

30th December, 1936.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR ANDREW CALDECOTT, Kt., C.M.G., C.B.E.).

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

THE COLONIAL SECRETARY, (HON. MR. N. L. SMITH).

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

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

THE COLONIAL TREASURER (HON. MR. E. TAYLOR, C.M.G.).

HON. DR. A. R. WELLINGTON, C.M.G., (Director of Medical Services).

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

HON. MR. T. H. KING, (Inspector General of Police).

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

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

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

HON. MR. T. N. CHAU.

HON. MR. M. K. LO.

HON. MR. S. H. DODWELL.

HON. MR. A. W. HUGHES.

MR. T. MEGARRY, (Deputy Clerk of Councils).

ABSENT:—

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

HON. MR. J. J. PATERSON.

MINUTES.

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

RESOLUTION OF LOYALTY.

H.E. THE GOVERNOR.—You will remember, Gentlemen, that in our Session of 12th December, we passed a Resolution of Homage and Loyalty to His Majesty the King and I have received the following reply from the Secretary of State to the telegram in which I conveyed for humble submission to His Majesty your message:—

"Your telegram 232 has been laid before the King. I am commanded by His Majesty to request you to convey to Legislative Council an expression of his deep appreciation of the sentiments of loyalty and devotion contained in the message."

PAPERS.

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

Amendments made by the Urban Council under section 4 (1) (xxiv) of the Public Health (Sanitation) Ordinance 1935, Ordinance No. 15 of 1935, to the by-laws under the heading "Cemeteries" contained in Schedule A to that Ordinance, dated 8th December, 1936.

Declaration under the Merchant Shipping Ordinance, 1899, Ordinance No. 10 of 1899, Table L, Quarantine Regulations, dated 21st December, 1936.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the report of the Finance Committee (No. 11), dated 16th December, 1936, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

MOTIONS.

THE ATTORNEY GENERAL.—I rise to move that the Companies (Winding-up) Rules, 1936, and the Companies (Fees) Order, 1936, both dated 9th December, 1936, made by the Chief Justice under section 282 of the Companies Ordinance, 1932, Ordinance No. 39 of 1932, be approved to come into operation on the first day of January, 1937. These company winding-up rules are based on the English company winding-up rules of 1929 and the order is an order which relates to fees and percentages set out in the three schedules thereto. I move that they be approved.

THE COLONIAL TREASURER seconded, and this was agreed to.

TELECOMMUNICATION AMENDMENT ORDINANCE, 1937.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Telecommunication Ordinance, 1936." He said: This makes certain amendments in Sections 4 and 31 of the principal Ordinance which are explained in the Memorandum of Objects and Reasons.

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

Objects and Reasons.

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

1. Under Article 26 of the International Telecommunication Convention of Madrid, 1932, the Contracting Governments reserve to themselves the right to stop the transmission of any private telegram or radiotelegram which may appear dangerous to the security of the State, or contrary to the laws of the country, to public order or decency subject to the obligation to notify the office of origin immediately of the stoppage of the said communication or any part of it, except when the issue of such notification may appear dangerous to the security of the State.

2. Section 4 (1) (c) of the principal Ordinance enables the Governor, or any officer specially authorised in that behalf by the Governor, to order the stoppage of messages only on the occurrence of any public emergency or in the interest of public safety. It does not deal with messages which are contrary to the laws of the Colony or contrary to public order or decency.

3. Moreover section 4 (2) of the principal Ordinance is so worded as apparently to limit its operation to cases under section 4 (1) (a) whereas the certificate it requires may be equally necessary in cases under 4 (1) (b) and (c).

4. Clause 2 of this amending Bill accordingly repeals sub-section (2) of section 4 and substitutes two sub-sections which deal with these points.

5. Clause 3 of the Bill adds three words to section 31 (1) of the principal Ordinance which will enable a magistrate to authorize the sealing up of apparatus in cases where he does not think it necessary to authorize its seizure.

6. As the provisions of an International Convention are in question the Bill contains a suspending clause as required by Article XXVI 6 of the Royal Instructions.

