

29th September, 1937.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT (MR. N. L. SMITH, C.M.G.).

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. R. A. C. NORTH, *Acting*).

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

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. E. H. WILLIAMS, *Acting*).

THE FINANCIAL SECRETARY AND COLONIAL TREASURER (HON. MR. S. CAINE).

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

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

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

HON. DR. D. J. VALENTINE, (Director of Medical Services, *Acting*).

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

HON. MR. J. J. PATERSON.

HON. MR. CHAU TSUN-NIN.

HON. MR. LO MAN-KAM.

HON. DR. LI SHU-FAN.

HON. MR. M. T. JOHNSON.

HON. MR. E. DAVIDSON.

MR. A. G. CLARKE, (Deputy Clerk of Councils).

ABSENT:—

HON. MR. LEO D'ALMADA E CASTRO, JNR.

MINUTES.

The minutes of the previous meeting were confirmed.

PAPERS.

THE COLONIAL SECRETARY, by command of H.E. The Officer Administering the Government, laid upon the table the following papers:—

Regulations made by the Governor in Council under section 8 of the Quarantine and Prevention of Disease Ordinance, 1936, Ordinance No. 7 of 1936, for the supply of water to and from water boats and from wharves, dated 11th September, 1937.

Notice to Aircraft owners and Ground Engineers—No. 14 of the year 1937, dated 11th September, 1937.

Declaration made by the Governor in Council under section 22 of The Dangerous Drugs Ordinance, 1935, Ordinance No. 35 of 1935, dated 20th September, 1937.

Amendment made by the Governor in Council under section 11 of the Dangerous Drugs Ordinance, 1935, Ordinance No. 35 of 1935, to the Regulations, dated 20th September, 1937.

Declaration under section 18 of the Quarantine and Prevention of Disease Ordinance, 1936, Ordinance No. 7 of 1936, dated 21st September, 1937.

Amendment made by the Urban Council under section 4 (xvi) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, to the by-laws under the heading "Conservancy" contained in Schedule A to that Ordinance, dated 17th August, 1937.

Administration Reports, 1936:—

Part III.—Public Health:—

Report of the Chairman, Urban Council.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. The Officer Administering the Government, laid upon the table the Report of the Finance Committee (No. 7) dated 22nd September, 1937, and moved that it be adopted.

THE FINANCIAL SECRETARY seconded, and this was agreed to.

MOTIONS.

THE FINANCIAL SECRETARY.—Your Excellency,—There are a number of Resolutions in my name relating to Loan Expenditure and as they are closely interconnected I propose, with your permission, to address the Council on all of them together.

First, authority is required for variations in the expenditure under the Hong Kong Dollar Loan Ordinance. On the 25th May last this Council approved a re-allocation of the funds available under that Ordinance and the advance from surplus balances during 1937 of certain sums to be spent on the works specified in that allocation. It now appears that the expenditure on the Shing Mun Gorge Dam was then under-estimated and the provision then made will be substantially exceeded. The revised figures are given in Appendix VI (*b*) to the Draft Estimates for 1938 already laid before Council. The principal reason for the excess is that receipts from the sale of plant, which are credited to the loan funds, were originally estimated at a figure which is now unlikely to be reached. It is not yet possible to give final figures because all the plant has not yet been sold, but it is necessary to obtain authority from the Council for the expenditure which has actually to be met this year. The total cost is now put at \$8,800,000 less receipts from sale of plant \$200,000, giving a net expenditure of \$8,600,000. Net expenditure in 1937 is estimated at \$337,769.28 on the assumption that all the credits expected will be received in this year. There is thus an increase in the net expenditure on the Dam of \$275,000.

On the other hand there are reductions in the estimates for certain other parts of the Shing Mun Valley Water Works and for the Stanley Gaol. These total \$139,000 and go some way to meet the excess on the Gorge Dam. The balance of that excess, \$136,000, can be found by transfer from the funds intended for the Central Market, which will thus be reduced to \$689,000. This exhausts the funds available under the 1934 Loan.

A further \$211,000 will, however, be needed to complete the Central Market and it is proposed to include this in the schedule of works to be met from a future loan which I will explain further in a moment. Should savings after all be made on the present estimates for the Gorge Dam or other still uncompleted works in the 1934 Loan Schedule, they can of course be made available for the Central Market.

