

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 7th December, 1955.**

PRESENT:HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, G.C.M.G.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT-GENERAL SIR CECIL STANWAY SUGDEN, K.C.B., C.B.E.

THE HONOURABLE THE COLONIAL SECRETARY

MR. EDGEWORTH BERESFORD DAVID, C.M.G.

THE HONOURABLE THE ATTORNEY GENERAL

MR. ARTHUR HOOTON, Q.C. (*Acting*).

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. BRIAN CHARLES KEITH HAWKINS, C.M.G., O.B.E.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE, C.M.G.

THE HONOURABLE THEODORE LOUIS BOWRING, C.M.G., O.B.E.

(Director of Public Works).

THE HONOURABLE DOUGLAS JAMES SMYTH CROZIER

(Director of Education).

DR. THE HONOURABLE YEO KOK CHEANG

(Director of Medical and Health Services).

THE HONOURABLE DAVID RONALD HOLMES, M.B.E., M.C.

(Director of Urban Services).

DR. THE HONOURABLE CHAU SIK NIN, C.B.E.

THE HONOURABLE NGAN SHING-KWAN, O.B.E.

THE HONOURABLE DHUN JEHANGIR RUTTONJEE.

THE HONOURABLE CEDRIC BLAKER, M.C., E.D.

THE HONOURABLE KWOK CHAN, O.B.E.

DR. THE HONOURABLE ALBERTO MARIA RODRIGUES, M.B.E., E.D.

MR. ROBERT WILLIAM PRIMROSE (*Deputy Clerk of Councils*).**ABSENT:**

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY, O.B.E.

THE HONOURABLE LO MAN WAI, C.B.E.

MINUTES.

The Minutes of the meeting of the Council held on 9th November, 1955, were confirmed.

OATH.

MR. DAVID RONALD HOLMES took and subscribed the Oath of Allegiance and assumed his seat as a Member of the Council.

PAPERS.

THE COLONIAL SECRETARY, by Command of His Excellency the Governor laid upon the table the following papers: —

<i>Subject.</i>	<i>G. N. No.</i>
Sessional Papers, 1955: —	
No. 29—Report on Agriculture in Hong Kong with Policy Recommendations.	
No. 30—Annual Report by the Commissioner of Inland Revenue for the year 1954-55.	
No. 31—Annual Report by the Commissioner for Resettlement for the year 1954-55.	
No. 32—Annual Report by the Director of Public Works for the year 1954-55.	
Mental Hospitals Ordinance (Chapter 136)	
Mental Hospitals (Amendment) Regulations, 1955	A. 114
Stamp Ordinance (Chapter 117)	
Stamp (Bank Authorization) (No. 7) Order, 1955	A. 116
Colonial Air Navigation Order, 1955	
Hong Kong Air Navigation (General) Regulations, 1955	A. 117
Stamp Ordinance (Chapter 117)	
Stamp (Bank Authorization) (No. 8) Order, 1955	A. 119

He said: —With your permission, Sir, I should like to refer to Sessional Paper No. 29 concerning the Report on Agriculture in Hong Kong with policy recommendations prepared by the Director of Agriculture, Fisheries and Forestry. I am sure that honourable Members will agree that this Report is a valuable contribution to the many problems affecting the agricultural industry in the New Territories. The recommendations made in the Report have been accepted by the Government in principle and will be implemented by stages as and when funds can be made available in competition with other calls on the Government's resources.

**ILLEGAL STRIKES AND LOCK-OUTS
ORDINANCE, CHAPTER 61.**

THE ATTORNEY GENERAL moved the following resolution: —

Resolved pursuant to section 8 of the Illegal Strikes and Lock-Outs Ordinance, Chapter 61, that the duration of the said Ordinance be extended for the term of one year with effect from the 1st January, 1956.

He said: —Sir: The Illegal Strikes and Lock-outs Ordinance will lapse on the 31st December this year unless it is extended by resolution of this Council.

That Ordinance makes illegal those strikes and lock-outs which are not in furtherance of a genuine trade dispute and which are designed or calculated to coerce the Government. It does not, of course, have any effect in relation to any strike or lock-out resulting from a genuine trade dispute.

