

No. 468.—With reference to Government Notification No. 457 of the 3rd September, 1920, concerning the preliminary report of the University Commission, the Government is now in a position to announce the intended measures for dealing with the financial situation already published.

The Commission recommends that the Government should assume financial responsibility to an extent sufficient to carry on the work of the University efficiently; and proposes that the Government should contribute not less than \$1,000,000 to the Endowment Fund, as well as largely increasing its present yearly grant of \$20,000. The Commission is of opinion that reorganisation is required to secure the proper management and effective control of the University's affairs; and particularly that, as concerns money matters, a strong Finance Committee should be appointed, consisting of (say) the Colonial Treasurer, the Treasurer of the University, the Chief Manager of the Hongkong and Shanghai Bank, and a representative of the Hongkong General Chamber of Commerce, sitting with the Vice-Chancellor. Such matters, as curriculum must of course be dealt with by the Vice-Chancellor and the academic machinery of the University.

The Government agrees with these recommendations.

Subject accordingly to the approval of the Legislative Council, it has been decided that the Government shall meet the existing indebtedness of about \$500,000 in respect of the bank overdraft, and about \$70,000 in respect of the deficit on Sinking Fund; that it shall provide the proposed sum of \$1,000,000 for the Endowment Fund, instead of the smaller amount of \$250,000 which was before provisionally promised; and that it shall increase its yearly grant: with the intention that the University shall not only be freed from all present debts and have its past endowment restored intact, but shall also be assured of an adequate income for the future. The Government will consequently require a power of final control over expenditure; and, at least during the period of reorganisation, will be compelled to exercise a certain amount of general supervision.

It is the hope and expectation of the Government, in thus guaranteeing the maintenance of the University, that it will encourage contributions from other sources, especially for further expansions now unprovided for. And the Commission points out that one of the most useful ways in which benefactors can help is by the gift of special endowments for professorships; only two of which have hitherto been so supported,—the Taikoo Chair of Engineering and the Ho Tung Chair of Surgery. These endowments are urgently needed to enable the University to fulfil completely the functions which it is its purpose to perform.

No. 469.—The following Remarks by the Oversea Sub-Committee of the Committee of Imperial Defence on the Report on the Hongkong Defence Corps for 1918-19 are, by permission of the Secretary of State for the Colonies, published for general information:

A. G. M. FLETCHER,
Colonial Secretary.

10th September, 1920.

The Colonial Office have referred to the Oversea Defence Committee a despatch, dated the 2nd June, 1919, from the Officer Administering the Government of Hongkong, forwarding the Annual Report on the Hongkong Defence Corps for the year 1918-19, together with a covering letter of the General Officer Commanding the Troops, China Command.

The despatch and extracts from its enclosures are printed as an Appendix to these Remarks.

2. The last occasion on which the Oversea Defence Committee offered any remarks on the Hongkong Local Forces was in October, 1913, when the Report on the Hongkong Volunteer Corps for 1912-13 was before them. Since that date the war has intervened, and in September, 1917, the local forces of the Colony were reorganised as the Hongkong Defence Corps under the terms of the Military Service Ordinance, 1917. The total strength of the units comprising the new Corps was 826 of all ranks on the 31st March, 1919, and of this number 729 are classed as efficient in the Reports for the year now under review.

That such a high percentage of efficient is recorded cannot but be a matter for the congratulation of all concerned, especially in view of the fact that the total strength of the force was on the 31st March, 1919, almost three times that of the Volunteer Force on the corresponding date in 1913.

3. The Committee cannot allow the opportunity to pass without calling attention to the satisfaction with which they note not only this increase in numbers and efficiency, but also the valuable services which have been performed by the Local Forces of the Colony during the period which has elapsed since the issue of their Remarks, No. 638 R.

4. Again, they hope that now the war is over, and that there is not the same inducement for men to interest themselves in military service, the efficiency of the Corps will not be allowed to deteriorate, and that every possible effort will be made to keep up the spirit of keenness shown by all ranks during the emergency period, and to maintain an efficient force at the maximum strength practicable.

