

10TH APRIL, 1891.

PRESENT :—

Hon. W. M. DEANE, Acting Colonial Secretary, in the chair.

Hon. W. M. GOODMAN, Attorney-General.

Hon. N. G. MITCHELL-INNES, Colonial Treasurer.

Hon. J. H. STEWART-LOCKHART, Registrar-General.

Hon. S. BROWN, Surveyor-General.

Hon. P. RYRIE.

Hon. HO KAI.

Hon. J. J. KESWICK.

Hon. T. H. WHITEHEAD.

Mr. A. M. THOMSON, Acting Clerk of Councils.

ILLNESS OF THE GOVERNOR.

The PRESIDENT—All hon. members will, I am sure, share my regret that the health of His Excellency the Governor will not permit of his attending to preside at the meeting of Council to-day.

MINUTES.

The minutes of the last meeting were read and confirmed.

PAPERS

The following papers were laid on the table:—Despatches relating to prison accommodation, the Postmaster General's report for 1890, report on the Government Central School for Girls, report of the Acting Head Master of the Victoria College, report of the Superintendent of Victoria Gaol for 1890 and the Colonial Veterinary Surgeon's report for 1890.

THE CROWN AGENTS.

The PRESIDENT—Some months ago an hon. member asked the following question:—"Will the Government lay on the table a statement showing the cost in Hongkong currency dollars of all articles, goods, and stores purchased and forwarded to Hongkong by the Crown Agents for use in connection with the various public works during 1890, the cost laid down to include all commissions, shipping and other charges?" The information having now come to hand it is laid on the table, and any hon. members interested can obtain it for perusal on application to the clerk of Councils, and if after perusal it is considered that it is a document of a nature which should be printed it will be open to any hon. member to move that it be printed.

A SUPPOSED IMPUTATION RESENTED.

Hon. P. RYRIE—I beg to give notice that at next meeting of Council I intend to ask the

President if, when he asked me at the meeting of Council on 25th March last if the protest I then laid on the table was a perfectly respectful protest, he meant to imply that I was likely to present, or the unofficial members to concur in, a protest that was not perfectly respectful? Perhaps as His Excellency is not present I had better let it stand over for the present.

The PRESIDENT—I think as His Excellency the Governor is not present it had better be withdrawn, because an hon. member can always put a question by giving a certain number of days' notice. I think, however, if I may be allowed to say so, if the hon. member will refer to Sir. Erskine May's "Parliamentary Practice," he will see that the only reason for which a protest is not received is that it is not respectful, and His Excellency not having had an opportunity of seeing the protest beforehand was merely, as I take it, making allusion to the only ground on which such a protest could not be received.

Hon. P. RYRIE—It is unusual to make such a remark. I have presented a good many protests in my time and I know it is not usual.

The PRESIDENT—I think that if you will look at May's "Parliamentary Practice" you will see that almost the sole ground on which a protest is not received is that it contains something disrespectful, and His Excellency not having had an opportunity of reading the protest before had in his mind that sole objection to its being received, because the hon. member will remember that His Excellency, having read the document, concluded by saying "There is nothing disrespectful and I have no objection to receive it."

Hon. P. RYRIE—It was a remark which I think I have never heard before, at all events.

The PRESIDENT—Of course this is rather apart from the main business, but I think you will find that is the explanation—that the sole objection to receiving such a protest is on the ground that it contains some word or phrase that is not in accord with parliamentary usage.

Hon. P. RYRIE—Well, I think it is a question that had better be left over until His Excellency is present.

The PRESIDENT—I think so, and you might look up May's "Parliamentary Practice" in the meantime.

PAYMENT OF THE MILITARY CONTRIBUTION.

Hon. P. RYRIE—I have another question. I beg to give notice that at next meeting of Council, I intend to ask the Honourable the Colonial Treasurer if the arrears of the military contribution for the year 1890, payment of which was authorised by this Council on the 19th March last, has been paid, and if paid, on what date, or dates it or any portion of it, was paid, and if so upon what authority.

A SERIES OF QUESTIONS.

Hon. T. H. WHITEHEAD—I rise to ask the questions of which I gave notice at the last meeting of Council and also the other questions included in the addenda. Will it be necessary for me to read them?

The PRESIDENT—No, I think not.

The questions were as follows:—

1.—What was the total expenditure of the Government under the head of salaries for the years 1887, 1888, 1889, and 1890, and what is the estimated total expenditure for the current year under the same heading on the basis of the increased pay and allowances recommended by this Council?

2.—What was the total expenditure on the Public Works Department in the years 1887, 1888, 1889, and 1890, for salaries and wages, and what is the estimated expenditure under the same heading for the current year on the Public Works Department and Water and Drainage Department combined?

