

24TH DECEMBER, 1914.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR
F. H. MAY, K.C.M.G.

HIS EXCELLENCY MAJOR-GENERAL F. H.
KELLY, C.B. (General Officer Command-
ing Troops).

HON. MR. CLAUD SEVERN (Colonial
Secretary).

HON. MR. J. H. KEMP (Attorney-
General).

HON. MR. E. D. C. WOLFE (Colonial
Treasurer).

HON. MR. A. F. CHURCHILL
(Director of Public Works).

HON. MR. E. R. HALLIFAX (Secre-
tary for Chinese Affairs).

HON. MR. C. McI. MESSER (Captain
Superintendent of Police).

HON. MR. WEI YUK, C.M.G.

HON. MR. H. E. POLLOCK, K.C.

HON. MR. D. LANDALE.

HON. MR. E. A. HEWETT, C.M.G.

HON. MR. E. SHELLIM.

HON. MR. LAU CHU PAK.

MR. M. J. BREEN (Clerk of Councils).

Minutes

The minutes of the previous meeting
were confirmed.

Financial

THE COLONIAL SECRETARY, by
command of H.E. the Governor, laid on
the table Financial Minutes Nos. 88 to 92,
and moved that they be referred to the
Finance Committee.

THE COLONIAL TREASURER second-
ed, and this was agreed to.

Paper

THE COLONIAL SECRETARY, by
command of H.E. the Governor, laid on
the table report of the proceedings of the
Finance Committee held on December 17th,
and moved that it be adopted.

THE COLONIAL TREASURER second-
ed, and this was agreed to.

Kowloon-Canton Railway
(British Section)

THE COLONIAL SECRETARY moved
the following resolution:—"It is hereby
resolved that a sum of \$348,866.93 be
advanced out of funds in the custody of
the Government for the construction of
the Kowloon-Canton Railway (British
Section) during the year 1914." In doing
so he said—Sir, I beg to submit the
resolution which stands in my name, and
in doing so I wish to express regret at
its being brought forward so late in the
year. That is chiefly due to the fact that
the Manager of the railway has been on
leave since April last, and has only
recently returned. In connection with the
resolution, I lay on the table the statement
of the estimated expenditure and capital
account during the year 1914, showing the
expenditure year by year up to date on
the railway, and a statement overleaf
giving particulars of expenditure sanc-
tioned since the submission of the state-
ment on the 10th April, 1913. You will
see, in looking at this statement, in column
6, that no actual figures are given opposite
the items 1 to 10, as in the other columns.
The reason for that is that the items that
will eventually go into that column cannot
be accurately estimated now, and so it is
impossible to enter figures opposite each
item which would not have to be altered
subsequently. I do not propose to move
the resolution now, but, in accordance with
the practice hitherto, to move that this
account be referred to the Finance Com-
mittee for consideration. While doing so,
I should like to draw attention to one or
two items. There is a large item in
column 9—stores in suspense, \$80,389.79.
It is stated in the remarks that this sum
represents the cost of "one locomotive,
carriage underframes, coal in stock, oil
and other stores." Now at first sight, with
the exception of the locomotive and
carriage underframes, these would not

appear to be items which should be charged to Capital Account. The locomotive and the underframes cannot be put under their proper heads IX (e) and (f) at present as the actual cost with insurance, freight, etc., has not yet been ascertained. As regards the coal, oil and stores the explanation is this. On the outbreak of war 1,000 tons of coal were bought and also a large quantity of oil and stores, as the course of future prices was uncertain. The total cost of these has, therefore, for the present been charged to Capital Account under the heading "Stores in suspense," and as they are used the Working Account will be debited in the ordinary way, the Capital Account being reduced accordingly. In fact this item of \$80,389.79 will actually disappear from the Capital Account in a comparatively short time and be replaced so far as the locomotive and underframes are concerned by entries under the head IX (e) and (f). The acquisition of the rolling stock referred to in the particulars of expenditure will, it is anticipated, complete the equipment of the railway in rolling stock, and further purchases chargeable to Capital Account will not be necessary. In the item "Extension to Engine Shed and Loco Yard" the cost of certain additional land which must be acquired has not been included. It is anticipated that it can be acquired by exchange of Crown land, and the value of this will be debited hereafter. I beg to move that the account be referred to the Finance Committee.

THE COLONIAL TREASURER seconded, and this was agreed to.

HIS EXCELLENCY—There is no more business, gentlemen. Council stands adjourned until this day week.

FINANCE COMMITTEE.

A meeting of the Finance Committee followed, the COLONIAL SECRETARY presiding:—

The Governor recommended the Council to vote a sum of \$262 in aid of the vote Judicial and Legal Departments, E.—Office of Crown Solicitor and Land Registry, Personal Emoluments, Official Receiver and Registrar of Trade Marks, Acting Deputy Official Receiver.

