

16TH MARCH, 1911.

PRESENT:—

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

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL C. A. ANDERSON, C.B.

HON. MR. C. CLEMENTI (Colonial Secretary).

HON. MR. W. REES DAVIES, K.C. (Attorney-General).

HON. MR. A. M. THOMSON (Colonial Treasurer).

HON. MR. W. CHATHAM, C.M.G. (Director of Public Works).

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

HON. Capt. F. W. LYONS (Captain Superintendent of Police).

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

HON. MR. WEI YUK, C.M.G.

HON. MR. E. A. HEWETT.

HON. MR. E. OSBORNE.

HON. MR. H. KESWICK.

MR. R. H. CROFTON (Clerk of Councils).

Minutes

The minutes of the last meeting were read and confirmed.

New Member

Capt. F. W. LYONS took the oath and assumed his seat as a member of Council.

Financial Minutes

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (No. 20), and moved that it 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. 3), and moved its adoption.

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

Liquor Duties Increased

THE COLONIAL SECRETARY — Sir, under rule 10 (h) of the Standing Rules and Orders of this honourable Council any motion the urgency of which is admitted by the President and two-thirds of the members present may be made without previous notice. Your Excellency, as President of the Council, has authorised me to state that you admit the urgency of the motion which I desire to make, and I therefore beg leave of hon. members to lay the resolution which I hold in my hand upon the table and to move its adoption. The resolution amends the existing duties on intoxicating liquors imported into, distilled, made or prepared in the Colony; and, if I am given leave to move it, I hope to satisfy the Council that it is one of great urgency.

The urgency of the motion was admitted and the Colonial Secretary was accorded permission to proceed.

THE COLONIAL SECRETARY—I beg to thank hon. members of the Council for their support, and without further preface I lay upon the table the resolution in question. Its object is to increase the duties on intoxicating liquors—European and native—and if hon. members will be good enough to turn to section 41 of the Liquors Consolidation Bill, which was left in Committee at the last meeting of the Council, and to follow my remarks with that section before them, I hope to make clear the nature and effect of the proposed amendments. Section 41 gives (with one small modification) the existing

liquor tariff. The modification is that, whereas hitherto champagnes have been differentiated from "all other sparkling wines," it is now proposed to group champagnes and other sparkling wines in the same class and charge them with the same duty. I may say, Sir, that the total duty for twelve months on other sparkling wines was only \$858, and that it does not seem worth while to make a special class for so small an item. Moreover, as sparkling wines are expensive and are the rich man's drink, there appears to be no sufficient reason for discriminating between them and champagne. I will now, Sir, with your permission, take the items in Section 41 *seriatim*. On all brandy and liqueurs the present duty is \$3.60 per gallon. This will be raised to \$4.20, an increase of 60 cents per gallon, and the estimated increase in revenue will be \$3,000 per annum. The duty on whisky will be raised to \$3 per gallon, another increase of 60 cents, resulting in an estimated increase of \$12,000 per annum in revenue. Gin will be placed in the same class as whisky and charged the same duty. This will produce, we believe, an additional \$15,000 per annum, but possibly if increased duty results in decreased consumption the item may prove to be over-estimated. The duty on rum and other spirituous liquors has been raised by 30 cents, and will be \$1.50 per gallon. The consumption is, however, small and the additional revenue produced will only be \$500 per annum. There will be an increase of 60 cents in the duty on champagnes and other sparkling wines; that is to say, the duty will be \$3 per gallon, resulting in an estimated increase of \$4,000 per annum in revenue. On port, sherry, and madeira there will also be an increase of 60 cents, making the duty \$2.40 per gallon, and producing, we expect, an extra \$3,000 per annum. The duty on all other still wines in bottle is increased by 30 cents, making the duty \$1.50 per gallon, and yielding an estimated increase of \$2,500. Finally the duty on other still wines in wood is doubled, making \$1.20 per gallon and producing an estimated increase of \$7,000 per annum in revenue. The duty on "all other intoxicating liquors, excepting spirits of wine and native wines and spirits," has been left unchanged. Neither has any change been made in the duty on spirits of wine and arrack. The effect, therefore, of these alterations, if

they meet with the approval of the Council, will be to increase the revenue derived by this Government from European liquor by some \$47,000 per annum. Turning now to the tariff on native wines and spirits, I may say, briefly, that it is proposed to double the duty on all items, with the exception of the duty on "native liquors distilled in the New Territories (not including New Kowloon and Cheungchau) for consumption in the said Territories." This duty remains at five cents per gallon, while the other duties per gallon will become 30, 40, 50, 70 cents and one dollar, respectively. We anticipate as the result an increase of two and a half lakhs per annum in the revenue from this source. Therefore the effect of the resolution which I have the honour to lay before you will be to increase the revenue which this Government derives from liquor duties by \$297,000, or, roughly by three lakhs per annum. Before going further I should like to explain that the figures just given are taken from estimates prepared with great care by Mr. Tratman, the Superintendent of Imports and Exports. As, however, liquor duties have existed in this Colony for so short a time, the figures on which to base an estimate are very meagre. A comparison of the collection statistics for last November, December, January and February with those for the same months in 1909-1910 shows an increase of 26 per cent. in the revenue, due perhaps to the exhaustion of old stocks. But, in order to be on the safe side and to allow for possible decrease in consumption owing to the increased duties, Mr. Tratman in framing the estimate allowed for an increase of 15 per cent. only over last year's figures. There is proverbial danger in counting one's chickens before they are hatched, and, if I may venture to say so, not a few unintelligent anticipations of events before they occurred have already been made in this Chamber with regard to the liquor revenue. But it is sincerely to be hoped in the interests of this Colony that an estimate of three lakhs as the annual addition made to the public revenue by this resolution will prove to be too cautious, rather than too sanguine, a calculation: and, if you ask me why, I will beg you to refer for a few moments to the Colonial Estimates for the current year. You will find, Sir, on page 19 of the estimates that the total expenditure of this Government in 1911 is calculated to be