3.—How is it that there has been no meeting of the Public Works Committee appointed in October last?

4.—Does the Government intend to give effect to the recommendation of the unofficial members in their addendum of the 27th December, 1890, to submit to the Public Works Committee full details and estimates of all Public Works?

5.—What arrangements have been made for examining and checking accounts sent to the Treasury for payment, and have any difficulties arisen, since the new system of audit was introduced, in checking and examining accounts for payment?

6.—What are the duties of the Treasury Department and the Treasurer, under the new organization of that department?

7.—Can His Excellency the Governor inform the Council whether the audit system recently introduced in Hongkong is in force in Singapore, Ceylon, or any other Crown Colony, and if not for what special reasons has it been introduced in this Colony?

8.—Will the Government lay on the table a statement showing the present position of the Lighthouse Works on Gap Rock, the amounts actually expended to the 31st March last, and the sums then due although not actually paid, and an estimate of the monies still required to complete the work?

9.—Will the Government lay on the table a statement showing the actual cost to date of the steamer *Fame*; the monthly expenditure for wages and running expenses, interest, &c.; the number of trips she has made to the Gap Rock, and the cost per trip to and from the Gap Rock?

10.—Have the plans for the construction of the seawall of the Praya Reclamation as designed by the late Surveyor General and approved by Sir John Coode been altered in any respect since the commencement of the work?

11.—If they have been altered in any respect, what is the nature of the alteration? What additional expense (if any) does it entail beyond the sum mentioned in the Government *Gazette* of the 6th July, 1889?

12.—With reference to Government Notification No. 139 of the 28th March, 1891, from which it appears that there are various cases of default in the performance of covenants entered into on the purchase of Crown Lands, will Government lay on the table a detailed list of the Lands referred to in that Notification, specifying as regards each lot, —the date of sale, the name of the purchaser, the name of the successive assignees and of the present tenant, the area, the premium, the annual Crown rent, and the nature of the covenants unperformed.

The PRESIDENT—In reply to the hon. member I may state that the answers to questions 1 and 2 have been printed and circulated. The reply to No. 3, which must really be read with No. 4, is that no new works have been begun which have not been provided for in the estimates, and it has therefore not been necessary to call together the Public Works Committee. With regard to question No. 4, His Excellency the Governor can give no pledge on this subject which will bind his successors, but recognising the unsatisfactory nature of the system hitherto prevailing, His Excellency intends for the present, by way of experiment, to lay before the Public Works Committee detailed plans and estimates of all works estimated to cost \$3,000 and upwards previous to asking a vote for the same in the Legislative Council. The Governor also intends to lay before the Committee, when he receives them, the details of estimates for important works, such as the Central Market, though the vote for the same has already been allowed. With reference to question 5, the examination and checking of accounts have been dealt with according to the Model Instructions, which are being supplemented and amended by Financial Instructions, which will be very shortly approved. The Colonial Treasurer reports that he will recommend an increase of the staff of the Treasury in order to enable it to satisfactorily undertake the duties with regard to the examining and checking of accounts. When that addition is made the Colonial Treasurer sees no difficulty in carrying out the work efficiently. With regard to the sixth question, the duties of the Treasury Department and the Treasurer are described in the Instructions I have already quoted. The President read the Instructions.] With reference to the next series of questions asked by the hon. member, in reply to the first of these I have to say that the Governor has no knowledge that the audit system recently introduced in Hongkong is in force in Singapore or Ceylon, but has information that it is in force in Lagos and St. Lucia. As to the latter part of the question the special reasons for its being instituted in this Colony are stated in a paper laid before the Council on 29th November, 1889, a copy of which will be at the disposal of the hon. member if he will apply to the Clerk of Councils. I must ask the hon. member to excuse replies to questions 8, 9, 10, and 11 for the present, as they deal with matters of detail and scarcely sufficient notice has been given to permit

of the necessary information being compiled. With regard to question No. 12 having reference to the Government notification as to the performance of covenants in connection with the purchase of Crown land, His Excellency the Governor regrets that he does not see his way to supply the information to the hon. member.

THE PUBLIC WORKS COMMITTEE.

The PRESIDENT—It has been brought to the notice of His Excellency the Governor that there is a vacancy on the Public Works Committee owing to the absence of the Hon. C. P. Chater. I have therefore by direction of His Excellency to move that the Hon. Ho Kai be appointed in his place.

The ATTORNEY-GENERAL seconded.

Carried.

THE MILITARY CONTRIBUTION AND THE INCREASED SALARIES.