Before leaving the 1934 Loan I would draw attention to the fact that less than the original estimate is expected to be spent this year under Airport—Wireless Telegraph Station, Head 6 (*c*) because the cost of a new building originally intended to be met from this source will be met from P.W.E. The loan funds so saved will be available in 1938 for the purchase of transmitter apparatus for the Airport.

There remain the works to be met from a future loan. The most important of these are the further water-works already approved in principle by Council. They are estimated to cost \$3,185,000. I do not think I need argue at length as to the justification of charging these essentially revenue-producing works to loan. It is always better to meet any expenditure out of revenue if it can be done but if the revenue is not there it is entirely proper to meet this kind of expenditure out of loan. The procedure it is proposed to adopt, following previous practice, does in fact leave it still open to us to pay for these works out of revenue if a turn of fortune again places the Colony in possession of large revenue surpluses. No actual loan will be raised immediately, the works being financed by advances from our surplus balances so long as they remain available. The loan will be raised if and when it becomes necessary to replenish the Treasury's liquid cash by repaying those advances. Before that, however, arrangements would be made for repaying the advances against the 1934 Loan, which by the end of 1938 will be about \$11,000,000. It is not at present necessary to raise any more of the 1934 Loan to place the Treasury in funds but the cash position is continuously under review and the question of raising a further instalment of the Loan in 1938 will be kept in mind.

I now turn to the Resolutions themselves. It is necessary to have so many because the Council must authorise

- (i) the re-allocation of the Schedule to the Dollar Loan Ordinance;
- (ii) the revised estimate of the advances necessary in 1937 to meet expenditure on the Gorge Dam;
- (iii) the advances to be made in 1938 to meet the remaining expenditure on works in the 1934 Loan Schedule;
- (iv) the undertaking of further works to be met temporarily by advances from surplus balances against a loan to be authorised later and the amounts to be advanced in 1937 and 1938 respectively.

The principle underlying these resolutions has already received the approval of the Unofficial Members of this Council, and, unless any Hon. Member desires a postponement for their consideration in detail, there seems no reason why they should not now be put to the Council. Such a course seems to Government to be preferable to awaiting the next meeting of Council at which the second reading of the Finance Bill is to be taken.

I now propose:—

1. That this Council approves under Section 3 (2) of the Hong Kong Dollar Loan Ordinance, No. 11 of 1934, of the following transfers in the Schedule.

Item 2. Shing Mun Valley Water Scheme to be increased from \$9,941,877.98 to \$10,132,877.98.

Item 4. New Gaol at Stanley to be reduced from \$4,000,000 to \$3,945,000.

Item 8. Other Public Works to be reduced from \$1,025,000 to \$889,000.

2. That this Council approves of the expenditure during the financial year 1937 under Head 2 (b) (3) of the Loan Works authorised under Ordinance No. 11 of 1934 (Shing Mun Valley Water Schemes—Second Section—Gorge Dam) of a total net sum of \$337,769.28, which sum shall be met by advances from the surplus balances of the Colony, pending the issue of the remainder of the Loan authorised under the said Ordinance.

3. That this Council approves of the expenditure during the financial year 1938 on the various items of Loan Works authorised under Ordinance No. 11 of 1934, as specified below, of a sum of \$815,577.21, which sum shall be met by advances from the surplus balances of the Colony pending the issue of the remainder of the Loan authorised under the said Ordinance.

Item 4.	New Gaol at Stanley -----	\$ 60,000.00
Item 6.	Airport:—	
	(b) Airport and Seaplane Slipway -----	17,000.00
	(c) Wireless Telegraph Station -----	55,727.21
Item 8.	Other Public Works:—	
	(a) Central Market -----	669,000.00
	(b) Wholesale Market -----	13,850.00
		\$815,577.21

4. That this Council approves the carrying out of the works set out in the Schedule below, at an estimated total cost of \$3,396,000, and of the expenditure in the financial years 1937 and 1938 of the sums set out in Columns 3 and 4 of the Schedule, the cost to be met from a future loan and meanwhile to be charged as advances from the surplus balances of the Colony pending the raising of a loan.

SCHEDULE.

