

HONG KONG.

FUTURE CONTROL AND DEVELOPMENT
OF THE
PORT OF HONG KONG

REPORT

BY

SIR DAVID J. OWEN,

24TH FEBRUARY, 1941.

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HONG KONG, 24th February, 1941.

To

His Excellency Sir Geoffrey A. S. Northcote, K.C.M.G.,
Governor,
Hong Kong.

Your Excellency,

1. In accordance with your invitation to me to visit Hong Kong for the purpose of investigating the Port facilities, etc., there, and making recommendations for the future control and development of the Port, I beg to report that I arrived in the Colony on the 10th January, 1941.

2. I was accompanied by Mr. Duncan Kennedy, M.Inst.C.E., who was appointed by you to advise me on any engineering matters that might arise in the course of the Inquiry.

3. The exact terms of reference given to me were:—

“To investigate the whole question of Harbour facilities, organization and administration at Hong Kong, having regard to the existing system of pier leases which are due to expire in ten years’ time; and, in the light of physical, economic and political conditions, to make recommendations for measures by which the Port could in future be developed and controlled to the best advantage of all persons and interests dependent on its services.”

4. During the period of my stay in Hong Kong, with Mr. Kennedy I carefully inspected the whole of the Port and listened to representations from the various interests connected with its trade, apart from receiving a considerable amount of information from Government officials.

5. I think it desirable, in order that the conclusions to which I have arrived may be the better understood, that I should first of all set out, as briefly as possible, the nature of the problem as it presented itself to me.

6. HISTORICAL BACKGROUND.—The historical background of the Port is not an extensive one. It appears that, in the third decade of the last century, the island now known as Hong Kong was a place of small consequence inhabited by a few fishermen, stonecutters and farmers, and it was a notorious hiding place for smugglers and pirates. In 1841 it was taken by British forces partly as a reprisal for the bad treatment of British merchants in Canton and partly to provide a base from which trading might be carried on with merchants in South China. The cession of the island to Great Britain was confirmed by the Treaty of Nanking in August, 1842.

7. The Convention of Peking in 1860 added the Kowloon Peninsula and Stonecutters Island to the Colony, while, under a further convention of 1898, the area known as the New Territories, including Mirs Bay and Deep Bay, was leased to Great Britain for a period of 99 years.

8. GOVERNMENT IN RELATION TO THE HARBOUR.—The Government of the Colony is administered by a Governor aided by an Executive Council and a Legislative Council, there being various departments dealing respectively with such matters as finance, the administration of justice, public health, public works, education, police and so on.

9. The Harbour is not run as a separate department, the engineering side of it being a sub-department or section of the department of Public Works. The control of navigation within the Port is under the Harbour Master whose department is a separate one, but his functions are wider than those usually performed by a Harbour Master, as he is also apparently Emigration Officer, Superintendent of

Mercantile Marine, Registrar of Shipping, Principal Examiner of Masters and Mates, Director of Air Services, Marine Magistrate and a member of the Harbour Advisory Committee.

10. Work in the Harbour, such as the reclamation of land from the waterway, piers for Government use, and dredging, etc., have been executed by the Department of Public Works, but beyond the provision of mooring buoys, navigational lights for ships, and an amount of dredging, not much money has been spent by the Government on accommodation in the nature of piers, etc., for shipping and for goods imported and exported, that having been left to private enterprise, the Government merely leasing the necessary land.

11. HARBOUR ADVISORY BOARD AND COMMITTEE.—In the year 1927, a suggestion that an Advisory Body, to be called the "Hong Kong Harbour Board", should be established, was approved by the Governor. The idea apparently originated with the Harbour Master who reported that all great Ports of the size of Hong Kong had such Boards of one sort or another and, as he had been in Colombo, he seemed to think that the system there was the ideal one. It was not until 1929 that the "Hong Kong Harbour Board" was actually formed and it consisted of the Harbour Master, as Chairman, with seven Government officials as well as four members recommended by the General Chamber of Commerce and two nominated by the Chinese Chamber of Commerce, together with representatives of the Royal Navy and the Mercantile Marine, respectively.

12. The duties of this Board were to advise the Government in any matter concerning the Harbour as to which the advice of the Board might be sought by the Governor.

13. It is interesting to note that when the General Chamber of Commerce was consulted before the appointment of the Board, they stated at first sight it appeared that the appointment of such a Body without executive powers would lead to slight, if any, improvement upon the then existing organization as regards the Harbour. Later the Chamber expressed themselves as apprehensive that the formation of such a Harbour Board would eventually lead to increased expenses being placed on shipping. They also stated they were generally in favour of the establishment of a Harbour Board provided that the ultimate aim of Government was to form a Body which would eventually be given limited authority with moderately wide terms of reference in respect of general questions of policy in Harbour development.

14. Later the idea grew that a smaller and more flexible Body would be desirable, and in 1931 the Board was dissolved and a small "Harbour Advisory Committee" was substituted, consisting of four Government officials, three unofficial members who were British subjects and one of whom was of Chinese nationality, and a Naval officer. The Colonial Secretary acted as Chairman of this Committee. From time to time various matters were referred to the first Advisory Board and subsequently to the Advisory Committee.

15. It seems that the Harbour Advisory Committee is still in existence in name, but no meeting has been held for about two years. It cannot therefore be said to have a marked influence on the policy of the Port. I will, however, refer to it later in this Report.

16. EXTENT OF THE PORT'S TRADE.—The extent of the trade of the Port may be judged by the amount of shipping entering and leaving the Harbour. The following table gives the shipping tonnage at five-yearly intervals from the year 1919:—

Year.	Ocean-going tonnage.	Other than ocean-going.	Total.
1919	14,467,847	21,147,322	35,615,169
1924	27,874,830	28,856,247	56,731,077
1929	28,285,741	18,900,440	47,186,181
1934	28,905,526	13,008,496	41,914,022
1939	22,148,228	8,749,720	30,897,948

The year 1924 shown above happens to be the peak year of the Port's tonnage.

17. There is no record kept of the weight of all articles imported and exported, but the following table gives the total values for the same years, as far as possible.

<i>Year.</i>	<i>Imports.</i> \$	<i>Exports.</i> \$	<i>Total.</i> \$
1919		(statistics not available)	
1924	607,625,078	536,208,792	1,143,833,870
1929		(statistics not available)	
1934	415,918,522	325,104,653	741,023,175
1939	594,199,224	533,385,203	1,127,584,427

Note :—The value of the dollar fluctuated considerably in this period.

18. There has been a steady decline in the volume of the traffic of the Port since the year 1924. The cause for the recent decline is of course to be found in the interference with trade resulting from the war between China and Japan as well as the European war.

19. A decline had, however, begun before those causes operated, and there was such cause for anxiety that in 1934 the then Governor appointed a Commission "to enquire into the causes and effects of the present trade depression in Hong Kong and make recommendations for the amelioration of the existing position and for the improvement of the trade of the Colony"

20. This Commission reported in 1935. It was not able to make any important recommendations for bettering the position, but it touched the root of the matter when it said "The world wide depression, a reaction from the post-war boom, was bound to touch China and therefore Hong Kong Hong Kong handles about one quarter of China's coastwise and foreign trade. She suffers, therefore, not only from the effect of the world depression on China, in which respect there is a decreased demand for China's products and labour and therefore a decreased purchasing power for imports, but also from other factors." In other words, the then depression in Hong Kong's trade was due mostly, if not entirely, to causes outside its own control.

21. NATURE OF THE PORT'S TRADE.—Some Ports owe their origin to raw materials found in the vicinity for which there is an export demand, or to factories in the neighbourhood whose products must be exported. Other Ports are centres of big populations which have largely to be supplied with food, etc., by sea. Others perform a useful function in connexion with entrepôt or transhipment trade.

22. In the case of Hong Kong its production of raw materials is negligible, while it produces only a small fraction of the foodstuffs it consumes. There are industries established in Hong Kong such as shipbuilding and ship repairing, sugar refining, brewing, knitting and weaving, and the manufacture of rope, ginger, aerated waters, bricks, cement and tiles, etc.