Hon. T. H. WHITEHEAD rose to move the following resolution:—"That in consequence of the enhanced military contribution still demanded by the Imperial Government this Colony is not in a position to pay the increased salaries recently recommended by the unofficial members and that the Secretary of State be requested by telegram to withhold his sanction" The hon. member said:—I have to thank His Excellency for acceding to my request for the postponement of the discussion of this motion. It was not asked for because of any doubt or uncertainty in my mind as to the facts and figures on which the resolution was deliberately based, or because of any hesitation as to the wisdom and propriety of the position taken up. I asked for an adjournment that the figures might be officially before the Council and the public in such form that the correctness of my statements might not be questioned. I shall endeavour to satisfy hon. members that the position is not untenable, that the motion has not been the outcome of any sudden impulse, or of anything worse, and that in the result, it will strengthen, not weaken, as His Excellency seems to think, the hands of the unofficial members in their protest, their most respectful and moderately worded protest, against the enhanced military contribution. This resolution will have the further advantage, whether intended or not, of giving His Excellency and the hon. the official members of this Council a legitimate opportunity of discussing the general financial situation, and of demonstrating, if it is possible to do so, the ability of the colony to bear even heavier burdens than those now imposed upon it. His Excellency has twice reproached the unofficial members with their refusal to discuss this question during the course of our recent debates on the revote of the military contribution for 1890. I hope you will not find them backward now, but I adhere to the opinion that such discussion was out of place on the question of the revote. I cannot agree with His Excellency in

the assertion that the demand of the Imperial Government for the payment of the extra £20,000 was based upon new and general grounds. That statement is not borne out by the Secretary of State's telegram and despatch of the 13th February last. Lord Knutsford simply demands payment of money already voted but unpaid. The Hon. the Colonial Secretary, the Hon. Captain Superintendent of Police, and the Hon. the Attorney-General. each and all have declared that it was simply and solely a re-vote, nothing more and nothing less than a re-vote. It may be correct to say this year's enhanced military contribution has been asked for on other grounds than the promised increase of the Garrison, but this cannot with truth be said with reference to 1890. With regard to that vote there has been a deliberate breach of faith and a glaring violation by the Imperial Government of a solemn agreement with the Colony, and His Excellency will not find a dozen persons in the is and who will agree with him that there has not been. I cannot concur with His Excellency in the opinion that I must abandon this motion if I am not prepared to assert and prove that the Colony is not in a position to pay the increased rate of salaries as well as the enhanced military contribution. I may be of opinion that in this year, or perhaps the next, the Colony is in a position, without grievous loss or hurt, to bear the double burden, and yet be of opinion that the Colony will not in the near future be able to support the present increased army of officials at the higher rates of pay. From the official statement laid before the Council to-day it appears that salaries for 1891 will aggregate \$758,139, as compared with \$655,233 for 1890 and \$547,650 for 1887. I may further and do think that, unless the Colony can see its way not merely to pay these salaries this year and next, but for several years to come, it would be unjust and unfair to colonists and officials alike to grant an increase of salaries that three or four years hence may have to be reduced to their present or even to a lower level. The question for debate now is not, Is the Colony able to pay these increased salaries this year or next, but are our prospects in the near future such and so assured that we shall be able to continue to pay these enhanced rates of salary permanently. We are not giving a bonny out of the realized profits of a few good years to our official servants, but we are binding the Colony to pay these increased rates for years to come. We may vote the military contribution this year, and contemplate the probability that next year we shall be unable to pay it. We cannot deal that way with the question of salaries. We bind the Colony for years to come. These salaries cannot be reduced without the greatest injustice, and except under the pressure of the most urgent necessity. There are two points for consideration, the propriety of the proposed increase of salaries, and our ability to pay and