5. In this connection they would point out that, in view of the increased obligations of the Imperial Government due to the war, even greater reliance than in the past will in the future have to be placed on Colonies to maintain their local forces at the maximum strengths practicable so as to make it possible to reduce to a minimum the Imperial expenditure on garrisons and warships maintained oversea. The Committee look with confidence, therefore, to the Hongkong Defence Corps to maintain so far as practicable in the future the high standard of efficiency which it has reached during the war.

* * * *

7. It is very satisfactory to observe the high standard in musketry which has been reached during the year.

* * * *

(Signed) S. H. WILSON, *Secretary,*
Oversea Defence Committee.

January 16, 1920.

APPENDIX.

Officer Administering the Government to Secretary of State.

Hongkong, June 2, 1919.

My Lord,

With reference to Sir Henry May's confidential despatch of the 14th August, 1918, I have the honour to transmit a copy of a letter from the General Officer Commanding, submitting the Annual Report on the Hongkong Defence Corps for the past year, and a copy of my reply.

2. As a private in the Corps myself I can endorse, from personal experience, the high opinion formed by Major-General Ventris of Major Morgan's work as Administrative Commandant. The system under which a senior officer of the garrison is appointed to command the Defence Corps is a good one, but it is necessary to exercise great care in the selection of such an officer.

I have, &c.,

(Signed) CLAUD SEVERN,
Officer Administering the Government.

Enclosure 1.

General Officer Commanding to Officer Administering the Government.

(No. C.R. 8008 "G.")

Hongkong, May 24, 1919.

Sir,

I have the honour to submit for your Excellency's information the Annual Report on the Defence Corps for the past year, together with brief reports by the Officer Commanding, Royal Artillery, on the Artillery Company, and by the Chief Engineer on the Engineer Company.

2. All three arms are in an efficient condition. The Artillery frequently, and the Engineers continuously, have performed invaluable work on the Examination Service from the outbreak of war until the Armistice. The Infantry show a remarkable improvement in musketry due to the exertions of Major Morgan, the Commandant.

3. Your Excellency will no doubt regret with me that the move of the 18th Infantry up north deprived us of Major Morgan's valuable services. His undoubted success as a Commandant encourages me to recommend a continuance of the system under which he was appointed, if a suitable successor can be found in the garrison to replace him.

4. I beg to endorse Major Morgan's commendation of Captain Stewart, the Adjutant.

5. I was present at most of the Artillery practices, and many of their drills during the year. I have visited the Searchlights occasionally by night, and I was present at the three days Field Firing Practices of the Infantry which took the place of Camp, so I have a personal knowledge of the state of efficiency of all three arms.

I have, &c.,

(Signed) **F. VENTRIS,**
Major-General Commanding the China Command.

Enclosure 2.

Officer Administering the Government to General Officer Commanding.

Hongkong, May 31, 1919.

Sir,

I have the honour to acknowledge the receipt of your Excellency's letter No. C.R. 8008 "G" of the 24th May submitting the Annual Report on the Defence Corps for the past year.

I share your Excellency's regret at the loss of Major Morgan's services, as it is undoubtedly due in a large measure to his fine example of zeal and energy that the Corps has attained such a high level of efficiency especially in musketry. I am also in favour of a continuance of the system under which Major Morgan was appointed.

I have read the commendation of Captain Stewart's work as Adjutant with much pleasure.

I have, &c.,

(Signed) **CLAUD SEVERN,**
Officer Administering the Government.

Sub-Enclosure No. 1 in Enclosure 1.

Extracts from the Report of Administrative Commandant on the Hongkong Defence Corps for the year ending March 31, 1919.

1. Numbers.—The strength of the Corps on the 31st March, 1919, was as under :—

Unit.	Efficients.	On Leave.	Absent without Leave.	Recently Joined.	Total.
Staff... ..	14	...	...	...	14
Artillery Company... ..	78	9	...	...	87
Engineer Company... ..	190	12	...	...	202
"A" Company	113	27	...	...	140
"B" Company	165	23	...	...	188
"D" Company	88	11	...	...	99
Machine Gun Company... ..	37	3	...	2	42
Mounted Section	22	3	...	...	25
Signalling Section	17	7	...	...	24
Stretcher Bearer Section	5	...	...	...	5
	729	95	...	2	826

The number called up during the year under review was 23, of whom 6 were found unfit.
 The number who joined without receiving calling up notice was 31.
 The number that resigned was 75.
 The number that died was 9.
 The number attached to the Hongkong Police and Hongkong Police Reserve for duty was 7.
 The number granted leave for the duration of the war was 80.

