

13TH AUGUST, 1909.

**PRESENT:—**

HIS EXCELLENCY THE GOVERNOR, SIR FREDERICK DEALTRY LUGARD, K.C.M.G., C.B., D.S.O.

H. E. COLONEL DARLING, R. E. (General Officer Commanding).

Hon. Mr. A. M. THOMSON (Colonial Secretary).

Sir HENRY BERKELEY, K.C. (Attorney-General).

Hon. Mr. C. McI. MESSER (Colonial Treasurer).

HON. MR. P. N. H. JONES (Director of Public Works).

HON. MR. A. W. BREWIN (Registrar-General).

HON. MR. F. J. BADELEY (Capt.-Superintendent of Police).

HON. DR. HO KAI, M.B., C.M., C.M.G.

Hon. Mr. E. OSBORNE.

Hon. Mr. E. A. HEWETT.

Hon. Mr. MURRAY STEWART.

Hon. Mr. WEI YUK, C.M.G.

MR. C. CLEMENTI (Clerk of Councils).

**Minutes**

The minutes of the last meeting were read and confirmed.

**Financial Minutes**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes Nos. 33 to 36, and moved that they be referred to the Finance Committee.

THE COLONIAL TREASURER seconded, and the motion was agreed to.

**Financial**

THE COLONIAL SECRETARY, by

command of His Excellency the Governor, laid on the table the report of the Finance Committee (No. 11) and moved its adoption.

THE COLONIAL TREASURER seconded, and the motion was agreed to.

**Liquor Licences**

THE COLONIAL SECRETARY—Sir, I rise to move the resolution standing in my name. I propose, Sir, to take the schedule as read, as it has been in members' hands for some time. I may, however, point out that the general principle of the ordinance has been to practically double the revenue hitherto derived from liquor licences, and advantage will be taken also of the opportunity to make a larger sliding scale in regard to publicans' and adjunct licences, I may add, Sir, that the extra revenue is practically necessitated by the fact that next year, 1910, we cannot calculate on the four lakhs we received this year on account of the Widows and Orphans' Pension Fund, and that this addition to the revenue is absolutely necessary without taking into consideration anything in connection with the Opium Farm.

THE COLONIAL TREASURER seconded.

The resolution was as follows:—"Resolved that the Second Schedule to The Liquor Licences Ordinance, 1898, named Schedule S in Section 2 of The Liquor Licences Amendment Ordinance, 1902, be repealed and that the following Schedule be substituted therefor, with effect in respect of each licence that it now or may hereafter be in force from the date of the renewal or of the grant of such licence as the case may be; provided always that in the case of licences which are renewed or granted subsequently to the date of this Resolution and prior to the first day of January, 1910, the fee shall be, in respect of the period between the date of issue and the thirty-first day of December, 1909, at the rate previously obtaining, and in respect of the period from and after the first day of January, 1910, at the rate set out in this Schedule.

*Schedule of Fees for Licences payable under the provisions of The Liquor Licences Ordinance 1898-1908*

The following fees shall be paid for the licences hereinafter mentioned and in the manner hereinafter specified, that is to say:—

Nature of Licence.	Fee.	Manner of payment.	
Distillery Licence .....	\$ 800	{ Annually, in advance.	
Temporary Licence.—At the discretion of the Governor .....		{ In advance.	
Publican's Licence:—		} Annually in advance, subject to the provisions of The Liquor Licences Ordinance 1898.	
(a) In Victoria:—			
When the valuation of the premises occupied is—			
Not exceeding \$1,000 ...	\$ 1,500		
Exceeding	Not exceeding		
\$ 1,000	\$ 2,000 ....		\$ 2,000
2,000	3,000 ....		2,500
3,000	4,000 ....		3,000
4,000	7,000 ....		4,000
7,000	10,000 ....		5,000
10,000	20,000 ....	6,000	
and an additional fee of \$1,000 for every \$10,000 or part thereof in excess of \$20,000.			
(b) Elsewhere in the Colony the publican's licence fees obtaining in Victoria.			
Adjunct Licence:—			
The fees shall be less by one-half than the publican's licence fees above set out.			

Removal Licence ..... \$ 40 in advance

*Note.*—If the new premises are of a higher annual valuation than those from which the licence is removed a proportionate part of the extra fee, if any payable in respect of such difference of valuation, must also be paid.