**HONGKONG GOVERNMENT SERVICE (LEVY ON SALARIES)
ORDINANCE, 1937.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to make provision for a temporary percentage levy on the salaries of public officers in the Hong Kong Government Service and to provide for the exchange rate at which sterling salaries, when paid in the Colony, are to be converted." He said.—Sir, I should like to implement what is stated in the Memorandum of Objects and Reasons by saying that it is now estimated that there will be little or no deficit on the present year and that on the basis of recent revenue returns the deficit on the printed budget for next year may be reduced to about \$2¾ millions. The total saving effected by the salary levy in 1936 was \$1,144,000 of which \$208,000 came from the percentage levy on dollar salaries and \$936,000 from the percentage and exchange levies on sterling salaries. For the year 1936 the estimated revenue was \$26,671,845 and the estimated expenditure was \$29,598,148 leaving an estimated deficit of \$2,926,303. At the end of August the revised estimated figures showed revenue \$28,415,970 and expenditure \$29,420,000. It is expected that the end of the year will show, revenue \$29,500,000 and expenditure \$29,420,000, resulting in an excess of revenue over expenditure of \$80,000. For 1937 the revenue was estimated at \$28,760,250 and the expenditure at \$32,259,160 leaving a deficit of \$3,498,910. If the conditions of 1936 are repeated in 1937, as we all hope they will be, we may expect a reduction of that deficit to about \$2¾ millions. The Secretary of State has therefore approved of lightening the burden of the levy in the manner shown in this Bill under which that deficit will be reduced, it is estimated, by a further \$375,000.

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

Objects and Reasons.

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

1. The Hong Kong Government Service (Levy on Salaries) Ordinance, 1936, which imposed a percentage deduction and an exchange conversion deduction on sterling salaries exceeding £240 per annum and a percentage deduction on dollar salaries exceeding \$240 per annum, was expressed by section 5 thereof to continue in force until the 31st December, 1936, and no longer, unless otherwise provided by Ordinance.
2. The financial prospects for 1937 appear brighter than those of 1936. The object of this Bill, therefore, is to repeal the 1936 Ordinance and to replace it by one which lightens the burden of sacrifice imposed on Government servants.
3. In the Bill the long title of the repealed Ordinance is extended so as to make express reference to both the percentage levy and the exchange conversion rate of sterling salaries when paid in the Colony.

4. Except for the necessary substitution of 1937 for 1936 clauses 1 and 2 (1) of the Bill correspond with sections 1 and 2 (1) of the repealed Ordinance.

5. Clause 2 (2) of the Bill corresponds with section 2 (2) of the Ordinance except that sterling percentage deductions are reduced from 2½ %, 5%, 7½ %, 10% and 12½ % for the whole year to 2%, 4%, 6%, 8%, and 10% respectively for the first half of 1937.

6. Clause 2 (3), which is new, provides that the Legislature may by resolution continue, reduce or abandon such sterling percentage deductions in respect of the months of July to December, inclusive, or any of them.

7. Clause 2 (4) relating to the calculation of Widows' and Orphans' Pension Contributions corresponds with section 2 (3) of the repealed Ordinance.

8. Clause 2 (5) relates to the exchange conversion rate of salaries paid in the Colony. Under section 2 (4) of the repealed Ordinance the exchange conversion rate for all such officers was fixed at 1/6 to the dollar for the first three months of 1936 and for subsequent months at such rates as the Legislative Council might direct. By a resolution of the Legislative Council on the 27th May sterling paid officers absent from the Colony on leave for a period exceeding three months or absent from the Colony on duty for any period were exempted from the sterling conversion rate and by resolutions of the 13th May, the 22nd July and the 24th November the conversion rates were fixed at 1/5¼, 1/4½ and 1/3¾ respectively for the last three quarters of 1936. Clause 2 (5) of the Bill fixes the special conversion rate for the whole year at the prevailing monthly Treasury rate if such rate exceeds 1/3 to the dollar and at 1/3 to the dollar or sixteen dollars to the pound sterling if the Treasury rate does not exceed 1/3 to the dollar. The effect of this will be that a conversion deduction will be made only when the Treasury rate for the dollar is below one shilling and three pence. The exemption of the salaries of officers on leave for a period exceeding three months and of officers absent on duty is dealt with in the proviso.

9. Except for the necessary substitution of 1937 for 1936 clause 3 (1) of the Bill corresponds with section 3 (1) of the repealed Ordinance.