It is not considered that the times are such as would justify allowing this Ordinance to lapse. The purpose of this resolution is therefore to extend its life for a further year, that is, until the 31st December, 1956.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

SOCIETIES ORDINANCE, CHAPTER 151.

THE ATTORNEY GENERAL moved the following resolution: —

Resolved pursuant to section 216 of the Societies Ordinance, Chapter 151, that the duration of the said Ordinance be extended for the term of one year with effect from the 1st January, 1956.

He said: —Sir: The purpose of this resolution is to keep in force for a further year the Societies Ordinance, Chapter 151. The provisions of this Ordinance assist the Commissioner of Police in his heavy task of maintaining law and order by affording him powers which enable him to curb the activities of undesirable organizations.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

BANKRUPTCY (AMENDMENT) RULES, 1955.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Bankruptcy (Amendment) Rules, 1955, made by the Chief Justice on the 27th day of October, 1955 under sections 113 and 114 of the Bankruptcy Ordinance, be approved.

He said: —Sir: I mentioned on the 30th March last, in the course of my reply to the debate on the Appropriation Bill, that many of the fees and charges made by Government were being reviewed. The rules which have been made by the Chief Justice follow on this review, and have the effect of bringing various fees, payable in bankruptcy proceedings, up to approximately the level charged in the United Kingdom. There are also several minor amendments and corrections of errors.

THE COLONIAL SECRETARY Seconded.

The question was put and agreed to.

DUTIABLE COMMODITIES ORDINANCE, CHAPTER 109.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved pursuant to Section 4 of the Dutiable Commodities Ordinance, Chapter 109, as follows: —

That the DUTIES ON LIQUOR as set forth in the Resolution of the Legislative Council published as Government Notification No. A. 81 in the *Gazette* of the 29th April, 1952 be revoked with effect from 2 o'clock P.M. on Tuesday, the 29th November, 1955, and that thereafter duty shall be payable on liquors at the following rates per gallon: —

PART I			
<i>On—</i>	<i>Hong Kong Origin</i>	<i>Empire Origin</i>	<i>Other Origin</i>
	\$	\$	\$
Liqueurs, Brandy, Whisky, Gin and other spirituous liquors	53.00	53.00	61.00
Champagne and other sparkling wines.....	-	36.00	44.00
Port, Sherry and Madeira	-	20.00	25.00
Other still wines	-	16.00	20.00
Cider and perry	-	2.00	2.50
Concentrated beer in whatever form, whether ale basis, or malt and hops concentrate, or otherwise	1.30	1.50	1.90
and in addition, for every degree by which the original gravity exceeds 1045 degrees	0.04	0.04	0.05
Other beer, except cider and perry, not exceeding 1055 degrees original gravity	1.30	1.50	1.90
and in addition, for every degree by which the original gravity exceeds 1055 degrees	0.04	0.04	0.05
Intoxicating liquors in this Part above the strength of 22 degrees under proof, for every degree above such strength, in addition to the duties specified above	0.50	0.50	0.60
PART II			
<i>On—</i>	<i>Hong Kong Origin</i>	<i>Empire Origin</i>	<i>Other Origin</i>
	\$	\$	\$
Chinese type liquor and Sake	6.00	6.00	7.00
and in addition, for every one per cent by which the alcoholic strength by weight exceeds 25 per cent	0.24	0.24	0.28

<i>On—</i>	PART III		
	<i>Hong Kong Origin</i>	<i>Empire Origin</i>	<i>Other Origin</i>
	\$	\$	\$
Spirits of wine, arrack, and liquors other than intoxicating liquors	6.00	6.00	7.00
and in addition, for every one per cent by which the alcoholic strength by weight exceeds 25 per cent	0.24	0.24	0.28

Provided that the Director may assess the duty on intoxicating liquors not specified in Part I or II, at the rate prescribed for liquor which in his opinion most nearly approximates to the liquor on which duty is to be assessed;

Provided also that the Director may in his discretion assess the duty on any quantity of liquor of less than two gallons, imported at any time in one consignment, at \$50 per gallon.

