five thousand four hundred and forty-two Dollars and twenty-seven Cents to defray the Charges of the year 1934." He said: The details of all items making up this sum have already been fully explained to Honourable Members from time to time and have received the approval of the Finance Committee and of this Council in the usual way.

The detailed statement of Expenditure and the Report on the Finances for 1934, copies of which have already been furnished to each Member, give the reasons for the excesses, \$635,442.27 represents the total of the supplementary appropriation required under the various Heads exceeded, no account being allowed for savings on other Heads. Actually of course there was a large saving, the total expenditure being \$31,149,156, against an estimate

of \$33,442,695, a decrease of \$2,293,539. Ordinary expenditure for the year amounted to \$27,364,990, as compared with the estimate of \$29,750,745, a decrease of \$2,385,755, but Public Works Extraordinary amounted to \$3,784,166 and exceeded the original estimate by \$192,216. It is the first time for many years that this head has been exceeded, due to the speedy manner in which the programme of works has been executed. Honourable Members may recollect that I foreshadowed this in my remarks when introducing last year's supplementary appropriation account in June, 1934. The sum of \$100,000, voted from Revenue for Government House and City Development was, as Members are aware, not utilised, all payments on this service being debited to a special fund under the authority of Ordinance No. 30 of 1934.

Revenue for the year amounted to \$29,574,286, or \$2,157,339 below the original estimate of \$31,731,625. The excess of expenditure over revenue, viz. \$1,574,870, reduces the surplus balance of \$13,823,625 on the 1st January 1934, to \$12,248,755 on the 31st December, 1934.

The estimates for the year were based on \$1=1s. 3d. and a deficit of \$1,711,070 was budgetted for. Exchange, however, never fell below 1s. 4¹/₄d, while the average rate throughout the year was 1s. 6.1/16d, consequently fewer dollars were required as compared with the estimates to satisfy sterling commitments such as salaries, loan charges, pensions and stores. Of \$12,955,767 provided for Personal Emoluments, only \$11,213,115 was expended, due for the most part to the rise in exchange. Similarly out of a provision of \$4,871,357 under "Other Charges" only \$4,294,183 was required. During the year a supplementary budget was passed by a resolution of Council dated July 26th, 1934, adding an extra sum of \$752,000 to the provision originally granted under Public Works Extraordinary.

It is customary in introducing this Bill to give Honourable Members some idea of the financial position during the current year. At the end of May the total revenue was approximately \$11,980,000, which is \$760,000 less than the proportionate amount of the Estimates over a period of five months.

The principal shortfalls occur in the following items.—Liquor and Tobacco Duties, Stamp Duties, Railway Receipts, Opium Monopoly and Land Sales.

On the other hand receipts from Assessed Taxes (Rates) were maintained mainly owing to advance payments in order to obtain refunds on empty tenements repayable later. I do not expect this item of revenue to shew the estimate of \$6,300,000 for the year. Receipts from water excess supply and meter rent were maintained as also were Radio Message Fees.

The approximate expenditure to the 31st May amounted to \$11,048,000, \$2,517,000 below the proportionate amount for the five months. The under-expenditure is due (a) to the rise in the dollar savings being shewn under Personal Emoluments, Pensions and Store Charges, and (b) to the fact that during the early part of the year expenditure is always very much less proportionately than later, especially on Public Works items. A deficit of nearly two million dollars has this year been budgetted for, which includes the final instalment of \$500,000 due to the Admiralty for the surrender of the Naval Arsenal Yard and Kellet Island. This instalment has already been paid over and is included in the figures given above for total expenditure to the 31st May.

In these difficult times it is extremely hazardous to forecast the future. It is, however, apparent to me that the estimate of revenue for 1935 will not be maintained and that we shall be faced with a drop of about one million dollars. Exchange has such a large bearing on expenditure that any forecast is still more hazardous. If the dollar remains round about 2s. there will be large savings on the expenditure heads already referred to and this should counterbalance the drop in revenue. Whether the savings on exchange will go further than this and help to reduce the deficit of nearly two million dollars originally budgetted for is doubtful but still possible.

On the above assumptions I have every hope that the excess of assets over liabilities estimated when the 1935 budget was drawn up at \$10,630,807 will be maintained on December 31st next.

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

**LUNACY (PAYMENT OF PUBLIC ALLOWANCES)
ORDINANCE, 1935.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to regulate the payment of emoluments, pensions, gratuities or other allowances due to persons certified to be unable by reason of mental disability to manage their affairs."

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.

MERCHANT SHIPPING AMENDMENT ORDINANCE, 1935.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the law relating to Merchant Shipping."

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.

PENSIONS AMENDMENT ORDINANCE, 1935.

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

ADJOURNMENT.

H. E. THE OFFICER ADMINISTERING THE GOVERNMENT.—Council stands adjourned until Thursday, July 11th.

FINANCE COMMITTEE.

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

Votes totalling \$44,950, contained in Message No. 10 from H. E. the Officer Administering the Government, were considered.

Item 42.—20, Police Force:—Special Expenditure:—Revision of Police Regulations, \$4,900.00.

Hon. Mr. J. J. PATERSON.—Does the gaol do these printing jobs?

THE COLONIAL TREASURER.—The gaol is doing this one.

All the votes were approved.
