

The rice business of the colony also passed through a severe crisis during the year, due to a great extent to the failure of certain San Francisco buyers to honour their contracts, on the ground that buyers in Cuba, as a result of a considerable amount of overbuying, were repudiating their contracts.

The trade position was further embarrassed by the unrest in the neighbouring provinces of Kwangtung and Kwangsi. The lawlessness which has unfortunately, so long been a feature of the situation, and which during 1919 was chiefly due to the presence throughout the province of the unpaid and uncontrolled soldiery of both factions, continued throughout the year to the grave detriment of trade in the two provinces.

Between August and October there were several minor outbreaks on the wharves and along the waterfront in Hongkong, caused by the arrival of numbers of Kwangsi soldiers on their way through the colony to or from Swatow. The bitterness engendered by the struggle between the rival parties of the two provinces was reflected in these attacks made on Kwangsi soldiers by the Kwangtung coolie element in Hongkong.

During the early portion of the year serious inconvenience was caused to business firms by the irregular arrivals of English mails. This was due to failure on several occasions to make the steamer connection at Nagapatam. The position was remedied later in the year by the provision of more fast vessels on the London-Bombay service and by an arrangement with the Straits Settlements Postal Administration for Hongkong letter mails to be sent by rail from Penang to Singapore.

The year was marked by a number of strikes among the workmen in various trades in the Colony. The most serious was the Fitters' strike in April, which was, however, amicably settled within 16 days. Other strikes were those of the Blackwood Furniture makers and the Chinese tailors' assistants.

A new valuation of the Colony was made during the year, by which the Rateable Value was increased from \$17,408,959 to \$18,696,660, an addition of 7.40 per cent.

I.—FINANCES.

The revenue for the year amounted to \$14,689,672 being \$625,128 less than the estimate and \$1,835,303 less than the revenue for the previous year.

Compared with the returns for 1919 there were increases under every head with the exception of Licences and Interest.

The expenditure amounted to a total of \$14,489,594 inclusive of a sum of \$2,555,878 spent on Public Works Extraordinary.

The detailed figures for 1920 are set out in the following statements :—

HEADS OF REVENUE.		\$	c.
Light Dues - - - - -		94,225.44	
Light Dues, Special Assessment - - -		102,609.57	
Licences and Internal Revenue not otherwise specified - - - - -		10,325,918.57	
Fees of Court or Office, Payments for specific purposes, and Reimbursements in Aid -		1,126,566.51	
Post Office - - - - -		541,295.01	
Kowloon-Canton Railway - - - - -		520,176.10	
Rent of Government Property, Land, and Houses - - - - -		1,063,455.21	
Interest - - - - -		240,460.84	
Miscellaneous Receipts - - - - -		118,615.55	
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TOTAL, (Ordinary) - - - - -		\$14,133,322.80	
Land Sales, (Premia on New Leases) - -		556,349.13	
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TOTAL, - - - - -		\$14,689,671.93	
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The total expenditure brought to account amounted to \$14,489,594 being \$396,879 less than the estimate, and \$3,426,331 less than the expenditure in 1919. Compared with the estimates there were increases under 15 heads as against 9 heads where there were decreases. The excess amounting to \$742,979 under Miscellaneous Services was due to the grant of \$1,000,000 to Hongkong University and \$378,104 in the case of the Police and Prison Departments due to increase of Staff and revision of Salaries. Military Expenditure was less than the estimate by \$168,752 on account of the Revenue for 1919 having been over-estimated. The item Charitable Services was responsible for an excess over the estimates of \$104,339 due to a grant of \$100,000 to the North China Famine Relief Fund. Decreases were mostly due to the sterling value of the dollar being higher than that on which the estimates were based, and to certain Public Works for which provision had been made not being proceeded with.

EXPENDITURE.	\$	c.
Governor - - - - -	90,526.45	
Colonial Secretary's Department and Legislature - - - - -	85,095.13	
Secretariat for Chinese Affairs - - - - -	57,716.27	
Audit Department - - - - -	34,887.83	
Treasury - - - - -	74,222.34	
Harbour Master's Department - - - - -	231,146.38	
Imports & Exports Department - - - - -	502,114.66	
Royal Observatory - - - - -	25,965.53	
Miscellaneous Services - - - - -	1,410,230.36	
Judicial and Legal Departments - - - - -	286,591.65	
Police and Prison Departments - - - - -	1,492,680.67	
Medical Departments - - - - -	331,020.81	
Sanitary Department - - - - -	463,759.44	
Botanical and Forestry Department - - - - -	55,975.49	
Education - - - - -	537,512.55	
Military Expenditure - - - - -	2,789,206.68	
Public Works Department - - - - -	468,987.78	
Do. Recurrent - - - - -	806,254.37	
Do. Extraordinary - - - - -	2,555,877.69	
Post Office - - - - -	268,713.85	
Kowloon-Canton Railway - - - - -	822,567.68	
Charge on account of Public Debt - - - - -	677,341.19	
Pensions - - - - -	252,081.83	
Charitable Services - - - - -	169,116.89	
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TOTAL, - - - - -	\$14,489,593.52	
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The balance to the credit on the year's working was \$200,078 and the assets and liabilities account showed on the 31st December a credit balance of \$4,490,266.

The following is a statement of the revenue and expenditure of the Colony for the five years 1916-1920 :—

	<i>Revenue.</i>	<i>Expenditure.</i>
	\$	\$
1916	13,833,387	11,079,915
1917	15,058,105	14,090,828
1918	18,665,248	16,252,172
1919	16,524,975	17,915,925
1920	14,689,672	14,489,594