He said: —Sir: The origin of this resolution lies in the report of the Liquor Licensing Committee which was published last March. Honourable Members will recollect that we ran into difficulties in connexion with licence fees for the sale of liquor for consumption on the premises and that we reversed our original decision to raise fees pending a full examination of the question. I stated at that time that interested organizations were being asked for their views on the report.

The representations which were received by Government were of considerable interest and of great value. There were two main points made. Of these the most important was the injustice of relating the licence fee to the rateable value of the premises. It will be remembered that the Liquor Licensing Committee recommended that the existing practice of relating the licence fee to the rateable value was fair and should be continued, but it did not give any reasons for this recommendation.

A certain amount of research into the origin of the present practice has been carried out without, I fear, very much result. But it seems not altogether unlikely that it followed to some extent practice in the United Kingdom, where the fee is related to the increase in rateable value that follows the issue of a licence, and where a licence has a certain monopoly value. There, the issue of liquor licences is very strictly controlled, and boards of

justices even have the power to withdraw a liquor licence if they feel there are too many public houses in the district. Conditions in this Colony are quite different. Here there are practically no public houses of the type common in the United Kingdom; almost all licensees sell food as well as liquor, and there seems to be no good reason why a new restaurant should be refused the right to sell liquor merely because a restaurant next door is already licensed. In other words, a liquor licence here should have no monopoly value. Government was driven to the conclusion that relating the licence fee to the rateable value really means taxing the restaurant or the public house, on the volume of business that it might be expected to do, rather than on what it actually does, and to the further conclusion that this is inequitable. Accordingly it is proposed that so soon as the necessary legislation can be drafted, liquor licences will be issued at a flat fee. In order that many existing small restaurants which sell liquor shall not be put out of business it will be necessary for the fee to be not more than \$500, but it is proposed to charge an additional \$500 if a bar is kept. These charges will be halved in the New Territories.

This will mean that large restaurants will have their licence fees very greatly reduced. But as the Liquor Licensing Committee appeared to imply that a licensee should be taxed on his potential volume of business, it is proposed to replace the theoretical basis of rateable valuation by the more practical basis of the amount of liquor sold, and to raise the duty on liquor. Whether the charge is by way of a high licence fee or a higher rate of liquor duty, it is the customer who ultimately has to pay in any event.

The other main complaint which was put forward in response to Government's request for comments on the report was that, thanks to the incidence of the 10% tax on meals and on intoxicating liquors, restaurants were at a very heavy disadvantage in competing with clubs, and with outside catering. For a party arranged by the licensee in his own licensed premises, meals tax and liquors tax are payable, but if the party is held in a club such tax is avoided because the club is not licensed. Similarly, for a party given by a caterer, even if held in a restaurant, tax is avoided.

There was obviously much substance in this complaint, and Government finally came to the conclusion that when abolishing the system of assessing licence fee on rateable valuation in favour of a flat fee, it might well go further and abolish the meals and liquors taxes, making up the loss of revenue by a further increase in the duties on liquor. This would go far to meet the complaints of the licensed restaurants regarding unfair competition, and it had the further advantage of putting an end to an unpopular tax which there is reason to suspect is not only readily avoided legally, but is much evaded illegally.

Then we came to actual figures. The present revenue from liquor licences—Chinese restaurants, publicans, and adjunct—comes to \$836,000. If a flat licence fee is to be substituted as proposed, this figure will be reduced by \$570,000. The present yield of tax on meals and intoxicating liquors is approximately \$3 millions annually, so that the change in the licensing system, coupled with abolition of meals and liquors tax, will cost revenue something over \$3½ millions annually. But it has been noticeable this year that revenue from liquor has been increasing, and it has accordingly been decided to recommend to this Council that as compensation for this loss of \$3½ millions, it might be sufficient to increase liquor duties to make up approximately \$3 millions, in the hope that increasing business in restaurants will, in time, make up the difference.

Accordingly this resolution proposes increases in duties on liquors which will, according to the consumption figures for last year, yield \$2,950,000. It will mean that a bottle of brandy will go up by \$1, a bottle of whisky or gin will go tip by \$1.50, and the duty on Chinese liquor, which is still very lightly taxed, will be increased from \$5 to \$6 per gallon.