Transfer of Publican's Licence .....	\$ 400	} In advance.
Transfer of Adjunct Licence .....	80	
Wholesale Licence .....	2,000	} Annually in advance.
Grocer's Licence .....	2,000	

Chinese Wine & Spirit Shop Licence.—

(a.) City of Victoria west of the line formed by the Albany Nullah .....	1,300	} Payable in four quarterly instalments, in advance.
(b.) City of Victoria east of the line formed by the Albany Nullah .....	1,100	
(c.) Quarry Bay, from Tsat Tsu Mui Police Station to the S.E. boundary to Shaukiwan, M.L. 1 .....	\$ 800	
(d.) Shaukiwan, from the S.E. boundary of Shaukiwan, M.L. 1, to the boundary of War Department land east of Ah Kung Ngam, .....	\$ 800	
(e.) Aberdeen and Aplichau ....	\$ 700	
(f.) Tsim Sha Tsui, Yaumati and Hunghom, & that portion of Kowloon Peninsula which is south of a line drawn from Nullah Street Mong Kok Tsui, to the centre of the road between K.K.M. Lots 52 and 53 at Shek Shan .....	\$1,100	
(g.) Sham Shui Po and remaining portion of the Kowloon not included under (f.), .....	\$ 800	
(h.) Kowloon City and the remainder of new Kowloon .....	700	

Chinese Restaurant Licence:—

When the valuation of the premises occupied is—		} Annually, in advance
Under \$500, .....	600	
\$500 or over, but under \$2,000 .....	1,200	
Over \$2,000 .....	1,800	Do.
Eating Houses (where non-intoxicating liquors are sold):—		
In Victoria .....	20	Do.
Elsewhere .....	5	Do.

HON. MR. OSBORNE—I rise, Sir, to move the following amendment as an addition to the resolution before us—"No intoxicating liquor shall be served on any ground floor of premises possessing an adjunct licence." The object of the resolution, I take it, is to raise revenue. My amendment is not put forward in any spirit of hostility to this object, but solely with a view to securing fairplay between those whom the resolution most affect. The purpose of an adjunct licence, as I understand it, is to enable those hotel-keepers who do not run a public bar to provide visitors with intoxicating liquors at their meals, and the main difference between an adjunct licence and a publican's licence, if I understand it correctly, is that the one permits of a public bar and the other does not. Now, Sir, it may not, perhaps, be generally known, but nevertheless it is a fact, that within a stone-throw of the Clock Tower there are three establishments under the names of cafes and restaurants which are in the habit of selling liquors openly and at all hours under their adjunct licences, and, in my opinion, in distinct violation of the intention of the law. It is true that a certain pretence is made of serving meals with these liquors, but the victuals so provided, as a rule, are given generally after the drink is finished, so ensuring that they will not be eaten, and so enabling a couple of sandwiches to do duty for many meals. A charge of five cents is made at one establishment; at another establishment the victuals are provided free; and at the third establishment there is no pretence of providing meals at all. To all intents and purposes these three establishments are public drinking saloons, pure and simple, and as under the resolution which has just been proposed they will pay exactly one half the fee for an adjunct licence which a publican will pay for a publican's, the unfairness of allowing this state of things to continue is obvious, and more especially so when you take into account that a hotel, if I read the resolution correctly, will pay on the whole retable value of the whole building, including the bedrooms and all, whereas a drinking saloon, masquerading in the guise of a cafe, will pay only on the value of its one ground floor. There is another aspect of this question, an aspect which has given rise to considerable discussion in England recently, and which I presume the Government has also given attention to here. I allude to the drinking facilities afforded by clubs. Some of them—

clubs merely in name—are in reality nothing more or less than drinking halls to a very large extent. If the Government is bent on the further taxation of drink for the purpose of raising revenue, it seems to me only consistent that the club should be placed on an equal footing with the publican in this respect. This question, however, is of too far reaching a principle to deal with offhand, and, therefore, I propose to confine myself to asking Council, by accepting this amendment, to secure fairplay only at present as between the publican and the adjunct licensee.

His EXCELLENCY—Gentlemen, I ought perhaps to have interrupted the hon. member who has just spoken, since the amendment he has brought forward is not strictly in order, under the resolution now before the Council—which is confined to altering the fees under a particular schedule. The change he desires would have to be effected by an Amendment in the Liquor Ordinance itself.

The resolution has been framed, as you will see, to increase the fees payable by vendors of intoxicating liquors with the primary object of increasing the revenue in order to meet the increasing expenditure. The Colonial Treasurer estimates that the revenue which we may hope to derive from the operation of this resolution will amount to between two and two and a half lakhs of dollars per annum. We hope that this will not fall upon any particular section of the community. I am not aware that any excessive profits are being made by holders of any particular form of licence, and it is our hope that the result of this resolution will be to very slightly put up the price of liquor in the Colony and thereby the burden will fall upon the general consumer. It is, of course, impossible to calculate exactly or even approximately what the increase in retail sale may amount to until the resolution comes into force, but in all probability it will not exceed ten or twelve cents on a bottle of whisky—probably it will be considerably less. When we consider that in England there is an import duty on spirits which varies from 11/4 to 11/6 on ordinary spirits up to 16/- and 18/- on some special classes, and that this is in addition to the publican's licence, which

varies from £6 to £60, whereas in this Colony we have no import duties of any kind on liquor, I think you will agree with me that the consumer of liquor in this Colony may fairly contribute something more to the revenue.