23. The principal commodities imported into Hong Kong are foodstuffs, piece-goods and textiles, oils and fats, metals, Chinese medicines, fuels, live animals, vehicles and machinery and engines; while the chief exports consist of foodstuffs and provisions, treasure, oils and fats, metals, wearing apparel, Chinese medicines, minerals and ores and vehicles.

24. The normal trade of Hong Kong falls into the following broad categories :—

- (a) Imports for consumption in Hong Kong and raw materials for certain industries, and exports of Hong Kong origin.
- (b) Chinese external trade passing through Hong Kong, i.e. Chinese goods re-exported to non-Chinese countries and non-Chinese goods re-exported to China.
- (c) Chinese coastal trade, i.e. goods imported from one part of China and re-exported to another.
- (d) Non-Chinese entrepôt trade, i.e. goods imported from a non-Chinese country and re-exported to another non-Chinese country.

25. It is estimated that only about one-third of the imports into Hong Kong consists of goods intended for retention in the Colony and that less than one-tenth of the exports are of goods originating there. The bulk of the trade of the Port is transshipment or entrepôt. The very important function which the Port performs in this respect is due to the fact that between Shanghai and Indo-China there is no other deep-sea harbour having convenient access to the interior as well as safe anchorage and efficient equipment and facilities. Goods in transit to and from China and other Asiatic countries must in the main be conveyed in deep-draughted ships and discharged at some point into smaller coasting vessels or into warehouses ashore, or *vice versa* as the case may be. Hong Kong serves this purpose, and is able to secure the business because of the position of its excellent Harbour coupled with the cheapness of its facilities.

Existing facilities of the Port.

26. PIERS.—The waterway of about 17 square miles in area between the island of Hong Kong and the mainland forms a magnificent natural harbour and has a depth varying from 24 to 78 feet, there being a rise at spring tides normally of only about 8 feet. This small range of tide renders it unnecessary for enclosed docks with locks to be provided, and therefore the accommodation for the berthing of vessels has taken the usual form in such circumstances, *viz.* : fixed piers projecting from the shore into the waterway.

27. They are of varying design and utility and have been constructed around the Harbour to serve particular trades. The majority of them are privately owned and stand on sites that have been leased by the Government at an annual rent. There are also some, called temporary piers, that are held on annual licence from the Government. The history of the leasing of the permanent piers is important, for it is the matter of these leases that has largely given rise to the present problem, as will be gathered from the mention of them in the terms of reference.

28. Prior to 1899 such piers as were in existence were let on varying conditions but in that year it was decided to grant pier leases for a term of 50 years ending on the 31st of December, 1949. Leases granted after 1899 were made to expire on the same date. The leases gave the right to the lessees of erecting and maintaining piers in, upon, over, across and above the Crown foreshore and Crown land covered with water, subject to the payment of a rent and to the observance by the lessees of all the provisions of the Piers Ordinance, 1899, and of any Ordinance at any time thereafter amending or substituted for the same and also the observance of any regulations then made or thereafter to be made by the Governor in Council, under Section 15 of the said Piers Ordinance, 1899.

29. The rent was based on the extent of the encroachment made by the piers, and a schedule of annual rents was drawn up, the figures varying from \$120 for an encroachment of 500 square feet or less to \$1,200 for an encroachment of over 10,000 square feet. This scale applied to sites in the City of Victoria; in any other place the scale was one half of those amounts. The term "Permanent Pier" is applied to piers erected under such leases.

30. There is no condition in the leases giving the lessees the right or any expectation of a renewal of them, and the piers at the termination of the leases thus become the property of the Government.

31. There are two Reports in existence touching on the matter. The first is dated 29th August, 1922, and is signed by Mr. E. R. Hallifax, then Secretary for Chinese Affairs, and Mr. C. W. Beckwith, then Harbour Master. In it the opinion was expressed that it was desirable to aim at the ownership by the Government of all piers, it being presumed that Government control could be made a "sound financial proposition."

32. The second Report is signed by Mr. John Duncan, the then Harbour Engineer, and Mr. L. C. P. Rees, then Principal Land Surveyor, and is dated 1st September, 1922. The authors of the Report had been asked to report on certain

pier sites and were instructed, when dealing with the matter, to bear in mind the opinion expressed by the Colonial Secretary and the Harbour Master at a meeting of the Town Planning Committee, to the following effect:—

- (a) In future the Government should not alienate any more of the Harbour frontage for the erection of private piers for the purpose of dealing with ocean-borne merchandise.
- (b) In future the Government should erect, maintain and administer all piers designed to accommodate ocean-going steamers.
- (c) The Government should pursue a policy of acquiring and thereafter administering existing piers, with however certain exceptions such as those of the Hong Kong & Kowloon Wharf & Godown Company, and Messrs. Alfred Holt & Company.
- (d) Whenever opportunity arises, the Government should acquire existing ferry pier sites, and in future all new ferry piers should be erected and maintained by the Government.

33. The Report made certain recommendations in accordance with this policy, it being emphasized that these recommendations were made on the clear understanding "that the Government would exercise its rights in 1949 and take possession of all existing pier sites", the leasing of which might hinder such policy of Harbour frontage development as might be decided upon, and it was suggested that the Government should notify all lessees of such piers and pier sites that their leases would not be renewed after 1949.

34. The Report gave some arguments, in support of the recommendations, apparent to the effect that private enterprise was in the least favourable position to meet the needs of a growing Port while the Government with its own system of administration would be in the best position with a free hand to develop the frontage on systematic lines.

35. Whatever may be said on the merits or demerits of these arguments, a definite line of policy was suggested but I cannot find that the pier lessees were notified. It was naturally a difficult question with which the Government was faced. It is a fact, however, that the Government did in one case at least, refuse an extension of lease pending a general investigation into the question of policy in relation to the Harbour, and many of the leaseholders are under the impression that the Government does not intend to renew the leases.

36. It may be mentioned that the average total annual rentals paid to the Government during the past three years for the permanent and temporary piers amounts to \$43,600.

37. WAREHOUSES OR GODOWNS.—Having regard to the nature of the trade of Hong Kong there is need for a good deal of warehousing or godown accommodation and this also has been provided by private enterprise. The godowns are all privately owned, some of them, particularly those of the Hong Kong & Kowloon Wharf & Godown Company, Limited, and Messrs. Alfred Holt & Company, (Messrs. Butterfield & Swire, Agents), being most up-to-date and excellent for their purpose.

38. It is estimated that there is a total storage capacity in the Port for about 1,000,000 tons of goods. The three largest Godown Companies have a storage capacity of roughly 100,000 on the Hong Kong side and 400,000 on the Kowloon side, the balance being divided up between numerous native-owned premises of smaller capacity in both places.

39. The godowns are constructed on land leased from the Government mostly for periods of 75 years with the option of renewal for another 75 years, while the piers in front of the godowns are under the leases already referred to, which expire at the end of 1949. As the godowns are not of much use without the piers, the difficulty of the pier problem will be appreciated.

40. The large godown companies act as public warehouse-keepers and accommodate at their piers any vessels that elect to go there. In the case of Messrs. Alfred Holt & Company, their piers and godowns are primarily for the use of their own vessels and those of their associated companies. There are also several other piers and godowns which have been provided by the lessees for their own vessels and the goods therefrom.

41. MOORING BUOYS.—There are 48 mooring buoys in the Harbour—17 for Class “A” ships of from 450 to 600 feet in length, 27 for Class “B” ships of from 300 to 450 feet in length and 4 for Class “C” ships of less than 300 feet in length. These buoys are owned by the Government who charge for their use \$16, \$12 and \$8 per day respectively. Certain firms own buoys for their own use and these, 58 in number, are held, by permission, at a charge of \$5 per month. Apart from these, there are 30 buoys belonging to the Admiralty and 5 owned by the Royal Air Force.

42. LIGHTS AND BUOYS.—For the guidance of vessels making for and leaving the Port, the Government maintains lighthouses at Waglan and Gap Rock, 15 minor harbour lights, of which two have skeleton staffs, and three lighted navigational buoys. There are also two signal stations, one at Green Island, and the other at Blackhead. The light dues imposed by the Government are two and four-tenth cents per ton on all ocean-going vessels and nine-tenths of a cent per ton on all river steamers which enter the waters of the Colony.