2. *Discipline.*—The discipline of the Corps has been entirely satisfactory.
3. *Organisation.*—The organisation of the Infantry Battalion has remained unchanged.
4. *Musketry.*—The general course of Musketry was again fired.

The improvement has been wonderful and for sake of comparison the results of last year and this year are appended. This is entirely due to the very great interest taken by all ranks in Musketry throughout the year :—

The number exercised was :—

	1917-18.	1918-19.
Marksmen	11	28
1st Class Shots... ..	139	145
2nd " "	184	116
3rd " "	67	13
	401	302
Partly exercised, not classified	116	30

The averages obtained were :—

	Per cent.	Per cent.
Practice 13	12·93	13·41
" 14	17·03	19·42
" 15	9·80	11·14
" 16	14·87	19·36
" 17	10·56	11·20
" 18	8·51	9·87
" 19	5·09	5·86
	78·79	90·26

“D” Company fired Part 1 of the Annual Course with the following results :—

Number exercised	20
Average points obtained—	Per cent.
Practice 1	15·25
" 2	12·25
" 3	9·85
" 4	7·00
	44·35

Individual field firing and Battalion firing was carried out.

The full preliminary training was carried out before the range practices were started.

5. *Annual Camp.*—Owing to the Armistice the annual camp was abandoned and instead field firing practices and Battalion field firing was carried out in the New Territory.

After the 7th February, 1919, men over 46 years of age were excused all drills, and men over 41 were only required to do musketry.

6. *Lectures.*—Lectures have again been given.

An examination for promotion was held in December with the following results :—

Number of officers who presented themselves, seven, of whom four passed.

Number of non-commissioned officers who presented themselves, three, of whom one passed.

7. *Mobilization.*—The Defence Corps furnished the guards on the New and Old Magazines and Wellington Barracks on the following dates to relieve men of the garrison :—From the 6th September, 1918, to 18th October, 1918.

8. *Cadet Company.*—The strength of the Cadet Company is 88.

A week-end camp was held during the summer months, about 25 boys attending each week-end. The Company went to camp at Lowu, which was most successful. I inspected it once.

9. *Medical Report.*—The report of the Medical Officer is attached herewith.

10. *General Remarks.*—This being my last report I would like to put on record the very valuable work done by my Adjutant, Captain G. E. Stewart, who has devoted all his spare time to military duties. His services have been invaluable. Lieutenant and Quartermaster W. Higby has again done his work to my entire satisfaction, and I wish to put on record my appreciation of his services. I could not possibly have had a more loyal or hard working lot of Officers, and the high state of efficiency is very largely due to their efforts.

(Signed) H. A. MORGAN, *Major,*
Administrative Commandant, Hongkong Defence Corps.

Sub-Enclosure No. 2 in Enclosure 1.

Medical Report of the Hongkong Defence Corps for the year ending March 31, 1919.

General Health.—The health of the members of the Corps has been fairly satisfactory on the whole. Several deaths have occurred among members, but none from causes attributable to military duty.

Medical Boards.—Medical Boards have been held at various times on members of the Corps. Only one member has been invalided on account of injuries received on military duty—Sapper W. G. Lawson, who was invalided on account of injuries received while on duty with the Engineer Company.

Camp.—No camp was held during the year, but field days and field firing have been carried out, and no serious accident has occurred, and no case of serious illness as a result.

Categories.—Several cases have had to be re-categorized and placed in a lower category, but in all cases climatic conditions and not military duty was the cause.

(Signed) G. D. R. BLACK, *Major,*
S.M.O., H.K.D.C.

Sub-Enclosure No. 3 in Enclosure 1.

Report by Officer Commanding Royal Artillery on Artillery Company, Hongkong Defence Corps, for the year ending March 31, 1919.