I believe this is the general opinion in the Colony, and the only question is one of method. Beyond doubt, it seems to me, the simplest and fairest one, and the most advantageous to the revenue, would be the imposition, so far as European liquor is concerned, of import duties. But there are some strong objections to that course. In the first place, there is the objection— which, perhaps, I may call a sentimental one—that an import duty would deprive Hongkong of the right to claim to be an absolutely free port. The thin end of the wedge would be inserted, and we do not know whether, in case of some future financial stress, the wedge might not be driven further home by the imposition of duties on tobacco and other articles. On the other hand, there is the practical difficulty that the imposition of customs duties means the creation of a customs service. It may, perhaps, be argued that if the duties were limited to liquor only, and in particular to liquor manufactured in Europe or America, the duty of collection might be thrown upon the Harbour Department, and the duty of preventing smuggling might devolve upon the police. It is possible that that might be done with perhaps some extra staff in either one or other, or both, departments.

But the method to be employed in dealing with European liquor is only one aspect of this question, and that the less important of the two. A customs duty cannot be imposed on Chinese liquor, which is imported by junk in large quantities from Canton, without involving a very large and well-organised customs service. The alternative, in the case of Chinese liquor, would be a Spirit Farm. Before, however, I pass to the discussion of a Spirit Farm, I would point out that the scheme of import duties has the great advantage that it falls equally upon all sections of the community: upon private importers, upon service canteens, as well as upon the trade.

As to a Spirit Farm — the objections to that, I take it, are, first that from the gross amount which is collected you have to deduct

the farmer's profits. That is to say, you have to place a heavier burden upon the community than is necessary for the sole purpose of revenue, whereas in the scheme proposed in this resolution no extra machinery of any kind is required. In the second place, a Spirit Farm would, I believe, be unpopular. Still, I think there is much to be said for that form of collection of duties. The farmer's profits, if the farm was combined with the Opium Farm, would not necessarily be large, because the machinery is already to his hand and he would be able to tender high. But there is the practical difficulty that if the farm was given to the successful tenderer for the opium there would be no competition. On the other hand, it is already late—I do not say it is too late—but it would be certainly difficult to issue new advertisements now to combine the spirit and opium farm. As to the unpopularity of a farm, I do not think, myself that this is a very serious matter, if it were properly understood by the Chinese, because the search required in the case of spirits does not involve a search of the individual, nor does it involve the same minute and precise scrutiny of baggage on vessels as in the search for an article so easily concealed as opium. You will see from what I have said, gentlemen, that I hold no bigotted views on this subject one way or the other; in fact, in my opinion, the arguments in favour of either method are very evenly balanced. The form of the resolution placed before you has been the subject of exceptionally careful consideration and investigation, and that is the reason why there has been some delay in laying it before the Council. It has been discussed frequently in Executive Council, and in these deliberations I have had the great advantage of the advice of two very experienced unofficial members. We considered that the present form would be the most welcome to the community, would involve the least disturbance to trade, and would be the most practical. If, however, when this resolution comes into operation, the result in the case of European liquor should be to increase private importations by non-licencees, or the creation of a monopoly by capitalists, or if, in the case of Chinese liquor it should tend to illicit sales by non-licencees, or should give undue advantage to the larger dealers, it may be necessary to adopt the  
a l t e r n a t i v e o f i m p o r t

duties. Therefore, the form of the resolution placed before you is a tentative and experimental one.

I turn to the resolution itself. You will see that there are several new principles in it as regards assessment. On the one hand, the maximum of \$2,400 has been abolished, as it was considered unfair to the smaller dealers and it has been superseded by a carefully thought out scale. In the second place, there is a discrimination between a licence in Victoria and elsewhere in the Colony, and I think you will all agree that that is a useful innovation, since the holder of a licence in Victoria is able to derive a much more thriving trade than in Kowloon or elsewhere. In the third place, the adjunct licences have been considerably increased, because, as was pointed out by the last speaker, it is generally believed that the legitimate limitations of adjunct licences have in some cases been considerably strained, which, of course, acts to the detriment of the publican, who has paid much more for his licence. Lastly, you will observe that there is no increase in this schedule on beer licences. The reason is that the attempt to start breweries in this Colony has been attended with exceptional difficulties, and in one case after another the pioneer ventures have failed. There is at present one prominent brewery in the Colony, but it is still in the pioneer stage, and it is not considered advisable to place any extra burden on it at the present time.