43. PETROLEUM OIL AND SPIRIT ACCOMMODATION.—Apart from an Admiralty oil depôt in Canton Road, Kowloon, there are three oil concerns owning installations, two of which—those of the Asiatic Petroleum Company, (South China) Limited, and the Socony-Vacuum Oil Company—have sites within the Harbour limits. The third, belonging to the Texas Company (China) Limited, is located at Tsun Wan in New Territories. The two first-named have piers on the usual form of lease expiring in 1949.

44. Each of these Companies in addition to the piers, owns pipe lines, tanks and godowns and they have altogether storage for about 53,500 tons of paraffin oil, 39,900 tons of fuel oil, 25,000 tons of diesel oil and 90,000 tons of miscellaneous oil. This represents a total storage capacity of over 208,000 tons of all kinds of oil.

45. DRY DOCKS AND SHIPBUILDING.—The shipbuilding and ship-repairing industry is the largest of what may be termed the manufacturing industries in the Colony. There are three excellent main shipbuilding and ship-repairing establishments in the Port,—those of

The Hong Kong & Whampoa Dock Company, Limited;

Taikoo Dockyard & Engineering Company, Limited; and

Messrs. W. S. Bailey & Company, Limited.

46. Between them they have seven dry docks varying up to 787 feet in length together with ample slipways, piers, quays, cranes and equipment necessary for the building of vessels of upwards of 10,000 tons and for the carrying out of repairs to all vessels using the Port.

47. In addition, there are four native-owned and managed shipyards in Kowloon capable of repairing vessels of up to about 1,100 tons displacement, and one in Hong Kong capable of taking vessels up to 60 tons displacement.

48. PILOTAGE.—Pilotage is not compulsory at the Port of Hong Kong but there are pilots who are licensed by the Harbour Master. In practice, foreign-going vessels employ a pilot, but locally-registered vessels which are in and out of the Port many times in the year, do not.

49. The pilots use their own craft, usually sampans, for boarding ships but they may use a launch belonging to the particular steamship company whose vessel they are to meet.

50. RAIL COMMUNICATION.—The Port is connected by railway on the Kowloon side where the Kowloon-Canton Railway, (British section), has its terminal. This section is Government-owned and runs from Kowloon for a distance of 22 miles to Lowu on the border of the New Territories. In 1911 a connexion was made at Lowu with the Chinese Government line running to Canton, (Canton-Kowloon Railway—Chinese section), thus effecting a through connexion to the latter place. In 1937 a connexion was made close to Canton with the Canton-Hankow Railway, so giving a through connexion to Hankow.

51. In 1938 about 500,000 tons of goods, mostly for military use, were sent by rail to various points on the line to Hankow. Since then, however, during the course of the hostilities between China and Japan the Chinese lines of railway have been much damaged at places, and the Kowloon-Canton Railway is now only operating to Lowu.

52. From evidence given to me, it would appear that if and when matters settle down in China, there will undoubtedly be a demand for the conveyance of more and more goods by rail. If this should prove to be the case the railway undertaking would, it is stated, require more facilities than they now have in the way of pier and godown accommodation. When Messrs. Coode, Fitzmaurice, Wilson & Mitchell reported in 1922 on the development of the Port, they provided for the construction of new piers with railway connexions.

53. Although it is not expected that the necessity for more facilities for the railway will arise for some years, I think it well to mention it now, as it is a factor that will have to be borne in mind in planning for the future development of the Port. It is expected that the railway, connected again as it should be with the Chinese railways, will be able to tap sources of trade, yet untouched, in rich territories in China and so tend to the expansion of the trade of the Port of Hong Kong. In the meantime the railway undertaking has ample Port facilities for the conduct of its business.

54. ROADS.—There are some 371 miles of good roads in the Colony, 173 being on the island of Hong Kong, 106 in Kowloon and 92 in the New Territories. From a Port point of view there does not seem to be much to complain of as regards road facilities for the conveyance of such goods as have to go over road, to and from the water front, except that there is congestion, owing to its narrowness, of the public road which runs along the waterside in Victoria from the Naval Yard to Wing Lok Street. This matter is dealt with later in this Report. With regard to goods traffic with China, carried by road, it will no doubt be necessary, in future, to widen and improve the present road to the frontier, to cope with any increase of such traffic that may take place when normal conditions are restored.

55. FERRIES.—Owing to the geographical position of Hong Kong the need for a ferry service to convey passengers and vehicles between the Island and the mainland at Kowloon naturally arose, and such a service was established many years ago.

At the present time there are a number of ferry services, the most important being :—

- (a) The Star Ferry for passengers between Kowloon Point and a site near the General Post Office in Hong Kong.
- (b) The Hong Kong and Yaumati Ferry for passengers between Hong Kong and Jordan Road, Shan Tung Street, Pei Ho Street, Gillies Avenue and Kai Tak Road, all in Kowloon; also to Sai Wan Ho near the eastern end of the Harbour; and for vehicles between Hong Kong (Jubilee Street) and Kowloon (Jordan Road).
- (c) The New Territories Ferries run by the Hong Kong and Yaumati Ferry Company, from a position near Wilmer Street, Hong Kong, to Cheung Chau Island, Tsun Wan on the mainland, Ma Wan Island, Castle Peak Bay on the mainland, Ping Chau Island and Silver Mine Bay, Tung Chung and Tai O which are situated on the Island of Lantau, and also to Aberdeen a small port on the southern side of the island of Hong Kong, all of which are outside the Harbour limits.

56. The piers used by the Hong Kong and Yaumati Ferry Company were constructed and are maintained by the Government, the Company paying the Government an annual sum for the privilege of running the ferry and for the use of the piers.

57. The Star Ferry Company, however, built their own pier on the Hong Kong side and rent the pier on the Kowloon side from the Hong Kong Wharf & Godown Company, who were the originators of the ferry. These two piers are held under the ordinary permanent pier form of lease which lapses in 1949. The amount paid by the Star Ferry Company to the Government is naturally less than that paid by the other ferry company, seeing that the Star Ferry Company maintain their own piers, but the question of increasing it is under discussion with the Government.

Reclamations.

58. A good deal of work has been done in the way of reclaiming land from the waters of the Harbour. The primary object was not to improve the Harbour from a shipping point of view, although some of the work may have been of benefit in that way, but it was for the purpose of making land on which to construct houses, offices and premises necessary for the growing population. Owing to the geographical features of the Colony, consisting, as it does, largely of hilly country, it became more difficult as time went on, to find level ground on which to build, hence the idea of reclamation.

59. As a matter of fact, reclamation was started in the early days of the Colony and has been continued at short intervals ever since, the principal ones being The Praya Reclamation 1890-1902 and The Praya East Reclamation 1921-1929. The reclamations have been financed in various ways; the larger ones were carried out under schemes whereby the holders of the old Harbour frontage lots of land participated in proportion to the areas they held, and subscribed to the cost of the work in like proportion. The Government, in each case, subscribed and participated in proportion to the areas it held. Many smaller reclamations have been carried out by private persons and companies, and in Kowloon the Government has reclaimed, at a cost paid out of revenue, large areas of land in Taikoktsui, Shamshuipo, Ma Tau Kok and Kowloon City. The railway reclamation in Hung Hom Bay was financed by money raised by the Government on loan which has now been redeemed.

60. I shall have to deal later with the question of future reclamation, as it is closely bound up with the development of the Harbour.

61. **PRESENT AND FUTURE CONTROL OF THE HARBOUR.**—The above are all important factors in the Port problem, and I now proceed to the real question which arises out of them and which is, "The measures by which the Port could in future be developed and controlled to the best advantage of all persons and interests dependent on its services."

62. "Control" is the first point and, of course, development, physical and otherwise, is bound up with it. The vital point is who should control or administer the Port?

63. It seems to me that there are three courses open, and three only, they being:—

- (a) To allow matters to remain as they now are;
- (b) To adopt some improved method of Government control;
- (c) To establish control by some form of Port Authority or Trust.