1. *Strength.*—The strength of the Company on the 31st March last was as follows:—

—	Officers.	W.O.s.	Ser-geants.	Cor-porals.	Bom-bardiers.	L. Brs.	Brs.	Total.
Available for duty ...	4	2	7	6	4	3	54	80
Sick ... ..	...	...	...	...	...	...	2	2
Absent on leave out of Colony ... ..	...	...	...	...	...	...	6	6
	4	2	7	6	4	3	62	88

During the year 16 men joined the Company direct or were transferred from other units, 5 men resigned on leaving the Colony or on medical grounds, 1 W.O. died, 9 N.C.O.s and men left the Colony to join the regular army for service at the front, and 9 were enrolled in the General Military Service Force.

2. *Drills* were carried on throughout the year also special D.R.F. and gun layers classes. The Instructor in Gunnery passed out 21 N.C.O.s and men in D.R.F. and 12 in gun laying.

3. *Examination Service.*—In May, 8 N.C.O.s and men were detailed each day for 24 hours duty at Belchers Battery. The four officers took night watches till the middle of November.

4. *Gun Practices.*—Sub-calibre practices were fixed in February and 6-inch half-charge practices in March. They took place at Belchers by day and at Pakshawan by night. This is the first time the Company has fired at night and the results of the half-charge practices were very satisfactory, the best being, each out of 6 rounds fired, 6 hits in 63 seconds, 5 hits in 65 seconds, and 6 hits in 67 seconds.

5. *Musketry.*—The musketry course was fired during March. Average number of points made is 61.9 out of a possible 105.

6. *Revolver Course* was fired by all officers.
This unit is well trained and fit for its duties in war.

(Signed) W. H. PASSBY, *Lieutenant-Colonel, R.G.A.,*
C.R.A., China Command.

Hongkong, May 22, 1919.

Sub-Enclosure No. 4 in Enclosure 1.

Report by Chief Engineer on Engineer Company, Hongkong Defence Force.

The Engineer Company continued to run the defence electric lights at Belchers and Lyemun until the Armistice.

No opportunity for any other kind of engineer training occurred, owing to the necessity for relaxing the effort called for from members of this unit, and also to the absence of any instructors.

All available men (except two) fired the annual musketry course, but the standard attained was low

(Signed) J. R. YOUNG, Colonel, C.E. Forces in China,
Inspector in Engineer Company, H.K.D.C.

Hongkong, May 14, 1919.

TREASURY.

No. 470.—Financial Statement for the month of May, 1920.

REVENUE AND EXPENDITURE.

Balance of Assets and Liabilities on 30th April, 1920,	\$ 5,583,612.18
Revenue from 1st to 31st May, 1920,	1,368,732.70
	6,952,344.88
Expenditure from 1st to 31st May, 1920,	1,101,786.37
	Balance,
	\$ 5,850,558.51

Assets and Liabilities on the 31st May, 1920.

LIABILITIES.		ASSETS.	
	\$ c.		\$ c.
Deposits not Available,.....	1,243,766.48	Subsidiary Coins,	709,514.04
Postal Agencies,	36,749.17	Advances, Rice Account,	97,096.96
Shipping Control Account,	2,216,204.11	„ Other Items,.....	396,086.44
		Imprest,	52,482.25
		House Service Account,.....	6,023.77
		Crown Agents' Deposit Account,.....	246,419.80
		Unallocated Stores, (P.W.D.),.....	175,312.68
		Unallocated Stores, (Railway),	245,817.59
		Coal Account,.....	565,639.87
		Investment Account,.....	5,192,772.86*
		Suspense Account,.....	125.98
Total Liabilities,	3,496,719.76	Balance, Bank,	1,653,114.71
Balance,	5,850,558.51	Crown Agents' Current Account,.....	2,573.75
		Exchange,	4,297.57
TOTAL,.....\$	9,347,278.27	TOTAL,.....\$	9,347,278.27

* Invested as follows :—

	Value of Stock.	Actual Cost.	Market Value.
Hongkong 6 % War Loan, 1921-1928, ...	\$120,000.00	\$120,000.00	\$120,000.00
4 % Funding Loan, 1960-1990,	£1,125,000 0s. 0d.	£894,002 1s. 8d. (70)	£787,500 0s. 0d.
5 % War Loan, 1929-1947,	£ 4,569 18s. 7d.	£ 4,301 8s. 11d. (86½)	£ 3,941 11s. 3d.

D. W. TRATMAN,
Treasurer.

3rd September, 1920.