There is one other change. In 1946 the local brewery was given a very favourable preferential rate in order to enable it to start up again after the war. The pre-war preferential rate of 10 cents was increased to 50 cents, the duty on local beer being only \$1 a gallon as against \$1.50 for Empire beer and \$1.90 for beer of non Empire origin. The situation has recently been reviewed, and it is felt that as rehabilitation was completed long ago, and as the brewery is doing extremely well, the wide margin of preference is no longer justified. It is accordingly proposed that the preferential margin shall be reduced from 50 cents to 20 cents.

If I may sum up, the effect of the measures now proposed is as follows. The cost to the consumer of a drink oil licensed premises should not be increased. It should indeed be reduced, for, except possibly in the case of Chinese liquor, the increase in the duty is less than the tax of 10% on the price of the drink. The cost of a meal in a restaurant should be less by the amount of the meals tax. And we shall see the last of a very unpopular form of taxation. On the other hand the cost of drinking in the house or in the club will be increased. If we reckon twenty pegs to a bottle, the increase on a glass of Scotch, or Irish, will be 7½ cents which perhaps is not too high a price to pay for the advantages that I have set forth.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

MEALS AND INTOXICATING LIQUORS TAX ORDINANCE, CHAPTER 113.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved pursuant to section 6 of the Meals and Intoxicating Liquors Tax Ordinance (Cap. 113) as follows: —

That the taxes imposed by sections 3 and 4 of the Meals and Intoxicating Liquors Tax Ordinance (Cap. 113) be suspended with effect from 8 o'clock A.M. on Wednesday the 30th November, 1955.

He said: —Sir: This resolution is consequential to that which has just been approved by this Council. Although it merely lays down that the taxes on meals and on intoxicating liquors shall be suspended, it is proposed later to introduce a bill which will have the effect of repealing the ordinance.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

CROWN RIGHTS (RE-ENTRY) (AMENDMENT) BILL, 1955.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Crown Rights (Re-entry) Ordinance, Chapter 126."

He said: —Sir: The Crown is entitled under the Crown Rights (Re-entry) Ordinance to re-enter upon leased crown land if the lessee commits a breach of a covenant in the lease. The lessee has, however, under that Ordinance the right to petition either the Supreme Court or the Governor in Council for relief against forfeiture. The Supreme Court has undoubtedly power to grant relief subject to the imposition of conditions, but there is doubt whether the Governor in Council has a similar power to impose conditions when granting relief. The object of this Bill is to remove that doubt by making express provision that the Governor in Council may impose conditions when granting relief against forfeiture.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

The Crown Rights (Re-entry) Ordinance, Chapter 126, gives power both to the Supreme Court and to the Governor in Council to grant relief against forfeiture.

2. If petition for relief is made to the Supreme Court, that Court has, by reason of its equitable jurisdiction, power to impose conditions when granting relief. If petition for relief is made to the Governor in Council, there is doubt whether, in the absence of express provision in the Ordinance, such conditions may be imposed. If he has not this power it follows that the Governor in Council may only either refuse or accept outright the petition. It is most desirable that this doubt should be removed, as there are many cases in which it is desirable and proper to grant relief

subject to the imposition of conditions. Clause 2 of this Bill therefore expressly grants the Governor in Council power to order the cancellation of the memorial of re-entry upon such terms as he shall deem fit. This provision is made applicable to orders made in the past.

3. The opportunity has been taken, in clause 3, to empower the Governor in Council to cancel a memorial of re-entry so far as it affects such part only of the lands comprised therein as are specified in a petition, leaving the memorial subsisting in respect of the remainder of the lands.

INTERPRETATION (AMENDMENT) BILL, 1955.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance further to amend the Interpretation Ordinance, Chapter 1."