THE CHAIRMAN—This sum of \$262 is for the officer who is at present assisting the Official Receiver in bankruptcy, owing to the great pressure of work in that department. This officer has the powers of an Official Receiver, and the Governor has granted him a special allowance of \$100 a month. In the ordinary course this officer would be acting in a post where he would be getting a duty allowance, which would be about equal to \$100 per month. That duty allowance happens not to be drawn, but it would be irregular to allow him to draw it when he is not acting in that office. In view of this, the Governor made him a special allowance of \$100 a month, and this \$262 is the amount required up to the end of the year.

This was approved.

Public Works

The Governor recommended the Council to vote a sum of \$540 in aid of the following votes:—

Public Works Department.

Other Charges:—

Electric Fans and Light	\$ 40
Transport and Travelling Expenses	500
Total	\$540

Public Works Recurrent

The Governor recommended the Council to vote a sum of \$3,005 in aid of the following votes:—

Public Works, Recurrent.

Hongkong:—

Miscellaneous, Maintenance of Public Recreation Grounds. \$ 140

Kowloon:—

Water Works, Maintenance of Water Works 2,045

New Territories:—

Communications, Maintenance of Roads and Bridges—Mainland 70

Miscellaneous, Typhoon and Rainstorm Damages—Mainland and Islands in Northern District 750

Total \$3,005

Public Works Extraordinary

The Governor recommended the Council to vote a sum of \$1,890 in aid of the following votes:—

Public Works, Extraordinary.

<i>Hongkong:—</i>	
Miscellaneous, Survey of Colony \$	65
<i>Kowloon:—</i>	
Miscellaneous, Miscellaneous Works	1,400
<i>New Territories:—</i>	
Miscellaneous, Fencing Round Police Stations	120
Miscellaneous, Miscellaneous Works	305
Total	\$1,890

THE CHAIRMAN—These three items are special sums retained for the Public Works Department. They are small sums, with one exception. The only large sum is \$2,045 for the maintenance of waterworks in Kowloon. This is owing to more water being used, and more having to be filtered.

THE DIRECTOR OF PUBLIC WORKS—It is for sand-washing, and the cleaning of the filtering medium.

THE CHAIRMAN—If an explanation is required by any member regarding any of these items—for instance, transport and travelling \$500, which is more than was expected—it will be given. These are works which have been authorised, but no provision was made in the estimates. Is the Director of Public Works in a position to say anything in regard to this?

THE DIRECTOR OF PUBLIC WORKS—A certain vote is provided annually for miscellaneous works, and is allocated for certain work. In the course of the year, for which the money is allocated, more work becomes necessary. Consequently, this additional work is authorised, but the supplementary vote is not taken until the total amount required is exactly known.

These votes were approved.

Golf Courses

The Governor recommended the Council to vote a sum of \$9,617.07 in aid of the vote Public Works, Extraordinary, New Territories, Resumption of Land for Golf Courses at Fan-Ling.

THE CHAIRMAN—This is in connection with the resumption of land on the golf course at Fanling. A considerable sum was expended on the land required for what is known as the relief course, and when all that had been acquired it was found it would be very convenient to have one title for the whole of the land in the occupation of the Golf Club. That meant that in order to put the Government in the same position towards the Golf Club with regard to the whole of their land, the Golf Club would have to hand over to the Government all land they were originally in possession of for the main courses, and have one lease for the whole lot. As the Club had already expended a sum of \$9,182 on the land they already held, it was necessary for the Government to pay that back to the Club and put the old land on the same footing as the new. This means that the Government will draw 4½ per cent. on the total amount expended. A small sum has also been spent for acquiring land, \$434, and has been added on to the \$9,182, and this, with other small items, makes the total of \$9,617.07. The Secretary of State has given his approval for the payment of this money, and the result will now be that one title will be prepared for the whole of the land occupied by the Club, and the Government will get 4½ per cent. on the money which has been expended.

This was approved.

**Kowloon-Canton Railway
(British Section)**

THE CHAIRMAN—Now we come to this account of the Kowloon-Canton Railway. On the 10th April, 1913, the amount asked for was more than \$400,000, and since then, as you see overleaf, definite proposals, involving capital expenditure, have been approved. The Kowloon Railway Station is put at the round sum of \$250,000. Up to the end of this year the sum expended is \$98,459. The carriages and underframes are required to bring up the total number to what is required for the efficient working of the line. As to typhoon damages: This sum has been reduced from a larger sum to the lowest possible figure, and it is for strengthening the banks in the exposed portion of the railway between Shatin and Taipo Stations. The typhoon of August, 1913.

did a considerable amount of damage, and it became clear that unless the work was thoroughly taken in hand subsequent typhoons might make the railway quite dangerous. The extension to the engine shed and loco yard I have already explained. The item \$124,000 is the reduced estimate for the new buildings required. The present carriage shed will become the paint shop, and there should be sufficient carriage sheds built for all the rolling stock that we shall have, and the size of the engine shed will be increased to hold the new engines. With regard to the quarters for the staff, that was explained by His Excellency in his address to the Council when the Estimates were brought forward. The principle adopted is that which is in force on other railways in China; giving quarters free of rent. This is an outside estimate of \$70,000, and the work will probably be done for rather less. With reference to the cost of three locomotives and one motor-coach, the question of saving expenditure and yet providing for passengers late in the day and during the night has been under consideration for some time. It has at last been decided to get a motor-coach which will take all the first and third-class passengers who are likely to want to travel at odd hours and late at night. It will not involve the keeping of the staff on overtime, nor the cost of taking a heavy train into the New Territory. It is hoped that this experiment will bring in a revenue without any great expenditure accruing from it. One more locomotive is on the line, and also eight main line coaches. The signalling at Kowloon station has been given very careful consideration by the consulting engineers at Home, and two or three alternative schemes were considered, and the one which has been approved is supposed to be the most efficient as well as the most economical to the new station in question.