Works.	Estimated Cost.		Estimated Expenditure 1937.	Estimated Expenditure 1938.
	\$	\$	\$	\$
Head 1—New Markets:—				
(a) Central Market—		211,000		51,000
Head 2—Water Works:—				
(a) Supply to Albany—	130,000		40,000	90,000
(b) Supply to Peak Road—	90,000		10,000	80,000
(c) Cross Harbour Pipe—	800,000		40,000	760,000
(d) Rapid Gravity Filters Eastern—	300,000			15,000
(e) Kowloon Chai Service Reservoir	240,000		20,000	180,000
(f) Supply main to Kowloon Chai Service Reservoir—	250,000			200,000
(g) Distribution Island—	100,000		5,000	30,000
(h) „ „ Mainland—	75,000		5,000	25,000
(i) Shing Mun Valley Scheme Catchwater—	1,200,000	3,185,000	50,000	350,000
Total—		\$3,396,000	\$170,000	\$1,781,000

§ Part cost: total is \$900,000 of which \$689,000 is chargeable to 1934 Loan.

THE COLONIAL SECRETARY seconded, and the resolutions were passed.

MERCHANT SHIPPING AMENDMENT ORDINANCE, 1937.

The Attorney General moved the first reading of a Bill intituled "An Ordinance to amend the Merchant Shipping (No. 2) Amendment Ordinance, 1934, and the Merchant Shipping Ordinance, 1899 as amended by the Merchant Shipping Amendment Ordinance, 1935." He said: The object of this Bill is explained in the Memorandum of Objects and Reasons.

Objects and Reasons.

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

1. Section 5 of the Merchant Shipping (No. 2) Amendment Ordinance, 1934 (Ordinance No. 25 1934) repealed the first three sub-sections of section 41 of the principal Ordinance (No. 10 of 1899) and substituted three new sub-sections. The new sub-section (2) provided that where by or under any of the Merchant Shipping Acts functions are required to be performed by the Governor, such functions may be performed by the Governor or by any public officer nominated for the purpose by him.

2. Ordinance No. 25 of 1934, is not yet in force, as by section 7 thereof its operation is suspended pending the notification of His Majesty's pleasure thereon.

3. The object of clause 2 of this Bill is to repeal the new sub-section (2) of section 41 of the principal Ordinance. It will not affect, however, the repeal of the former sub-section (2) of section 41 effected by the first paragraph of Section 5 of Ordinance No. 25 of 1934.

4. For greater clearness in noting up amendments it has not been considered necessary to renumber as sub-section (2) the new sub-section (3) of section 41 enacted by section 5 of Ordinance No. 25 of 1934, or to renumber as sub-section (3) the sub-section (3A) enacted by section 18 of Ordinance No. 28 of 1935.

5. Section 2 of the Merchant Shipping Amendment Ordinance, 1935 (Ordinance No. 28 of 1935) effected three amendments in section 2 of the principal Ordinance the first of these was the insertion in it of a new paragraph (*aa*) which provided that "Governor" includes, in relation to any purpose of the Ordinance, any person authorised by the Governor for that purpose.

6. The object of clause 3 of this Bill is to repeal that new paragraph.

7. The repeals effected by clauses 2 and 3 of the Bill have been suggested by the Board of Trade in their letter of the 5th May, 1937, transmitted in the Secretary of State's despatch No. 287 of the 21st July, 1937.

8. Clause 4 of the Bill suspends its operation so that it can be brought into operation after His Majesty's pleasure is known. This is the usual practice with Merchant Shipping Bills. It will be convenient to bring it into operation at the same time as Ordinance No. 25 of 1934 is brought into operation under section 7 thereof.

FACTORIES AND WORKSHOPS ORDINANCE, 1937.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the law relating to factories and workshops and to the employment of women, young persons and children in certain industries."

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.

**NAVAL ESTABLISHMENTS POLICE AMENDMENT
ORDINANCE, 1937.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Naval Establishments Police Ordinance, 1875."

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.

MAGISTRATES AMENDMENT ORDINANCE, 1937.

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

**STORES PIER (NORTH POINT) AND ADDITIONAL PIPE LINES
ORDINANCE, 1937.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to authorise the construction of a Pier projecting from reclaimed Crown Land at North Point and two new Cross-Harbour Pipe Lines."

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 Wednesday, 13th October.