64. Course (a) "To allow matters to remain as they now are" obviously requires to be cleared up first of all, because if the present state of affairs should be proved to be perfectly satisfactory then (b) and (c) need not arise.

65. As things are, the Government of the Colony may be said to control or administer the Harbour, as they own all the land and have granted the leases under which the piers for shipping have been constructed, and they have laid down mooring buoys for vessels, as well as providing navigation lights. Apart from this there has been very little control or administration, it having been left to private enterprise to do all else that was necessary, and it must be admitted that private enterprise has succeeded to a remarkable degree in meeting the needs of the situation.

66. So far as the Government is concerned, the Harbour is not treated as an entity in itself. As already mentioned it comes within the purview of various officials in so far as their respective general duties impinge upon it. The Director of Public Works, for example, deals with the Harbour among the public works of the Colony, the Land Department issues the pier leases as part of their duty to deal with other leases, while even the Harbour Master is concerned with duties other than those relating strictly to the ordinary duties of such an official.

67. The accounts of the Harbour are not kept separately, so that it is impossible easily to compare the revenue derived from it with the expenditure on it, but it would appear that the revenue from light dues, buoy dues, rents of piers and ferry royalties exceeds any expenditure which should be charged against it.

68. It may be further noted that there does not seem to have been much in the nature of planning for the future development of the Port, although I am bound to mention that Mr. Andrew Nicol, A.M. Inst. C.E. the Engineer in charge of the Harbour Works, has displayed a deal of foresight in many plans which he has prepared for dealing with certain aspects of the physical side of the Port. There has, however, been no officially adopted plan of development, and it is practically impossible for the ordinary civil servant, having regard to his general duties, to do much in that direction.

69. As stated in paragraph 25, Hong Kong owes its trade and prosperity largely to its magnificent Harbour, so much so that it may be said that the Harbour is the Colony and the Colony is the Harbour. Jealous eyes have been cast at it, hence we hear from time to time of schemes for the establishment or improvement of other Ports, with the object of robbing Hong Kong of its trade.

70. All this makes it important that the Port of Hong Kong should be carefully nurtured by keeping its facilities adequate, and, above all, the burden of its charges as light as possible. Here I may remark that I am struck by the lowness of the charges which the principal godown Companies are able to make, they being lower than those at any of the many Ports of which I have knowledge.

71. If things are to remain as they are, the Government presumably would have to renew the pier leases on their expiration, for such further periods as they thought fit and at appropriate rents, which could reasonably be higher than those at present in force, so giving security of tenure to the leaseholders and enabling them to develop as they saw fit in the future.

72. So far as the larger ocean-going vessels are concerned, there would not seem to be any fear that private enterprise would not meet the situation if the leases were renewed, but it has to be remembered that there are other services—coasting and river—that are not in such a satisfactory state as regards their accommodation. There are many piers that have been allowed to get into a bad condition, private enterprise not having dealt with them too kindly. Private enterprise may provide all that is necessary for a section of the trade, but fall short in other directions.

73. I think that the doctrine of "laissez faire" well describes what has been the attitude of the Government to the Harbour, and, taking everything into consideration, I am of opinion that, in the best interests of the community and of the Colony in its broadest sense as a source of supply of trade to the Empire at large, it is not desirable to allow matters to remain as they are.

74. The course (b) mentioned in paragraph 63, therefore, requires consideration, that is, whether some improved method of Government control could be devised. One way would be to form a special Government department for the pur-

pose of controlling the Harbour, with possibly an outside Body to advise on Port matters. There are not many Ports in the British Empire run by the Government, in fact, I believe this is the case only in South Africa where the Government there own and control all the railways and harbours. A Minister of the Government is responsible and directly under him is a General Manager in charge of the railways and harbours. This system does not prove altogether satisfactory to the commercial community, although the Government of the country is on a democratic basis and members of the Legislature can air the grievances of their constituents. In Hong Kong there is no form of democratic Government, that being obviously impossible in the circumstances. Control of the Port, even by a special department of the Government of Hong Kong, would in effect be bureaucratic control, and that form of control is not highly regarded now-a-days. It is feared that it would hardly make for cheapness.

75. In South Africa again, there is a Harbour Advisory Board at each Port, but this also does not give satisfaction. Such Boards can only express opinions and make recommendations without any guarantee that they will be carried out, and it is hardly within the capacity of human nature for a person to spend much time and thought on the problem of Port development with a fruitless result.

76. I therefore rule out direct Government control in the form mentioned, even with the assistance of an Advisory Committee. In this connexion I would refer to the Advisory Board and Committee alluded to in paragraphs 11-15. It is interesting to note what has been done in Hong Kong in that way, for it clearly indicates, as it were, a groping in the dark for some solution of the Port problem. I can only remark that in some respects the constitution of the first Advisory Board seemed hardly a happy one. For instance, the appointment of a Government official in the person of the Harbour Master as the Chairman, could scarcely be expected to lead to the best results, and this not from any personal point of view, but from that of his office.

77. There remains, therefore, course (c) to be considered, that is, whether some form of Port Authority or Trust would meet the case. There is a wide-spread fear among the mercantile interests in the Colony that such a Body would inevitably increase the charges on vessels and goods, and this seems to be founded on the assumption that the creation of such a Body would mean the acquisition by that Body of all the piers and godowns and the operating of them by that Body. I must, however, point out that by no means is that necessarily so.

78. The misconception may perhaps have arisen from a statement made by Messrs. Coode, Fitzmaurice, Wilson & Mitchell, Consulting Engineers, who were asked to advise on certain Port matters some time ago. In their Report dated 24th November, 1922, they spoke of the possibility of the "formation of a Port Trust which would take over existing wharves and manage the new wharves and those taken over," the inference which might be drawn being that the formation of a Port Trust would necessarily mean their taking over and managing all wharves, etc.

79. Incidentally, Messrs. Coode & Company were against such a proposal, but the important point to be noted is that a Port may be "owned" or "controlled" by a state, a city, a corporation or a Public Trust, and yet not be "operated" by the owner. The distinction between "controlled" and "operated" as applied to a Port should clearly be borne in mind.

80. "Control" denotes supervision, *i.e.* the drawing up of regulations and seeing that they are observed, and settling the policy, while "operating" is the actual handling and the business management of all work connected with the berthing of ships, the discharge of their cargoes and the removal of the goods to and from warehouses or godowns.

81. One Port Authority may own and control but not operate, a striking example being Liverpool where, however, while the general operating is left to private enterprise the Authority do carry on an amount of warehousing of goods. Another Port Authority may both control and operate, as at London. No one system can be laid down as the ideal, for it entirely depends on tradition, custom and local conditions.

82. It is, however, significant that at most of the Ports in the United Kingdom and the Empire, some form of Public Port Trust has evolved, the obvious lesson to be learned being that it has been proved to be for the best. I need only mention London, Liverpool, Glasgow, Belfast, Quebec, Montreal, Bombay, Karachi, Calcutta and Sydney, as a few notable examples of large Ports that have come to adopt the Public Trust system. Further proof of the efficacy of the Public Trust system is to be found in its extension to other spheres of activity connected with public services in Great Britain, as witness the Central Electricity Board and the London Passenger Transport Board.

Proposed Harbour Trust.

83. I have come to the conclusion that it would be to the advantage of all persons and interests dependent on the Port of Hong Kong that a Public Trust should be formed to "control" the Port. I therefore make the following definite recommendations, to each of which I have appended a note of explanation or reason for the proposal:—

- (a) That a Body to be called the "Hong Kong Harbour Trust" be established at the earliest possible moment.

NOTE.—There is no reason why the Trust should not get into being and to work as quickly as can be, notwithstanding war conditions.

- (b) That the constitution of the Trust be as under:—

Three Government officials of high standing, to be appointed by the Governor.

Three British subjects connected with the trade of the Port, to be appointed by the Governor on the nomination of the General Chamber of Commerce.

One person interested in the trade of the Port, to be appointed by the Governor on the nomination of the Chinese Chamber of Commerce.