He said: —Sir: The statement of objects and reasons appended to the Bill is, I think, a comprehensive one and there is little I need add. I would however like to draw attention to the provisions of Clause 6 which increase the penalties for common law misdemeanors from a maximum of imprisonment for 3 years and a fine of \$5,000 to a maximum of imprisonment for 7 years and a fine of \$50,000. This new maximum penalty will be applicable in all cases of misdemeanors where the punishment is not otherwise provided by law. Such cases include conspiracies to defraud in which experience has shown that the present maximum penalty is not adequate in the more serious types of cases.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

The principal object of this Bill is to make provision in the Interpretation Ordinance, Chapter 1, (the principal Ordinance) as to the overlapping of appointments to public offices

constituted by or under Ordinance. Such provision has been suggested by the Secretary of State for the Colonies and follows that recently made by amendments to the Letters Patent (see G.N.A. 19/55). Clause 5 accordingly adds a new section to the principal Ordinance, which authorizes the substantive appointment of a further person to a public office created by Ordinance during the period when that office is held by another person who is on retirement leave (*c.f.* Letters Patent XIVA (1)). Clause 4 makes a consequential amendment to subsection (2) of section 19 of the principal Ordinance by providing that where there is more than one substantive holder of an office, the person in the Colony actually exercising the duties of the office is the person who may perform the statutory functions of the office (*c.f.* Letters Patent XIV (2)).

2. A further important provision of this Bill is that contained in clause 6, which amends section 35 of the principal Ordinance by increasing the maximum penalty for a misdemeanor for which no penalty has been provided from imprisonment for three years and a fine of five thousand dollars to imprisonment for seven years and a fine of fifty thousand dollars. The Court of Criminal Appeal in England in the case of *R. v. Morris* [(1950) 2 All England Law Reports, page 965] held that the law in England is that for offences for which a statute has not prescribed any particular period of imprisonment the Court can pass a sentence of imprisonment and impose a fine at its discretion. It is considered desirable to bring the penalties in this Colony for such offences more into line with those permissible in England, particularly as the present penalties are sometimes inadequate, for example in serious commercial conspiracies.

3. The other amendments proposed by this Bill are for the purposes of clarification. Clause 2 revises the wording of subsection (10) of section 3 of the principal Ordinance in order to remove ambiguity as to the Governor's right to delegate his power to change the name of a public office. It also corrects a typographical error in subsection (12) of section 3. Clause 3 is intended to remove a doubt whether subsidiary legislation under an Ordinance repealed and replaced by a new Ordinance is kept in force unless a formal declaration is made under the new Ordinance that it replaces or is in substitution of the old one.

**PUBLIC HEALTH (SANITATION) (AMENDMENT)
(NO. 2) BILL, 1955.**

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Public Health (Sanitation) Ordinance, 1935."

He said: —Sir: The Public Health (Sanitation) Ordinance, 1935, contains provisions relating to the maintenance of sanitary conditions in factories and workshops and concerning the control of dangerous trades, and imposes the responsibility for such maintenance and control upon the Urban Council. Honourable Members will recollect that similar provisions have recently been incorporated in the Factories and Industrial Undertakings Ordinance, 1955, under which responsibility rests with the Commissioner of Labour.

The object of this Bill is therefore to remove from the Public Health (Sanitation) Ordinance those provisions which have been incorporated in the Factories and Industrial Undertakings Ordinance, and thereby complete the transfer of responsibility for maintenance and control in these matters.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

The Factories and Industrial Undertakings Ordinance, 1955, makes full provision for the maintenance of sanitary conditions in factories and workshops and for the control of dangerous trades. The provisions of the Public Health (Sanitation) Ordinance, 1935, relating thereto are substantially incorporated in the former Ordinance, except in so far as the responsibility for such maintenance and control rests with the Commissioner of Labour in place of the Urban Council. The transfer of this responsibility is completed by the deletion from the latter Ordinance of provisions relating to such maintenance and control.

**VERANDAHS AND BALCONIES (INCLOSURE FOR OFFICE
ACCOMMODATION) (AMENDMENT) BILL, 1955.**

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Verandahs and Balconies (Inclosure for Office Accommodation) Ordinance, Chapter 263."