to continue to pay this increase. The unofficial members have cordially recognised the propriety and justice of an increase of salaries. It was on their recommendation it was authorized they are not wavering on that point, but on second thoughts they begin to doubt the ability of the Colony, to pay the increased rate of salaries over a course of years, and the wisdom of granting them, if in a few years they may have to be reduced. I am of opinion that the officers of the Government have fair grounds for asking for an increase of salaries, if the Colony can afford to pay such increase, but I think the Council ought to be satisfied not only, that it is able to pay them this year and next, but for some years to come. From the latest official information furnished to the Council there is an estimated deficit of about \$100,000 in our finances at the end of this current year. Therefore I do not see how we can honestly pay the heavy increase in salaries even this year. I see no prospect in the near future of wiping out that deficit. It seems to me that it must increase. It was in the early part of 1889. I think, that this question of an increase in salaries took form and that a Committee was appointed by His Excellency to investigate and report on it. What was the position of this Colony, or rather our estimate of its position and prospects when this question of salaries was first mooted? It is set forth in His Excellency's brilliant despatch of 31st October, 1889, to the Right Honourable the Secretary of State. Lord Knutsford. His Excellency in that despatch was able to refer to the great wealth of the Colony; to the 39 millions of dollars of deposits in the local European and Chinese Banks; to the market value of all registered companies in Hongkong 63 millions of dollars and over, and to the enormous rise in the value of land, Marine lots having advanced 50 per cent, and Inland lots 15 to 20 per cent; also to the 35 new joint stock companies formed since 1st January, 1888, with capital then paid up aggregating over 9½ millions of dollars, for land investment, manufacture, and trade in Hongkong, and for mining and planting enterprises in the Malay Peninsula, Borneo, and Tonkin, His Excellency was then able to express strong hopes as to the success of nearly all these new companies, and to the certainty of a further great increase in the value of land in Hongkong leading to a great enhancement of revenue from land sales, Crown rents, and an increased volume of taxation. His Excellency was further able to refer to a vast commerce in a healthy state of progress, with prosperity extraordinary and prospects magnificent. I have almost quoted His Excellency's own words What is the state of the colony to-day? His Excellency the Officer Administering the Government in his official minute, the latest information furnished to this Council, estimates a deficiency of about \$100,000 in our finances at end of this current year. The 39 millions of

dollars of deposits in the local European and Chinese Banks have enormously decreased. Yes, by millions of dollars. I say so without fear of contradiction; a large amount of the money has hopelessly gone and been lost for ever. More is called for to save a comparatively small portion which may or may not be redeemable from total loss. Mining ventures in the Malay Peninsula, tobacco planting in Borneo, and a number of the new local enterprises have not yet yielded any return on capital invested, while many others are in course of, or on the verge of, liquidation. The market value to-day of companies registered in Hongkong and referred to in His Excellency's despatch has shrunk at the lowest estimate by a sum of ten millions of dollars. Land has fallen greatly in value, we are largely overbuilt in the city of Victoria, at the Peak, Magazine Gap, and at Kowloon; one has only to look around to realize the fact; there are scores yea, hundreds of empty houses untenanted and yielding no return on the money so invested. The position of matters can only be aggravated by Government notification of 28th March last calling for the fulfilment of covenants unfulfilled upon all sales of Government land. For some years to come there will be no great land sales, no addition to our land revenue, and there must be a diminution in the assessed taxes rents have fallen to so great an extent. The valuations of July next will prove this. About one fourth of our total revenue is derived from the opium farm, a most unstable and most uncertain source of income in the near future. His Excellency has wisely reminded the Secretary of State that the present large profit on subsidiary silver coin must not be counted on as a permanent source of revenue. The Chinese Government have now a mint at Canton, and may in time supply a larger portion of the Canton and Foochow requirements from which ports the chief demand for these coins arises. Our taxes are already very high. 13 per cent, on the rental sounds moderate but is quite misleading, for rents here are about three times more than rents at home and much higher than in most places in the East. The increase in, our garrison of 1,500 men—which was promised but only exists in the imagination of the War Office, though we have all the same to pay a double military contribution—would have brought considerable commercial benefit to the ratepayers, large sums would have been disbursed locally for rent, supplies, etc., though the public revenue might not have been largely or directly augmented thereby. The financial position of the Colony is not strong and it is doubtful if the estimated revenue for 1891 will be realised. The revenue shews unmistakable signs of instability and shrinkage, while expenditure is rapidly increasing in every direction, more particularly on public works. There are very enormously augmented salaries, and an overwhelming and appalling increase in

the Surveyor-General's establishment and increasing demands for contributions to Imperial funds, with no appearance or promise of finality. His Excellency now contends that £40,000 is a just and fair military contribution from this Colony, but has not given us any figures or arguments in support of this new contention to set against His Excellency's official statements of eighteen months ago. Trade which seemed to His Excellency in a healthy state of progress in October, 1779 is bad—undoubtedly bad. Every one will tell you so. In His Excellency's very able speech of 19th ult, he made it clear beyond doubt that although perhaps able to pay out was to-day and to sustain our increasing burdens, it was a matter of grave doubt whether the position of the Colony was an assured one, and its prosperity in the past any guarantee of its future; in fact His Excellency plainly indicated that the Colony *in re* its financial position had reached the point of danger. His Excellency told us the sad tale of the West Indian Island of St Thomas, now deserted if not dead and pointed out three of the most important causes in operation tending to our destruction, which had already hit us very hard, and of which we were not yet in a position to determine the outcome. The position of the Colony has changed very much and for the worse since this question of salaries was first mooted. The actual charge on the revenue has gone on and may go on increasing. When the Appropriation Bill for 1891 came up for the third reading the honourable member opposite (Mr. Keswick) informed this Council (in a speech I have now before me) that the original Select Committee of which he was a member contemplated a total annual increase in salaries of about \$10,000. The actual increase for 1891 has now swollen to the simply appalling amount of \$102,906 since last year to \$217,489 more than in 1887 or four years ago. In short, salaries now amount to one-third of our total revenue. Much better for the Colony much better for the officers themselves, to grant no increase of pay, if a few years hence there must be a reduction through our sheer inability to pay. The question is still under the consideration of the Right Honourable the Secretary of State, Lord Kuntford and therefore still open. By agreeing to this resolution unofficial members would not be guilty of inconsistency, nor would they thereby stultify themselves in any way. Let us wait at least before charging the Colony with this larger additional permanent expenditure till there has been some revival in trade, some recovery in values, some definite indications that the sad fate which overtook the Island of St. Thomas, and with which His Excellency has threatened us, may not be ours. In view of all the altered circumstances of the Colony for the worse I feel justified in moving this resolution.