HON. MR. HEWETT—There is one point I would like to make in regard to this vote. You are asking on almost the last day of the year for a vote of \$348,866.93 in addition to the original Budget which was passed here about fifteen months ago. It seems to me that it would have been better and more satisfactory, seeing that this money was going to be spent—it must have been known that it was to be spent in 1914—if it had been quoted in the estimates and put before us in the autumn of 1914.

THE CHAIRMAN—This expenditure could not have been put in the Colonial estimates because it is not part of the Colonial expenditure. It is capital expenditure.

HON. MR. HEWETT—Well, we have got to spend the money, and it seems to me that when the Budget was put before us in October, 1913, some sort of recognition should have been given to this possible expenditure.

THE CHAIRMAN—The only item then was the Kowloon Station.

HON. MR. HEWETT—Well, I cannot conceive why so recently as October, 1913, in dealing with the Budget of the present year, it was not brought before us. Surely it must have been understood by somebody or other—the railway authorities or whoever carry on this work—that a considerable expense would be incurred during 1914. It seems to me that it would have been more satisfactory if the Council had been informed two or three months ago that there would be a possible expenditure of three or four lakhs over and above the estimates put before us at the time, and that that money would be required during 1914. The Governor balances his books and puts before us certain statements, yet on this last day of the year we are suddenly called upon to pass a vote of \$348,866.93 over and above the estimates put before us fifteen months ago. I do not raise this in any spirit of calumny, but merely as a point.

THE CHAIRMAN—These sums are not connected with the Government revenue and expenditure, but I quite agree that they might have been put in at a much earlier date. This is really part of the construction account, but I think it might have been put before the Council at any rate eight months ago. Your point is certainly worth considering.

HON. MR. HEWETT—My point is that it should have come before us in a nebulous state fifteen months ago.

THE CHAIRMAN—It is hoped that the sums shown in the additional statement will complete a good deal of the expenditure in connection with the railway, with the exception of any possible cases of exchange of land. If this has to

done the railway will have to be debited with the cost of the land, because the railway is a commercial undertaking, and therefore, though Crown land is being exchanged, the Colony will have to get the benefit of it. However, it is possible that this is practically the end of the capital expenditure on the railway as a single line.

HON. MR. POLLOCK—Has this amount been really spent?

THE CHAIRMAN—Yes, and I shall move at the next meeting a vote to cover the expenses during the current year on works which will eventually total the amount of the vote.

HON. MR. POLLOCK—Are we voting the difference between the amount on page 4 and the amount in column 9?

THE CHAIRMAN—The only thing the Finance Committee can agree to is this sum of \$348,866.93. You agree to authorise the payment. There will have to be a vote next year, because the work will go on. We have spent only \$98,000 on the station out of an estimate of \$250,000, and next year we shall probably have to vote the difference between \$348,866.93 and \$1,137,000, the cost of the works authorised, or, at any rate, a considerable portion of the difference.

HON. MR. POLLOCK—Then a great deal of the amounts on page 4 are to be spent in 1915?

THE CHAIRMAN—That is so.

HON. MR. HEWETT—And we can take it that after paying these three lakhs and a half there will be a balance of seven lakhs to be added to the estimated expenditure for 1914?

THE CHAIRMAN—Nearly eight lakhs, according to this statement.

HON. MR. HEWETT—That is no part of the Budget expenditure put before us six weeks ago.

THE CHAIRMAN—It has nothing to do with the Budget.

HON. MR. POLLOCK—What is the meaning of the item \$12,685.76 "write back on loss on stores"?

THE CHAIRMAN—That dates back for years. When the stores were got out for the railway which was in process of construction they were gradually sent out to railhead, and the reason best known to the authorities at the time they kept on deducting from the value of the stores for the purposes of their books, and the result was that as time went on the stores had a good deal deducted from their value, although the authorities had all the expense of sending them out constantly to railhead. Thus, when the construction was finished, there were a good many stores on hand. I am informed that an enormous amount of dynamite required for the tunnels was left over, and the balance of it was sold back to the people who sold it to the railway at considerable loss—a loss altogether of \$14,000. This sum has, I understand, been very carefully arrived at to replace the stores at their original book value before these curious deductions were made. Really, these deductions ought never to have been made.

The account was agreed to.

HON. MR. HEWETT—I would like my point to be made note of, so that it can be mentioned in Council.

THE CHAIRMAN—Yes, that point is certainly worth considering.

The Committee then adjourned.