One independent person of business experience and, if possible, with a knowledge of Port affairs, to be appointed as Chairman by the Governor, on the nomination of the other members of the Trust at a Meeting duly held for the purpose.

NOTE.—I think the majority of the members should be other than Government officials, otherwise the Government might as well have direct control. Although the unofficial members might be in a majority on a question, there would always be the independent Chairman to balance the situation if needs be, and, if he thought fit, to use his casting vote.

In any case, with the safeguards later provided, it does not seem that such a Body could do anything prejudicial to the interests of the Government or the Colony, even if it wished.

I have provided for all the appointments as Trustee to be made by the Governor who could always veto anyone if he thought him for any reason an undesirable person for the position.

Such a Body, carefully selected, should gain the confidence of the Government and of the commercial community. The members would in fact be Trustees for both.

As to the three Government officials to act as Trustees, the Governor would know who would be the most suitable. I can suggest the Director of Public Works as one likely official, but I think that if the Governor considers it wise to have the Navy represented a Naval officer should be one of the three and not an addition.

So far as the proposed Chairman is concerned, I do not consider that should prove a difficulty. It might be desirable to seek one from Great Britain or some other part of the Empire, but not necessarily if there are suitable persons in this locality who are not actively engaged in business connected with shipping.

- (c) The Trustees, other than the Chairman, to be unpaid, but the Chairman, who would be required to devote a large portion of his time, though not perhaps the whole, to his duties, to be paid a suitable annual fee.

NOTE.—I should think there are sufficient public-spirited men in Hong Kong who would undertake the duties of Trustee without any pecuniary remuneration. There was evidently no difficulty in getting persons to act on the Advisory Board and Committee.

- (d) This Body of Harbour Trustees to remain in being for three years, as an experiment.

NOTE.—I make this suggestion, as the idea of a Port Trust is a new one for Hong Kong, and in certain quarters might be viewed with apprehension. A trial period of three years would enable the Trust to justify its existence, while the experience gained would show in what direction some modifications, if any, might be necessary.

To put it on a very low level, the Trust could do no harm in that period.

When established on a permanent basis, I would suggest that the appointment of Trustees should be in each case for three years, they all being eligible for re-appointment—of course at the discretion of the Governor.

It might, however, be desirable to appoint the Chairman on a more permanent basis.

- (e) The matters over which the Trust would have control, to be:—

Leasing or letting of piers.

Construction of new piers as and when necessary, and the charges therefor.

Lights and buoys (Navigational) and the charges therefor.

Mooring buoys and the charges therefor.

Ferries and the royalties, etc., therefor.

Dredging the Harbour as required from time to time.

Licensing of pilots.

Regulation of Harbour traffic and the promulgation of the necessary by-laws for that purpose.

The general policy of the Harbour.

NOTE.—These are the matters usually under the control of Harbour Trusts.

The three years' experimental period would, as already mentioned, disclose whether any addition should be made to these functions or whether any modification of them would be necessary or desirable.

- (f) The rents of the piers, the charges for the use of mooring buoys, the charges levied upon the ferry owners in the form of royalties, etc., and the light dues to be paid to the Trust.

NOTE.—Out of these revenues the Trust would pay the remuneration of the staff provided for in the next paragraph, as well as the cost of maintaining the lights, buoys and ferry piers not belonging to the ferry concerns. Government piers would of course be maintained by the Government.

- (g) No charges or rents to be levied by the Trust without the consent of the Governor thereto having been first obtained.

NOTE.—It is customary in Port Trusts for the legislature to fix a maximum scale of charges beyond which the Trusts cannot go without further Parliamentary sanction. This proviso is made with the object of protecting the public, that is, the ship-owners and merchants, against unduly heavy charges, although naturally it is to the interest of the Trusts to keep their charges as low as possible. I have inserted this provision with an eye not only on the maximum charges but on the minimum as well. It might be conceivable, for instance, that the proposed Trust would suggest too low rentals for the renewal of the pier leases, in which case the Governor could refuse his sanction and call upon the Trust to reconsider the matter. At the same time, as far as I can gather, the holders of the pier leases which expire in 1949, do expect to be charged higher rents for renewals, but not unreasonably higher. What would be a fair rental is the crux of the matter, but it should not be difficult to arrive at it.

- (h) The necessary staff for the working of the Trust to be supplied by the Government, from their official establishment, for the experimental period of three years.

NOTE.—I visualize at the end of the three years a permanent Trust with its own staff. This staff should not be a large one, in fact, it should be kept as small as possible, and would consist of a small secretariat, an engineer with the necessary assistants and a Harbour Master without any extraneous duties.

It should not involve, on the whole, any staff increase to the present Government establishments, for, as the Trust would merely be taking over duties now performed by the Government, all that it should mean would be a transfer of staff, which should not be a real difficulty if the staff were guaranteed no worse terms and conditions than they now enjoy. The superannuation might present a difficulty, but seeing that the staff entered the Government service in the first instance, it would only be fair for the Government to assume the responsibility for the superannuations.

- (i) The Trust to regulate its own procedure, with the proviso that a quorum at any meeting should be four, but no Trustee to be allowed to vote on any question *directly* affecting his own or his firm's business.

NOTE.—This is common form.

- (j) The policy to be adopted by the Trust to be that of seeing that adequate and proper facilities are available in the Harbour for ships and their cargoes, but to allow approved private enterprise to provide these facilities, as far as possible, and also let private enterprise do its own "operating".

NOTE.—I would strongly recommend this line of policy, having regard to the conditions in Hong Kong. It would mean that the leases of the existing piers would be renewed and new ones granted as occasion arose, although, as I mention later on, it might be wise for the Trust to construct some new piers to replace those that are dilapidated, and let them at appropriate rentals. In all cases, however, the lessees or tenants themselves should be left to "operate" the Piers without interference, so long as they coped with the requirements of the trade of the Port. In this way there should not be any fear of increased charges on the shipping trade.

On the matter of renewing the leases of the Piers on their expiration in 1949, I might venture to suggest that the term

of the renewal is perhaps not very important if the lessees knew that the policy to be adopted was as indicated herein. A period of ten, or perhaps twenty, years with the option of further renewal at the end of the term, might be regarded as sufficient to give them security.

I should like also to emphasize that it would seem desirable that every future lease should stipulate that the lessee is to use the pier only for the purposes of his own business, which must be connected with shipping and that under no circumstances will sub-letting be allowed. I understand that some lessees have sub-let their piers at a profit rental which increases the charge the sub-tenant levies on ships using the pier. This is highly undesirable.

A provision that the lessees must properly maintain their piers should also be inserted.

It is, of course, not impossible that, in the course of time, conditions might change considerably and private enterprise fail to function satisfactorily, in which event another problem would arise, the solution of which might involve some form of "operating" by the Harbour Trust, but that is looking at a remote contingency. I should not now give the Trust power or authority to "operate". If the necessity should ever arise, the Trust would have to seek the necessary power or authority from the Government.

Before leaving the question of the policy with regard to the leasing of piers and of allowing private enterprise to do the operating, I would like to mention that it has been put to me that there is legislation in various parts of the world, such as Australia, whereby the Authorities can prevent new enterprises being formed for putting steamers on runs when the particular run is sufficiently well-served, thereby preventing suicidal competition and waste, etc. This aspect of the matter has not been lost sight of by me. I can easily imagine a similar case arising apart from any special steamer service. It is quite conceivable, for example, that a rival concern, more or less financially sound, might be formed to compete with, say, the Hong Kong & Kowloon Wharf & Godown Company. The new concern would require a wharf or wharves and would have to approach the Harbour Trust for the necessary lease, but the Trust would be right in refusing to grant any lease for such a purpose unless it were proved that the existing facilities were inadequate. The same thing would apply if a pier were required for an unnecessary steamer service. Competition may be good in certain circumstances, but it is the generally accepted doctrine now, that unbridled or unnecessary competition is bad and wasteful. In stating this, of course, I need hardly say that I hold no brief for any of the Hong Kong existing concerns, but, in the best interests of the Port, they would be entitled to protection if such a state of affairs as I have mentioned, arose.

- (k) A statement of the receipts and expenditure of the Trust to be published annually.