Hon. P. RYRIE—Mr. President, I rise to

second Mr. Whitehead's resolution. He has certainly gone into the whole question in a most exhaustive manner and I quite agree with him, that with our increased expenditure we want to do a little retrenchment. It is rather an ungrateful thing to do, what is proposed in the resolution, but still we think it necessary it should be done. We have to look to our ways and means now, and these salaries cannot be paid for some time, they may be reconsidered by and by, but our ways and means are not very flourishing at present with this military contribution upon us. I have much pleasure in seconding the resolution of the hon. member on my right.

Hon. J. J. KESWICK—I rise for the purpose of moving an amendment to the motion of my hon friend Mr. Whitehead. I do so because I am unable to recognise the reason given, in the resolution why the salaries should not be increased as altogether logical or correct. As I said in this Council on a former occasion. it is a very ungrateful and unpleasant task to discuss questions like this, which in some respects is personal, or at all events has a personal application, but I cannot shut my eyes to the fact that as I mentioned in this Council in December last, a mistake has been made in the amount of the increase of salaries recommended. The amount recommended by the Committee was only \$10,000, and instead of that sum, which would have shown a very moderate percentage of increase, salaries have been increased to the amount of 35 percent. I quite feel that it is desirable in the public interest to tackle this question without delay and recognise that a mistake has been made and ought to be remedied while there is yet time, and it is for that reason I take advantage of the opportunity now afforded me, which I did not expect to have in December. I feared the matter was then complete. I think all the unofficial members felt with myself that a right and proper increase of salaries was necessary. I feel so still. But the resolution of my hon friend opposite reads "that in consequence of the enhanced military contribution" the colony cannot pay the increased salaries recommended. I view the matter quite differently and consider that it is in consequence of a great many extraordinary expenses we have that we are unable to grant this increase. I suppose there never was a time in the history of the colony when the enormous demands for public works and general expenditure were so great in comparison, with its shrinking revenue. I am satisfied that the revenue of the colony is declining, and it is on these grounds I consider this increase to official salaries of 35 percent, should be reconsidered and what may be regarded as an adequate increase only be given in its place. I am not aware that there is anything I need say further in moving the amendment except that I do so on the grounds that the motion of the hon.

member is not wide enough in its scope. I would therefore propose, sir, that the following amendment be adopted : —"That in consequence of the increase to official salaries being greatly in excess of what was contemplated by the Committee specially appointed to consider the subject, and the ever-growing Government establishments to which the increase would apply, and in view of the fact that the declining revenue of this Colony will not be equal to so great a strain upon it for the enormous public works in progress, besides the other impending and urgent necessities of the Colony and the increased military contribution, it is desirable that the Secretary of State be asked by telegram to withhold his sanction to the proposed increase until the amount can be reconsidered."

Hon. HO KAI—I have much pleasure in seconding the amendment of the hon. member opposite. I think the wording of the amendment is a great improvement on the wording of the resolution, although they both point to the same end and have the same meaning. I think the hon. member who moved the resolution must see that the amendment has the advantage over the original motion in that it sets forth really and truly the considerations which have influenced us in asking that the increase in the official salaries should be reconsidered. In the able speech of the hon. member who proposed the resolution it was clearly shown that the ground for moving it is not wholly the increased military contribution; in fact, the hon. member touched upon all the vital ground, on which the resolution is based, namely, the shrinking revenue of the Colony, the enormous expenditure on extraordinary public works, and many other things, and I am sure the hon. member will readily agree to the substitution of this amendment for the original resolution, I would also mention in connection with this amendment that it shows that at all events we have considered the question thoroughly and have considered all the grounds upon which the reduction in the increase to salaries has been resolved upon. It also shows we are not actuated by a retaliatory spirit just because the military contribution has been carried against us. That is not our reason, but it is really on mature consideration of the ways and means of the Colony, of the probable revenue in the future, and of the expenditure.