He said: — Sir: The Verandahs and Balconies (Inclosure for Office Accommodation) Ordinance enables the Director of Public Works to grant permits authorizing the inclosure of balconies and verandahs for use as office accommodation. This Ordinance is due to expire on the 31st December this year. The object of this Bill is to keep that Ordinance in force and thereby preserve the present law in this regard until such time as the Buildings Bill which has already had its first reading before this Council has been enacted and brought into operation.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

It is proposed to repeal the Verandahs and Balconies (Inclosure for Office Accommodation) Ordinance (Chapter 263), as part of the new buildings legislation. As this legislation will not come into operation until sometime in 1956, this Bill is to extend the life of Chapter 263 until that time.

MISCELLANEOUS LICENCES (AMENDMENT) BILL, 1955.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Miscellaneous Licences Ordinance, Chapter 114."

He said: — Sir: Under the Miscellaneous Licences Ordinance, the Commissioner of Police is the licensing authority for massage establishments. Certain of these establishments have

been equipped with technical electrical apparatus and it is considered desirable that special provision should be made to control the use of such apparatus which may be dangerous if not properly handled. This Bill therefore proposes that there should be a separate licence for physiotherapy clinics and it is proposed to make regulations governing such clinics and the use of electrical equipment installed therein. It is proposed that under those regulations the licensing authority will be my honourable Friend, the Director of Medical and Health Services. Massage establishments will continue to be licensed by the Commissioner of Police.

Sir, it is proposed to prepare further legislation which will provide for the control of establishments where X-ray apparatus is used.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

At present the only control which can be exercised over physiotherapy clinics is afforded under the heading "Massage Establishments". Electrical therapeutic equipment of various kinds are installed in these clinics of which there are a growing number in the Colony, and it is considered desirable that control should extend to the use of this equipment which may be dangerous if mishandled. The effect of this Bill is to require a separate licence for physiotherapy clinics, and it is intended that regulations will be made governing such clinics and the use of electrical equipment installed therein.

MINING (AMENDMENT) BILL, 1955.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance further to amend the Mining Ordinance, 1954."

He said: — Sir: This Bill proposes that the maximum validity of prospecting licences should be raised from one year to two years and that of mining licences from two years to five years without deduction for any period in which a prospecting licence has been held. The reasons for this proposal are set out in the statement of objects and reasons appended to the Bill.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

While it is desirable that prospecting operations should be carried out as rapidly as possible, it has been found in practice that the maximum period of one year hitherto permissible is in certain cases too short a period for an adequate assessment of mineral prospects to be made. Clause 2, therefore, amends subsection (4) of section 14 of the Mining Ordinance, 1954, to allow for the renewal of a prospecting licence up to a maximum period of two years.

2. Similarly, experience has shown that the maximum period of two years prescribed for a mining licence which includes any period the area in question has been held under a prospecting licence is too short in many cases and may necessitate the issue of a mining lease for a deposit which will be worked out relatively quickly. It is, therefore, considered desirable to raise the maximum period an area can be held under a mining licence to five years without deduction for any period a prospecting licence has been held in respect of the area in question. (See clause 3).

TAX RESERVE CERTIFICATES BILL, 1955.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to provide for the issue of tax reserve certificates and their acceptance in payment of certain taxes, and for purposes connected therewith."

He said: —Sir: This Bill was foreshadowed in this Council several months ago in the course of the debate on the Inland Revenue (Amendment) Bill. Its purpose is to authorize the Commissioner of Inland Revenue to issue Tax Reserve Certificates on the same lines as in other countries, and it lays down the method of accounting to be adopted. These certificates will, in the first instance, be available only to payers of salaries tax, but if there should be any popular demand, consideration will be given, at a later stage, to the question of extending their scope to other forms of tax which are collected by the Inland Revenue Department.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

The purpose of the Bill is to confer on the Commissioner of Inland Revenue the necessary authority to issue Tax Reserve Certificates which may be tendered in payment of taxes set forth in the Schedule. Power is also given to the Governor to amend the Schedule.

2. Clause 4 provides for the method of accounting of moneys received for the purchase of certificates, the mode of redemption of the certificates and the manner in which interest earned will be met.

EDUCATION SCHOLARSHIPS FUND BILL, 1955.