In conclusion, I would point out to you one general matter of interest. Our present revenue from spirits amounts to about two and a third lakhs, and the increase which we anticipate by this resolution will amount to from two to two and a half lakhs, probably nearer two. The Spirit Farm in the Straits Settlements realises close on seven and a half lakhs, and I think in all probability there is a larger liquor consuming population in this much frequented port than in the Straits Settlements. If you add to the revenue from the Farm in Singapore to expenses and profits of the farmer we may say in round figures that consumers of liquor in this Colony, even if under this resolution the amount realised be doubled, will still pay about half, or less than half, what is paid by a similar section of the community in the Straits Settlements. I mention this simply as a matter of interest. I do not believe there is any

opposition to the general principle that in our difficulties of revenue we should turn to the consumers of liquor and impose a slight increase on the sale of liquor in this Colony. (Applause.)

HON. MR. STEWART—Your Excellency, I invite the Government to postpone this resolution. Those of us who, in common with the general public, hear now for the first time the arguments in favour of it, may reasonably, I think, ask for time in which those whose interests are more immediately affected may be enabled to represent their views. No unofficial member is, I think, fully qualified to speak for them, and it seems, therefore, only fair that they should have an opportunity of representing any objections which they may have, if they wish to do so, through the medium of the Press. I, therefore, propose that the resolution be postponed until the next meeting of Council.

HON. MR. OSBORNE seconded.

HIS EXCELLENCY—I shall be glad to adjourn the debate on this subject until the next meeting of Council, if that will meet the views of the hon. member.

#### **Malicious Damage Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Malicious Damage Ordinance, 1865.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

#### **Rating Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Rating Ordinance, 1901.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

#### **Tramway Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Tramway Ordinance, 1902.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

### **Liquor Licences Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Liquor Licences Ordinance, 1898, and the Liquor Licences Extension Ordinance, 1908, and to repeal the Liquor Licences Amendment Ordinance, 1902.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

### **Dogs Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Dogs Ordinance, 1893.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

### **Burial Ground Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to set apart certain Crown Land to be used as a burial ground for persons professing the Christian religion, other than members of the Roman Catholic Church.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

### **Governor-in-Council Relief Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to relieve the Governor-in-Council of certain ministerial duties.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

### **Patents Ordinance Amendment**

THE ATTORNEY-GENERAL moved that the Council go into Committee on the Bill entitled An Ordinance to amend the Patents Ordinance 1892.

THE COLONIAL SECRETARY seconded, and the motion was agreed to.

THE ATTORNEY-GENERAL — The Committee will remember that the bill was left in committee from time to time in order to obtain the considered opinions of practical bodies—the Law Society and the committee of

the Chamber of Commerce. These bodies have considered the bill. The Law Society made certain recommendations which were submitted to the Chamber of Commerce, who concurred therein. The Bill now before the Committee embodies the recommendations of the Law Society concurred in by the Chamber of Commerce. The alterations recommended are not extensive. Amendments will be made to sections five and eight. In section five certain words will be left out and in section eight sub-sections 12 and 13 will be deleted and two new sub-sections substituted.

On Council resuming the Attorney-General reported that the Bill had passed through Committee.

THE ATTORNEY-GENERAL—As the Bill has been before the Council a considerable time and received the fullest consideration at capable hands, I move that, no member objecting, it be read a third time.

THE COLONIAL SECRETARY, seconded, and the Bill was read a third time and passed.

HIS EXCELLENCY—The Council stands adjourned until Friday next. I hope that day will be convenient to members.

HON. MR. HEWETT—It is English mail day, Sir.

### **FINANCE COMMITTEE.**

A meeting of the Finance Committee was then held, the Colonial Secretary presiding. The following vote was passed:—

#### **Public Works Department**

The Governor recommended the Council to vote a sum of Eight thousand three hundred and forty-four Dollars (\$8,344) in aid of the vote, Public Works Department, Other Charges, Incidental Expenses.

#### **Sanitary Department**

The Governor recommended the Council to vote a sum of Two thousand six hundred Dollars (\$2,600) in aid of the vote, Sanitary Department, Other Charges, Cemeteries, Incidental Expenses.

**Supreme Court**

The Governor recommended the Council to vote a sum of Eighty-five Dollars (\$85) in aid of the vote, Supreme Court, Other Charges, Language Study Allowance.

**Public Works Extraordinary**

The Governor recommended the Council to vote a sum of Two thousand one hundred and fifty-five Dollars (\$2,155) in aid of the vote, Public Works Extraordinary, Miscellaneous, Blake Pier Shelter.

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