The ATTORNEY-GENERAL—Sir, I am endeavouring to share off the feeling of intense depression which came over me as Mr. Whitehead drew such a terrible picture of the future of this colony, a picture so different from that drawn some two years ago by His Excellency the Governor. May we not hope that somewhere between the two lies the proper light and shadow to throw over the scene now? Can we believe the colony is in such a terrible condition as the hon. member would have us believe? For my part I take a more hopeful view of the future

of this colony. It is certainly an embarrassing position in which the official members, or most of the official members, are placed. It is certainly not a nice thing to have to discuss in public the question whether one's salary should be increased or not. One might be thought to be a biased party. I have at least one advantage, because my salary is not affected in any way by the recent recommendation of the unofficial members. Therefore I can speak without any personal feeling in this matter. Now I should like to put another view of this case. The resolution which the hon. member proposes states that the increased salaries were recently recommended. I ask, what is the difference between the prospects of this colony at the date when that recommendation was made by the unofficial members and its prospects at the present date? Was it all sunshine and brightness then, was the future so clear before us a few months ago, and is all so dark, so sombre, so sad now? What has occurred in the meantime? Why, that the unofficial members have been beaten on a vote by a small official majority on the army vote.

Hon. P. RYRIE—No, no.

Hon. T. H. WHITEHEAD also expressed dissent.

The ATTORNEY-GENERAL—The unofficial members now say by the resolution—I am speaking of the resolution, not the amendment—"that in consequence of the enhanced military contribution" the Colony is not in a position to pay the increased salaries. And the hon. member is very particular that when once a reason is given it should not be departed from. He pinned the Secretary of State down to that one reason which he gave for the enhanced military contribution, and he himself must stick to the reason he has given. The reason he gives us why the increase should be withheld is in consequence of the enhanced military contribution. If these 1,500 men alluded to sometime ago by the hon. member as phantom men, as they did not appear—if these 1,500 men had arrived here would that have made any difference, any material difference, to the revenue of this Colony? Can any hon. member honestly—I don't mean honestly, because we know they are all honest and straightforward—but can they say in their inmost minds that if these 1,500 men had arrived there would have been any objection to paying that enhanced military contribution, and if they had arrived can hon. members say in their inmost minds this resolution would ever have appeared on the paper? It seems to me that the arrival or not of these 1,500 men has nothing to do with the capacity of this Colony to pay a certain sum. It seems to me that recommendation having been so recently made nothing has occurred since to justify us in making such a complete *volte face* as is desired by the hon. member who moves the resolution.

Hon. T. H. WHITEHEAD—Before replying to the remarks which have been made by the

Attorney-General I am desirous, with your permission, that the amendment be substituted for the motion I made.

The PRESIDENT—I don't think you can quite do that, but you can express your approbation of the amendment and naturally your vote will follow the expression of your approbation.

Hon. T. H. WHITEHEAD—Then I would say a few words in reply to the remarks which have been made. It has been stated that I have drawn a terrible picture of the position and condition of this colony. Terrible it is and I am sorry to think there is such a very great deal of truth in the remarks which I made. The future of the colony, on the authority of His Excellency the Governor, is not assured. His Excellency the Governor pointed out three causes, three most important causes, at work tending to our destruction, and His Excellency plainly stated that we were not yet in a position to determine the outcome of these causes at work. A great many changes I think, have come over the colony since December. A number of the new companies which were supposed to have a brilliant future before them have since gone into liquidation and there are increased signs of the shrinkage of our revenue. If the 1,500 extra men promised to our garrison had arrived I can honestly say that I would still hold pretty nearly the same view that I do to-day and that I would not have hesitated to give notice of the resolution I have moved to-day. The resolution, I think, is one that is justified by the altered circumstances of the colony.

The ACTING COLONIAL SECRETARY—Hon. members, as it has already been observed this is at first sight a very delicate question for any official member to express an opinion upon, but by a fortunate combination of circumstances it so happens that the salaries of the hon. official members on my left (the Attorney General and the Surveyor General) and the Colonial Treasurer on my right are not in any way affected by this proposed increase. Therefore the votes of these three gentlemen must be taken as perfectly in partial. I will now come to my own case. Taking the rate of exchange as it was yesterday and taking away as the recent resolution did the privilege of remitting part of my salary at 4s. 2d., I find that the net gain to me by the increase of salaries will be some \$300 per year. I do not think that \$300 a year is a sum that will be considered to bias my opinion one way or the other. There only remains one member of Council who might possibly be affected (the Registrar-General), but as hon. members have already reduced his proposed salary from what was recommended by the Secretary of State to what they recommend now as a fair salary I also think his vote may be considered as fairly impartial. Now, gentlemen, turning to the question of the amendment, I find that the hon. member who proposed it states that it was the intention of

the Committee to recommend an increase of 10 percent, all round. I am afraid the hon. member has not refreshed his memory by looking at what he signed.