10. Clause 3 (2) of the Bill corresponds in effect with sections 3 (2), 3 (3) and 3 (4) of the repealed Ordinance except that the dollar percentage deductions are reduced to 2%, 4%, 7% and 9% for the first half of 1937.

11. Clause 3 (3), which is new, provides that the Legislature may by resolution continue, reduce or abandon such dollar percentage deductions in respect of the months of July to December inclusive, or of any of them.

12. Clause 4 which relates to Widows' and Orphans' Pension Contributions corresponds with section 4 of the repealed Ordinance.

13. Clause 5, corresponding with the repealed section 5 limits the operation of the Ordinance to the year 1937.

14. Clause 6 (1) relating to the power of the Legislature to grant exemptions corresponds with the repealed section 6, and clauses 6 (2) and 6 (3) preserve the effect of the resolutions of the 13th May and the 24th November, 1936, which exempted officers employed on the construction of the Dam and Reservoir Works at Shing Mun and the temporary Gymnastic Instructor from the operation of the levy.

15. Clause 7 relating to the saving of the rights of the Crown corresponds with the repealed section 7.

16. Clause 8 expressly repeals the 1936 Ordinance which being spent, under section 5 thereof, is no longer required.

PENSIONS (NO. 4) AMENDMENT ORDINANCE, 1936.

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

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.

QUARANTINE AND PREVENTION OF DISEASE AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Quarantine and Prevention of Disease Ordinance, 1936."

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.

LIGHTING CONTROL ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to provide for the total or partial cessation of lighting in the Colony by Regulation of the Governor in Council on occasions of emergency or public danger or by way of experiment or practice for such occasions."

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.

WILD ANIMALS PROTECTION ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to make provision for the protection of certain wild animals."

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

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

Clause 4:

THE ATTORNEY GENERAL.—Sir Henry Pollock has suggested that it would read better with a comma after the word "presume" in the middle of the second line of the Clause.

Clause 5:

THE ATTORNEY GENERAL.—Sir Henry Pollock has also suggested that at the end of sub-paragraph 1, after the word "thereof", there should be a semi-colon instead of a full stop.

Upon Council resuming,

THE ATTORNEY GENERAL reported that the Bill had passed through Committee with small amendments in punctuation which were immaterial, and moved the third reading.

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

CURRENCY (NO. 2) AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the Currency Ordinance, 1935."

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.

BUILDINGS (NO. 2) AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the Buildings Ordinance, 1935."

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.

CORONATION SOUVENIRS ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to prohibit the sale, exposing for sale and the possession for sale, before 1st June, 1937, of Coronation Souvenirs without a clear indication of their origin."

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.

NEW YEAR MESSAGE.

H.E. THE GOVERNOR.—Honourable Members,—Looking through past volumes of our local Hansard the other day I found that it is one of Hong Kong's pleasant and laudable customs that the Governor should associate his pronouncement of the last adjournment of this Council in any calendar year with a word of thanks to his colleagues on the Executive and Legislative Councils for their public service and assistance.

I know that there are those who confound the customary with the mechanical and who will on that account disparage or discount whatever is said in season. Such people are of course very poor psychologists. The mileposts between succeeding years offer the right and proper opportunity for reflection and review, and anybody who finds himself without cause for very real gratitude is indeed luckless and friendless.

At the close of my first year as Governor here I find myself in quite the opposite case; for I cannot choose words that will adequately express the measure of the debt that is owed by the Administration to those who are doing public service on and outside the official Councils, Boards and Committees.

The close of the year has been saddened for us all by the passing to her rest of a lady who was a conspicuous example of service to the community, and our deepest sympathy goes out to her husband, our colleague on the Executive Council Dr. Kotewall, in his irreparable bereavement.

I know that the memorial which Mrs. Kotewall would have most desired for herself would have been the rallying of as many new helpers and workers as possible to the call of community service, and in the hope and belief that this will come to pass I wish all the people of the Colony and in particular you, gentlemen, and all its other public workers and benefactors a happy and prosperous New Year.

ADJOURNMENT.

H.E. THE GOVERNOR.—Council stands adjourned until Wednesday, January 6th, 1937.

FINANCE COMMITTEE.

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

Votes totalling \$23,487, contained in message No. 12 from H.E. the Governor, were considered.

All the votes were approved.