MR. D. J. S. CROZIER moved the First reading of a Bill intituled "An Ordinance to make provision for the establishment of a trust fund to be known as the Education Scholarships Fund and for the due administration thereof and for purposes connected with the matters aforesaid."

He said: —Sir: The reasons necessitating the introduction of this Bill are set out in the Preamble and in the Objects and Reasons; the main reason being the loss of records during the

Pacific War. Protracted and detailed inquiries were made to trace original conditions of award of the scholarships, and advertisements were placed in the local press asking for any relevant information. Notwithstanding this, however, the exact particulars regarding many scholarships remained in doubt, and legislative action has thus become necessary to enable those particular scholarships to be awarded.

Opportunity has been taken at the same time to give the Trustee power to accept further donations to the Fund which the Ordinance would set up from any one wishing to provide additional educational scholarships, particularly where such scholarships would have special conditions attached; and it is proposed also to establish a committee to assist the Trustee in the administration of the Fund.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows: —

The object of this Bill is to establish by Ordinance the Education Scholarship Fund as successor to the pre-war fund of the same name.

2. Before the Pacific War the Director of Education held various sums in the Education Scholarship Fund to pay scholarships in schools in the Colons. After the re-occupation it was found that all the records of the Education Department had been destroyed and it was not possible, with any certainty, to separate the various moneys held by the Director of Education and to determine the exact conditions of all the scholarships payable out of such fund. All available information was obtained from pre-war members of the Education Department and a list, shown in the Second Schedule, was prepared of these scholarships and the conditions of award thereof, so far as these could be ascertained. In February of this year advertisements were published in local papers, in English and Chinese, asking from the general public for further information as to such scholarships but no such

information was forthcoming. Accordingly it is proposed that the only practicable way to deal with these moneys is to extinguish any trusts which may attach to any of these moneys and vest them in the Director of Education as trustee, under the trusts set forth in the Second Schedule being, as nearly as can be ascertained, the original trusts attaching to the moneys. The opportunity is taken to vest in the Director a postwar scholarship, the conditions of award of which are known and to provide for the vesting in the Director of future donations for scholarship purposes.

3. Clause 3 establishes the fund and vests the various assets thereof in the Director of Education as trustee upon the trusts set out in clause 4.

4. Clause 5 provides that on a vesting day to be appointed by the Governor there shall be transferred from the uninvested funds one year's income to provide for immediate payment of a year's scholarships and that the balance of the uninvested fund be transferred to reserve funds from which the moneys can be either invested as capital moneys or used to augment income.

5. Clause 6 establishes a committee to manage the fund and clause 7 provides for standing orders and management of the committee.

6. Clauses 8-17 provide for the general administration of the fund and the presentation of accounts thereof and the general power of the committee to deal with the capital and income of the fund.

7. Clauses 18-21 provide for the change of the conditions of award of a scholarship on notice to the general public with an opportunity to members of the public to object to such change.

8. Clause 22 provides that the cost of administering the fund shall be paid out of the general revenue of the Colony; clause 23 extinguishes any existing trusts attaching to any of the moneys and assets comprised in the fund while clause 24 saves the rights of the Crown.

PROMISSORY OATHS (AMENDMENT) BILL, 1955.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Promissory Oaths Ordinance, Chapter 90."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

Council then went into Committee to consider the Bill clause by clause.

Clauses 1 to 3 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Promissory Oaths (Amendment) Bill, 1955 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Third time and passed into law.

SUPPLEMENTARY APPROPRIATION (1954-55) BILL, 1955.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to authorize a supplementary appropriation to defray the charges of the financial year ended the 31st day of March, 1955."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

Council then went into Committee to consider the Bill clause by clause.

Clauses 1 and 2, the Schedule and the Preamble were agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Supplementary Appropriation (1954-55) Bill, 1955 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Third time and passed into law.

ADJOURNMENT.

H. E. THE GOVERNOR: —That concludes the business, Gentlemen. When is it your pleasure that we should meet again?

THE ATTORNEY GENERAL: —Sir, may I suggest this day fortnight?

H. E. THE GOVERNOR: —Council will adjourn to this day fortnight.