Hon. J. J. KESWICK—I said an increase of \$70,000.

The ACTING COLONIAL SECRETARY—Yes, and that is about 10 percent. The report says "(a) That the salaries of officers selected in England or holding offices which are usually filled up by officers so selected, having been originally fixed on a sterling basis when the dollar was worth 4s. 2d., should be raised to the amount in current dollars equivalent to their original sterling value. The privilege enjoyed by a few officers in this class of remitting at the par of exchange should be withdrawn and all such officers put on an equal footing." (c)"That the salaries of other officers who have suffered from the depreciation of the dollar but who as a class may be deemed to be domiciled in the east should be increased by 20 percent." Now, gentlemen, what is the value of the dollar to-day? 3s. 2d. What is the difference in percentage between 3s. 2d. and 4s. 2d? 24 percent. There is no doubt about that; it is a mere fact of arithmetic, and hon. members having recommended that these salaries should be increased 24 percent. I can scarcely believe they were not aware—because in 1889 the exchange was very low —what would be the result of their recommendation. Then there is another point although it is not at present in the knowledge of the Council, but I think it will appear in the *Government Gazette* to-morrow night, and that is that we have received the reports of the actual expenditure and revenue of last year, and I believe that for the first time for three or four years, notwithstanding that in those three or four years we had the advantage of a loan, owing to the very great care manifested over the expenditure the revenue exceeds the expenditure. That is, I think, a very satisfactory state of affairs indeed. Then again if hon. members recollect when we considered the estimates last year the estimated revenue for 1891 was a little over \$2,000,000 and the estimated expenditure was \$1,700,000 in round numbers. Therefore as far as the ordinary expenditure of the colony is concerned there would be a net balance to the colony of \$300,000, the so called deficit being caused by the immense sums voted for extraordinary public works. But it must be borne in mind that the majority of these extraordinary works are remunerative works, markets and things of that kind, which will according to the estimates that have been made bring in a satisfactory percentage on the amount expended. I am therefore unable to take such a gloomy view of the revenue of the colony as is taken by some of the hon. members. Then again I cannot follow the logic of this motion. First of all the hon. member who proposes the resolution compares actual expenditure

with estimates. Surely that is a fallacious test. As a rule the difference between the estimated expenditure and the actual expenditure is something like \$20,000 a year. Then again the hon. member makes no reference whatever to the new offices that appear in these estimates. For instance, nurses at the Civil Hospital \$1,600, four more European constables \$2,400, turnkeys \$2,400, Colonial Treasurer, making allowance for the previous salary, \$2,800, two or three clerks \$5,000 owing to the transfer of the Audit Office, and increase to the Observatory \$2,000. Now, all these amounts should be brought in to account, and surely when the hon. member brought forward all those reasons why there should be no increase of salaries he ought to have shown the other side of the balance sheet, the gain of \$16,000 from the abolition of family remittances. Comparing the salaries for 1890 with the estimated salaries for 1891 there is only a difference of \$76,000 and from that \$76,000 you have to deduct \$37,000, \$16,000 that are saved by these family remittances and as much that must be placed to the credit of new offices. Therefore the absolute difference is \$44,000, That is the net increase on salaries for this year, and hon. members may remember that when we considered this question in Finance Committee, I said the probable increase would be about \$50,000 Now, gentlemen, taking that as a fact, that the real increase in salaries is only \$44,000 and that we are called upon to pay this additional sum for military contribution, which amounts to \$114,000, I must say I should have expected the hon. member to have brought forward some exhaustive motion which would have asked this Council to find some means of making up the whole. But not a word as to that came in. Then, again, I must say I should have expected, considering the hon. member voted for the Widows and Orphans' Bill and for the Ordinance for the abolition of the Civil List, that he would at least by the motion have asked that the Government would in addition to repealing the Appropriation Bill for 1891—for that is practically what this resolution comes to—bring forward a Bill to reseat the Ordinance cancelling the Civil List Ordinance, which was the Magna Charta of the rights of the Civil Servants of the Colony, and also a Bill to repeal the Widows and Orphans' Bill, which compels a great number of those obtaining the increase of salaries to subscribe to the fund. Then, again, the hon. member who has proposed the resolution says this question was not brought forward as a matter of impulse, and, of course, we accept his statement, but it so happens that we are enabled to fix the fact that this change of view as to salaries must have taken place some time since the 25th February last, in other words that this change of opinion—notice of this motion was given a fortnight ago—must have taken place between the 25th February and 25th March. Now my reasons