NOTE.—It is very desirable that this should be done, as until it is done, it is hardly possible to deal adequately with the question of finance.

- (l) During the experimental period of three years, any surplus of revenue over receipts to be paid over to the Government and any shortage to be recouped by the Government.

NOTE.—I imagine that there should be a surplus. I suggest this provision for the experimental period of three years, as it would, in effect, practically leave finances as they are.

Should the accounts show a surplus, it would become a matter for consideration. In most of the Ports of the United Kingdom the Harbours were, in the early days, owned by the respective municipalities and the harbour revenues were received by the municipal Treasury and lost in the expenditure on municipal services, with the result that complaints were made that the shipping using the ports paid far too much compared with the services and accommodation it received,—in other words the shipping was subsidizing the town. The Public Trust system altered this. How far this analogy applies at Hong Kong will be best known by the Government.

The principle underlying the Public Trust system of Port control is that shipping should only be taxed to the extent necessary to provide the accommodation and facilities it needs.

It is important to bear this in mind in Hong Kong. In a country or place which has to import goods for use or consumption within its borders, the argument may be used that the direct charges on shipping do not much affect the position. It is the goods that have to bear the cost of transport and it is the consumer who eventually pays all the costs incurred by the goods. Higher charges mean higher priced goods. This may start the usual vicious circle but that is another matter. What is of vital consequence is that in a place such as Hong Kong where the bulk of the trade is entrepôt in character, high charges on shipping would not affect the price of the goods to the consumer. Most of the goods are not consumed there and if charges were too high the goods would simply not come, which would be to the serious detriment of the trade and prosperity of the Colony.

- (m) At the end of the experimental period of three years, if the Trust is found to function satisfactorily, it should be established on a permanent basis, with the same constitution and duties, subject to any modification that may be deemed to be desirable in the light of the experience gained.

NOTE.—It is hardly possible for me now to go closely into the question of finance which would arise. After the experimental period of three years the position should be clearer. The idea would be to make the Trust self-supporting and, from calculations which I have made on figures of expenditure, etc., supplied to me, I should not think that there would be any difficulty in this. The matter would require careful and sympathetic treatment at the hands of the Government, bearing in mind the vital part the Harbour plays in the economic structure of the Colony.

With respect to any capital expenditure for the construction of piers, the Government could borrow on behalf of the Trust and the rent of the piers so constructed would be sufficient to cover interest on capital, maintenance, etc. In fact, the Trust should not embark on any work involving capital expenditure unless the work would become self-supporting.

The question of the staff for the working of the Trust would also require careful consideration. One way would be to regard the personnel as still in the Civil Service, but their remuneration would be recouped to the Government out of the revenue of the Trust.

84. I have thus outlined my conception of the Trust which, after careful consideration, I recommend should be established as the solution of the problem of

Hong Kong's Harbour. I have refrained from going into much detail, but, if the scheme be adopted, I presume it would be necessary to pass an Ordinance authorizing it, the exact scope and wording of which would be carefully attended to by the legal officers of the Government.

I can fully appreciate that difficulties of some sort are bound to arise in carrying the scheme into effect, but, if the proposals herein contained meet with the approval of the Governor, then with good-will and determination on the part of the commercial interests coupled with the loyal co-operation of responsible Government officials, there should be no difficulty which cannot be surmounted.

85. I have been impressed not only by the great natural advantages of the Harbour, but by the enterprise of the members of the business community of the Port; they seem to be worthily carrying on the tradition handed down by their predecessors who, by courage and foresight, securely laid the foundations of this thriving Colony which is so valuable an asset to the Empire. I have no doubt that the same spirit will be brought to bear in connexion with the proposed Harbour Trust with the result that in due time, after the existing world troubles are over, there should be still greater prosperity in store for the Colony.

Future Development.

86. As the terms of my reference embrace the future development of the Port, I must deal with several matters concerning such development which have been brought under my notice during the Inquiry.

87. PIERS.—As already stated, while the piers for the large ocean-going vessels have been maintained in a satisfactory condition there are several of those used by local shipping that are in a bad state. These bad piers are mostly situated on the water front in Victoria between Murray Road and Queen Street.

88. Mr. Nicol has prepared a plan showing a scheme for the widening of Connaught Road between the two points mentioned, and the construction of about 17 new piers, some intended for the shipping trade and ferry boats and others for official purposes. Apart from the necessity for new piers to replace the more or less derelict ones, Connaught Road has become very congested with traffic and should be widened sooner or later. Without destruction of property, this widening can only be accomplished on the water side, that is, by reclamation of land from the water. The scheme has the advantage that it effects this widening by a narrow reclamation, in addition to providing for the building of new and improved piers. It includes also a more extensive reclamation between Murray Road and Queen Victoria Street. The roughly estimated cost of that portion of the scheme between Queen Street and Queen Victoria Street is \$7,500,000 and of the remainder \$2,700,000, making a total of \$10,200,000. This is a bold scheme but an eminently desirable one and one that I recommend for carrying out as soon as practicable. In this I have the advantage of Mr. Kennedy's engineering advice. I may add that the premium on the sale of the land reclaimed between Queen Victoria Street and Murray Road is likely to be more than the cost of the whole scheme.

89. If the proposed Harbour Trust is to be created, this scheme would of course go before them for their approval. The Trustees from their own local knowledge would be quite able to subject it to proper criticism. I can only suggest the policy to be adopted in relation to it. The old piers that would be displaced are also shown on the plan. The leases for those piers expire with the others in the Port in 1949. The lessees would be informed of the scheme and their leases renewed on very short terms with the intimation that when a new pier was ready for them they could rent it at a certain rental. Such rental would be based on a sum representing a small interest on the capital cost of the individual pier, plus the estimated cost of maintenance and a percentage on capital cost to cover depreciation. The total rent which the occupier would be called upon to pay therefore, should not put him in a worse financial position than he would be in if he built the pier himself. If any pier lessee wished to re-build his own pier on the lines shown on the plan I cannot see that there could be any objection, in which case he would be called upon to pay a similar amount of rent to that charged to the others who built their own piers.

90. I imagine that this scheme, if adopted, would be carried out in stages, so that the whole would take a number of years to complete. As the reclamation for the widening of the road would be for the benefit of the town, I assume the Government would defray the cost of that part of the scheme, but the Harbour Trust would pay the cost of the piers and then fix an appropriate rent for them as stated above. Of course Government would be responsible for the cost of any piers required for its own use.

91. If the scheme is carried out then the Harbour Trust would control many new piers, but under the line of policy adumbrated, the tenants of the piers would still do the "operating" and not the Trust.

92. So far as piers on the Kowloon side of the Harbour are concerned, they, as already stated, are in a satisfactory condition, and extensive enough to accommodate the volume of trade now using the Port. If, however, we can assume that the European War and the China-Japan War will come to a satisfactory end some time, there does not seem to be much doubt that the trade of Hong Kong will increase. Then the matter of further accommodation will arise sooner or later, and the question as to where new piers are to be constructed will become a pressing one. Messrs. Coode, Fitzmaurice, Wilson & Mitchell in their Report of 24th November, 1922, proposed a scheme for the construction of new piers in Hung Hom Bay on the east side of the Kowloon Peninsula. Having regard to the occupation of the land in this area, the scheme had no doubt much to recommend it. I consider, however, that before anything is done on the east side, the capacity of the west side of the Peninsula should first be exhausted. The east side is exposed to the prevailing winds and typhoons, while the west is more protected. The piers and facilities of the Hong Kong & Kowloon Wharf & Godown Company are on the west side and their site may be described as the best in the Harbour for the large ocean-going vessels. To the northward of their premises there is room for about three more piers, but the site is occupied by the Royal Naval Depot. That Depot is somewhat cramped and seeing that it is not absolutely essential that it should be at that spot, arrangements should be negotiated for its removal to another site. There does not seem to be any reason why it should stand in the way of the development for commercial purposes of the really best site in the Port for those purposes. I understand that some negotiations have already taken place between the Hong Kong & Kowloon Wharf & Godown Company and the Admiralty; these will no doubt be encouraged.