for this statement are these: it so happens that the very same day on which this increased military contribution was brought forward for the contribution of Council, on that very same day the proposed increase to the salary of the present and future Governors of this colony was tabled and hon. members voted for that increase of salary to the present and future Governors without a word of dissent. Their objections to the military contribution were overruled. At the subsequent meeting of the Legislative Council what happened? The increase to the Governor was passed without a word and the question of the military contribution was postponed for one week, I think, and at a subsequent meeting the motion of the unofficial members against the contribution was negatived. Then appears the question as to whether the increased salaries have been paid. Then no sooner are the words out of my mouth that these increased salaries have not been paid, than the hon. member springs up and gives notice of the motion now before the Council. It seems to me that although this may not have been the action of impulse, yet seeing the very important interests concerned, affecting three Ordinances of the Colony, and the fact that all members of Council approved the increase of salary to the present and future Governors, amounting to some \$3,000, it might have been expected that we should have heard something about the general question at that time and that the vote would have been opposed. Under all the circumstances I must say I think the official members are in a sufficiently independent position to justify them in seeing that the interests of the other members of the Service are not passed over on this occasion, and I think considering the hardships several of them especially the older officers of the service have gone through in the last twenty or thirty years by seeing the purchasing value of their salaries year by year diminish, without any fault on their part or without being able in any way to check it, that every member here is perfectly justified in voting against not only the amendment but the resolution.

Hon. P. RYRIE said with reference to the Hon. J. J. Keswick, he had been absent from some meetings of the Committee appointed, but that he was able to vouch for his having held only one opinion on the matter, he having expressed that opinion more than once to him.

The PRESIDENT said he had only referred to what appeared over the signature of the hon. member.

The Council then divided on the Hon. J. J. Keswick's amendment.

FOR.	AGAINST.
Hon. T. H. Whitehead	The Surveyor-General
Hon. Ho Kai	The Registrar General
Hon. J. J. Keswick	The Colonial Treasurer
Hon. P. Ryrie	The Attorney-General
	The President

The PRESIDENT—The amendment is lost.

Hon. P. RYRIE—And the original motion stands.

The PRESIDENT—Not in this case. The Council will now divide on the original motion

Hon. T. H. WHITEHEAD—I do not quite understand, I have already given my vote.

The PRESIDENT—A resolution was proposed and then an amendment was proposed. According to the rules of this Council the amendment is put first and the resolution afterwards. The amendment having been lost the original resolution now becomes the question before the Council. I have therefore to ask the Council to vote on the original question.

The Council then divided on the Hon. T. H. Whitehead's motion: —

FOR	AGAINST
Hon. T. H. Whitehead	The Surveyor-General
Hon. Ho Kai	The Registrar-General
Hon. J. J. Keswick	The Colonial Treasurer
Hon. P. Ryrie	The Attorney-General
	The President

The resolution was therefore lost by a majority of one.

FEES FOR LETTERS PATENT BILL.

The ATTORNEY-GENERAL moved the first reading of a Bill to provide for the making of a table of fees to be taken in connection with the grant of Letters Patent in this Colony. He stated that in England and in most of the colonies he was acquainted with a proper table of fees existed, but in this Colony there did not seem to be any special provision giving the power to make a table of fees. It might be taken that the licence would not be granted unless the fees were paid, but he thought it better that power should be given in the Council to draw up a fixed table of fees.

The COLONIAL TREASURER seconded.
Bill read a first time.

THE GAMBLING BILL.

The Council went into Committee on this Bill.

Hon. HO KAI—I see by the copy of the Bill before us that a number of alterations have been made and I think the consideration of the Bill should be adjourned until we have had time to read these alterations through. I see that the definition of a gaming house has been altered and section 3, which states under what circumstances a club may be deemed a gaming house, has also been amended. These are very important parts of the Bill and I think it would save time ultimately if we were allowed time to consider the alterations made.

The PRESIDENT—I think perhaps we might go on with certain portions of the Bill. Of course to doubt the *crux* of the Bill, so to speak, is the definition of a gaming house and Section 3. I think we might go over the other clauses and leave these over.

Hon. HO KAI—I think it would be better if the whole stood over. Speaking for myself if this definition and Section 3 were satisfactorily settled, I think probably there might be no opposition to the other clauses and we might pass them in very little time, but the whole thing appears to depend on these two questions.

The PRESIDENT—How long has the amended Bill been in the hands of members.

Hon. HO KAI—We have only just seen it.

The PRESIDENT—Under those circumstance I have no hesitation in acceding to your request that the consideration of the Bill be postponed.

ADJOURNMENT.

The Council adjourned.