93. If this removal were effected and the need arose later for more piers for shipping, doubtless the Godown Company, if they still displayed their customary enterprise, would be prepared to construct them, the necessary lease being granted to them.

In designing future piers, consideration should be given to the question of providing, on the piers themselves, transit sheds, passenger accommodation and railway sidings. The railway connexions would necessitate taking over the Military lands to the south of Austin Road. The removal of the Military from their present position in the midst of a built-up area, would appear in any case to be overdue.

On the matter of passenger accommodation, I am informed that the Godown Company have a scheme for providing improved facilities on their Pier No. 1, and are prepared to put this in hand when they are assured of fixity of tenure and when the passenger traffic, which is now negligible under war conditions, justifies the measure.

94. When the possibilities of development on the west side have been exhausted then attention might be directed to something on the lines suggested by Messrs. Coode & Company, on the east side, with due regard to such changes as might since have taken place in development, but that would be a matter for the more distant future.

95. A plan is appended to this Report showing in tentative form, the proposed reclamation and new piers above suggested, and also certain other works which are dealt with in the following paragraphs.

96. FUTURE RECLAMATIONS.—I have excluded from the suggested duties of the proposed Harbour Trust, the matter of reclaiming land from the waters of the Harbour for the reason already given, that reclamations are not primarily intended to be for the benefit of shipping. I consider that the work of reclaiming should be undertaken by the Government, who however, would naturally consult the Harbour Trust on every proposed scheme, as it might affect shipping in some way. It is satisfactory to note that reclamation work generally pays, if not more than pays, for itself, on account of the valuable land so obtained.

97. I think that the following works of reclamation, which are shown on the plan attached, should be carried out by the Government as soon as practicable:—

- (a) The filling in of the present Typhoon refuge harbour at Mong Kok Tsui (167 acres) and the filling in of about 143 acres at Cheung Sha Wan, together with the formation at the latter place of a new Typhoon refuge in lieu of the former. The total area of land thus reclaimed, would therefore be 310 acres. The new refuge would, on the whole, be better than the old one from the point of view of protection from the winds. It is true it is a little further away, but the extra distance is so small as not to be any detriment. Mr. Nicol's very rough estimate, at to-day's prices, of the cost of the whole scheme, including the reclamation and the construction of the necessary sea-walls, is \$12,000,000. I gather that the premiums to be obtained on the sale of the land so reclaimed, would be likely to amount to not less than \$24,000,000, while, in addition, the annual Crown rent to be derived from the land, based on present values, would be about \$109,700. It does not seem to be necessary to emphasize the desirability of this undertaking, which would give 310 acres of much needed land for development, in addition to an improved refuge harbour.

At a future date, when the need arises for further piers beyond those mentioned in paragraph 92, it would be well to extend this reclamation to the dotted line shown on the plan. This would then involve the rebuilding of the vehicular ferry pier, which would be justified by the land reclaimed and the improved frontage line.

It must be pointed out that the estimates of cost of reclamation do not include anything for dealing with the sewerage problem in the vicinity of both of these reclamations. That would have to be faced but it would appear that there would be an ample margin of money available for that purpose.

I have not gone into detail with regard to the cost of *each* of these two reclamations, because it is impossible to regard them in any other way than as one scheme.

- (b) The reclamation suggested at Cheung Sha Wan would displace certain ship and boat building yards now situated there, and it is proposed that a small reclamation be carried out at Yau Tong Wan (near Lye Mun entrance channel) in order to accommodate the yards so displaced. This is a small matter and I have not inquired into the cost. An approach road would be required at this site.
- (c) The reclamation of about 214 acres of land at Tsun Wan should also be carried out. This land could be made available for building sites for residential, industrial and public purposes. The average depth of filling over this area would be small and the cost is roughly estimated at \$4,750,000. This scheme would undoubtedly pay for itself.

98. The following schemes of reclamation have been brought under my notice:—

- (a) Reclamation at Kun Tong and Ngau Tau Kok. The southern portion, at Kun Tong, with an area of about 77 acres, is at present reserved as a site for dumping town refuse, and a small area has already been reclaimed by this means. This is a slow process and the reclamation will take many years to complete. The adjacent northern portion, at

Ngau Tau Kok, would provide an area of about 134 acres of land suitable for industrial and other purposes. This reclamation might be included in the programme of development, for carrying out at such time as circumstances indicate. Road, and probably rail, connexions would be required and could be provided without great cost.

- (b) An extensive reclamation at Kai Tak solely for the air services, with a small typhoon shelter primarily for craft used in connexion with those services. This is a large proposal which would involve a cost of anything up to \$12,000,000. I understand that the Government is expected to bear the whole cost of this scheme, and the point naturally occurs as to whether it would not be more economical to remove the Air Port to some other place,—say in the New Territories. Air Ports cannot always be placed close to large centres of population.

99. RAILWAY DEVELOPMENT.—As already mentioned, the Railway undertaking has sufficient accommodation at the present time, but if and when things settle down in China, the question of more facilities for the Railway is bound to arise.

It has been suggested to me that the railway station is not in the best position and the plan attached shows an alternative site. If additional wharf accommodation is to be provided to the northward of the Hong Kong & Kowloon Wharf & Godown Company, as previously suggested, then it might be that the needs of the railway could be met without constructing any pier to the east of the Peninsula of Kowloon as proposed by Messrs. Coode & Company, but a berth is shown on the plan attached. The railway should, however, be connected with any new pier on the west and the necessary sidings provided, as also shown on the plan attached.

The reconstruction of the railway station might well be left over for consideration at some future time.

100. FERRIES.—Under the policy suggested in paragraph 83, sub-section (j), the piers of the Hong Kong & Yaumati Ferry Company would still be maintained by the Government, the ferry company paying a suitable annual sum for the privilege of running their ferries, while the leases of the piers used by the Star Ferry Company would be renewed, subject to the payment of a suitable annual sum. The question as to the amount of that payment can, no doubt, be settled by negotiation with the Company.

A point however arises in connexion with the Star Ferry pier at Kowloon. The existing site is not quite suitable and is congested, hence an idea has been put forward to build a new pier as shown on the plan attached. This scheme has much to favour it, but it might well be left over for consideration at some future time when the congestion becomes greater.

The scheme of reclamation between the junction of Queen Victoria Street with Connaught Road and the junction of Murray Road with Connaught Road, already referred to, when carried out will displace the Star Ferry Company's pier at the end of Ice House Street. In this case the same policy as for other piers should be applied. The Harbour Trust could construct the new ferry pier or the Ferry company could do so themselves, as might be negotiated, the rent being fixed accordingly.

With regard to the Jubilee Street ferry pier which is used by the Yaumati Ferry Company for their vehicular ferry service, it appears that the existing service is becoming unable to cope adequately with the great number of vehicles that desire to cross the ferry at times. This leads to delay and congestion to traffic in the vicinity, which would be intensified by any growth in the passenger traffic. Coupled with this is the fact that in the event of extensive repairs being required to the existing pier a stoppage of the service might occur. Further the present pier is in a somewhat exposed position which makes it difficult to handle the vehicular ferry boats at certain states of the tide, especially when a north easterly wind is blowing. The ferry company are alive to all this and the remedy they propose is the provision of another pier for the vehicular service adjoining each of the present ones. On the other hand, it has been suggested that it would be better

if the new pier were placed in another position—at Marsh Road, Wanchai, for a service to run from there to a pier to be constructed at Gillies Avenue, Hung Hom. This would have the effect of dissipating the traffic. The ferry company prefer their own proposal as they state the other idea would make the service more costly to run seeing that it would involve more ferry boats.

Taking everything into consideration, I am of opinion that it would be more advantageous in the public interest if a new pier for the vehicular ferry service were provided at Marsh Road, together with one on the opposite side of the Harbour at Gillies Avenue, (both of which sites are less exposed to westerly winds) notwithstanding any extra cost of operating the services. The proposed piers are shown on the attached plan.

It has been pointed out to me that objection to a second pier adjoining the present one at Jubilee Street has been made by the owners of Douglas Pier, on the ground that the berthing of their ships would be rendered more difficult. Whatever may be the merits of this complaint, the difficulty would not arise if the suggested position at Marsh Road were adopted for the ferry pier. The difficulty of the Douglas Company in any case would be disposed of if the development recommended in paragraph 88 were carried out.

The proposed pier opposite Marsh Road would incidentally have the effect of affording some protection to the western entrance to Causeway Bay from heavy seas caused by westerly gales. The provision of such protection has been under consideration for some years, but before any additional measures in this direction are taken the effect of the pier should be observed.

101. SEWERAGE.—I have refrained from dealing with the general question of sewerage, as it hardly falls within the terms of my reference. In suggesting (paragraph 97 (a)) the filling in of the present Typhoon refuge harbour at Mong Kok Tsui, I am aware that, apart from its other advantages, such reclamation will have the effect of clearing away an area of still water heavily polluted with sewage. There are other places in the Harbour which are similarly affected, and it seems to me that sooner or later the system now in force of discharging crude sewage into the waters of the Harbour will have to be abolished at certain places, and a more modern method substituted. This is a matter relating to the health of the community and forms a big problem to which I have no doubt the Government is fully alive. It is a problem which has arisen in many other Ports of which I have had experience.

102. SUMMARY OF RECOMMENDATIONS.—I would briefly summarize the various recommendations made in this Report:—

- (1) That a Body to be called the “Hong Kong Harbour Trust” be established as soon as possible. (Paragraph 83 (a)).
- (2) That the constitution of the Trust be as under:—
 - Three Government officials of high standing, to be appointed by the Governor.
 - Three British subjects connected with the trade of the Port, to be appointed by the Governor on the nomination of the General Chamber of Commerce.
 - One person interested in the trade of the Port to be appointed by the Governor on the nomination of the Chinese Chamber of Commerce.
 - One independent Chairman, being a person of business experience and, if possible, with a knowledge of Port affairs, to be appointed by the Governor on the nomination of the other members of the Trust at a meeting duly held for the purpose. (Paragraph 83 (b))
- (3) The Harbour Trustees, other than the Chairman, to be unpaid, but the Chairman to be paid a suitable annual fee. (Paragraph 83 (c)).

- (4) This Body of Harbour Trustees to remain in being for three years as an experiment. (Paragraph 83 (d)).
- (5) The matters over which the Trust would have control to be :—
 - Leasing or letting of piers.
 - Construction of new piers as and when necessary, and the charges therefor.
 - Lights and buoys (Navigational), and the charges therefor.
 - Mooring buoys, and the charges therefor.
 - Ferries, and the royalties, etc., therefor.
 - Dredging the Harbour as required from time to time.
 - Licensing of Pilots.
 - Regulation of Harbour traffic and the promulgation of the necessary by-laws for this purpose.
 - The general policy of the Harbour. (Paragraph 83 (e)).
- (6) The rents of the piers, the charges for the use of mooring buoys, the charges levied upon the ferry owners in the form of royalties, etc., and the light dues to be paid to the Trust. (Paragraph 83 (f)).
- (7) No charges or rents to be levied by the Trust without the consent of the Governor thereto having been first obtained. (Paragraph 83 (g)).
- (8) The necessary staff for the working of the Trust to be supplied by the Government from their official establishment, for the experimental period of three years. (Paragraph 83 (h)).
- (9) The Trust to regulate its own procedure with the proviso that a quorum at any meeting should be four, and no Trustee to be allowed to vote on any question *directly* affecting his own or his firm's business. (Paragraph 83 (i)).
- (10) The policy to be adopted by the Trust to be that of seeing that adequate and proper facilities are available in the Harbour for ships and their cargoes, but to allow approved private enterprise to provide these facilities as far as possible and also to let private enterprise do its own operating. (Paragraph 83 (j)). This would involve the renewal of the piers leases which expire in 1949, (except in those cases where new piers would be provided, which would require special treatment as mentioned in paragraph 89), and the issue of new leases as occasion arose.
- (11) Every future lease should stipulate that the lessee is to use the pier only for the purpose of his own business, and that no sub-letting is to be allowed. (Paragraph 83 (j)).
- (12) A statement of the receipts and expenditure of the Trust to be published annually. (Paragraph 83 (k)).
- (13) During the experimental period of three years, any surplus of revenue over receipts to be paid over to the Government and any shortage to be recouped by the Government. (Paragraph 83 (l)).
- (14) At the end of the experimental period of three years, if the Harbour Trust is found to function satisfactorily, it should be established on a permanent basis, with the same constitution and duties, subject to any modification that may be deemed to be desirable in the light of the experience gained. (Paragraph 83 (m)).
- (15) That Connaught Road from its junction with Queen Victoria Street to its junction with Queen Street be widened by reclamation and 13 new piers constructed in lieu of the existing piers which would be demolished; and that a reclamation, with new piers in front, be made from the junction of Connaught Road with Queen Victoria Street to the junction

of Connaught Road with Murray Road. All this is shown on the attached plan. The cost of the reclamation and of any piers for Government use, to be borne by the Government, but the cost of the other piers to be borne by the proposed Harbour Trust. (Paragraphs 88-90).

- (16) That negotiations be entered into for the removal of the Royal Naval Depôt from its present position on the west side of the Kowloon Peninsula to some other suitable site. (Paragraph 92).
- (17) In due time, when the ocean-going trade of the Port expands to such an extent as to require further accommodation, the Hong Kong & Kowloon Wharf & Godown Company to be encouraged to provide more pier and godown accommodation to the northward of their present premises on the west side of the Kowloon Peninsula, the Naval Depôt having, it is assumed, been by then removed. The question should also be considered of providing transit sheds, passenger accommodation and railway sidings on any new piers constructed. The railway connexions would necessitate taking over the Military lands south of Austin Road and moving the Military elsewhere. (Paragraphs 92-93). A tentative scheme of new piers in that locality is shown on the attached plan.
- (18) That the work of reclaiming land from the waters of the Harbour be undertaken by the Government and not by the proposed Harbour Trust. (Paragraph 96).
- (19) That it is desirable for the Government to carry out the following works of reclamation as soon as practicable:—
 - (a) Filling in the present Typhoon refuge harbour at Mong Kok Tsui (167 acres) and filling in about 143 acres at Cheung Sha Wan, together with the formation at the latter place of a new Typhoon refuge in lieu of the former. (Paragraph 97 (a)).
 - (b) A small reclamation at Yau Tong Wan in order to accommodate ship and boat building yards that would be displaced at Cheung Sha Wan. (Paragraph 97 (b)).
 - (c) About 214 acres at Tsun Wan (Paragraph 97 (c)).
- (20) That a reclamation at Ngau Tau Kok, adjacent to the area at Kun Tong now being slowly reclaimed by the dumping of town refuse, be included in the programme of development for carrying out at such time as circumstances indicate, with road and rail connexions as required.
- (21) That consideration be given to the possibility of removing the Air Port to some other place say in the New Territories, in order to avoid so costly a reclamation scheme as would be necessary to enable the Air Services to develop at their present site.
- (22) That the removal of the railway station at Kowloon from its present site, to a more suitable site, as shown on the attached plan, be considered at some suitable future time.
- (23) That in due time when the traffic increases to such an extent as to justify it, a new vehicular ferry service be established with a pier opposite Marsh Road, Hong Kong, and another pier opposite Gillies Avenue, Kowloon.

Thanks.

103. I should like, in conclusion, to express my warmest thanks to:—

- (a) The many Government officials with whom I have come in contact, for all the information and assistance which they have so willingly given to me in the course of my Inquiry.

- (b) To the members of the commercial community who have freely expressed their views and supplied me with valuable information.
- (c) To all, both Government officials and members of the business community, who have extended to me and Mr. Kennedy the most kindly hospitality.
- (d) To the Government for their hospitality and the excellent accommodation they placed at the disposal of Mr. Kennedy and myself, which made our stay in the Colony a very pleasant one.

Finally, I should like to acknowledge my indebtedness to Mr. Kennedy, for his valuable advice and assistance throughout the Inquiry.

I have the honour to be,

Your Excellency's obedient servant,

DAVID J. OWEN.

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