\$7,385,320; while on page 5 the revenue for the current year is placed at \$7,086,383. Therefore, a deficit of \$298,937, or, roughly speaking, three lakhs, appears on the face of our budget this year. Your Excellency informed the Council at its last meeting that the Imperial Government would make a contribution of £12,000 to this Colony during 1911 on account of the loss of opium revenue. This sum converted at 1/9 to the dollar, the rate of exchange at which the estimates for this year were calculated, amounts to \$137,143. Therefore, even after allowing for the Imperial contribution, we have to face a deficit of \$161,794, more than a lakh and a half. If you will now turn to page 9 of the estimates, you will see that a sum of $7\frac{1}{4}$ lakhs is set down as the gross revenue we expected to derive from liquor duties in 1911. But, according to a recent report made by the Superintendent of Imports and Exports, the utmost we can hope to collect during the current year, after allowing for a 15 per cent. increase on last year's figures, will only be between $5\frac{1}{2}$ and 6 lakhs. Therefore, at least another lakh and a quarter must be added to the deficit, which becomes \$286,794. Moreover, as military contribution has to be paid on the gross revenue collected, and as under this resolution (if adopted) the gross revenue will amount to six lakhs plus three lakhs, that is to say, nine lakhs instead of the $7\frac{1}{4}$ lakhs which appear in the estimates, we shall have to pay the Imperial Government twenty per cent. on the balance of one and three-quarter lakhs, that is to say, a sum of \$35,000. The deficit thus becomes \$321,794, more than three lakhs. Therefore, if during 1911 we contrive to raise an additional three lakhs by increasing the liquor duties, we shall not quite cover the deficit. Unfortunately, however, it is almost certain that in 1911 we shall not derive an additional three lakhs from this source. Seventy-five days of this year have already been lost, and, when due allowance is made for this fact, Mr. Tratman reckons that during the remainder of the year we shall only get an extra \$38,000 on European and \$185,000 on native liquor, that is to say, \$223,000 in all. Adding six lakhs to this sum, you will see that the gross liquor revenue this year will only be \$823,000. Upon the difference between this sum and the $7\frac{1}{4}$ lakhs in the budget, *i.e.*, upon \$98,000, military contribution amounting to \$19,600

must be paid. The net proceeds of the revised tariff in 1911 will, therefore, be only \$203,400 and we shall have to face at the end of the year a deficit of \$118,394. I take leave to add, as it is a point to which we shall have to recur presently, that the figures quoted by me make no allowance whatever for the payment of rebates either to the naval or to the military authorities; because, frankly, we cannot afford to pay such rebates. It only remains for me to explain the reason why no notice of this resolution could be given. Hon. members will recollect that, when in the autumn of 1909 a Bill was introduced and passed through this Council imposing for the first time in the history of the Colony duties on intoxicating liquors, the immediate result was that the liquor dealers raised their prices to the general public from the date on which the Bill became law, but that as old stock was not taxable, and as, owing to the considerable notice given, much liquor was rushed into the Colony from the neighbouring ports before the tariff took effect, the proceeds of the tax went largely, not to the Government, but to those engaged in the liquor trade. Consequently, whereas we estimated that a gross revenue of six lakhs would be obtained from this source in 1910, the sum actually collected was only \$443,900. Warned by this example, the Government wishes on the present occasion to ensure that the proceeds of the increased tariff shall go to the public revenue and not to private merchants; and it will be obvious to hon. members that, unless the new tariff takes effect to-day, liquor dealers can pay duty at the present rates on all liquor now in bond, take the liquor out of bond, and then re-stock at their leisure. If this were done, the Government would not benefit by the new tariff until the whole supply of duty-paid liquor was exhausted; while in the meantime it is not improbable that as on the last occasion, the price to the general public would be raised from the date of the new tariff. I am sure that everyone here present will agree that such rendering to Bacchus of the things which are Caesar's could not be contemplated with equanimity a second time. This, Sir, is the first occasion on which it has been my duty to address this hon. Council at any length, and I greatly regret that on such an occasion I should have to move a resolution affecting in a greater or less degree
t h e p o c k e t o f

everyone of us, and perhaps hitting your Excellency harder than any other member of the community. But the exigency of the financial situation is such that there is no alternative but to increase taxation, and every day's delay means that at the end of the year we shall have to face a larger deficit. I beg to move the resolution. (Applause.)

Resolution.

Resolution made by the Legislative Council under the provisions of section 3 (1) of the Liquors Ordinance 1909 (No. 27 of 1909).

Resolved, that there shall be paid upon intoxicating liquors imported into, distilled, made or prepared in the Colony the duties following, namely:—

	Per gallon
On all brandy and liqueurs	\$4.20
On all whisky and gin.....	3.00
On all rum and other spirituous liquors	1.50
On all champagnes and other sparkling wines	3.00
On all port, sherry and madeira.....	2.40
On all other still wines in bottle....	1.50
On all other still wines in wood	1.20
On all other intoxicating liquors excepting spirits of wine and native wines and spirits	0.24
On all spirits of wine and arrack ...	3.00

On all native wines and spirits:—

(a.) \$0.30 cents a gallon on the native liquors known as Liu Pun and Sheung Ching and on the following sweetened, prepared and medicated wines:—

No Mai Tsau, Hak No Mai, Mau Kan, Yuk Lan, Ning Mun Tsau, Tsing Mui, Muk Kwa, Sun Fung, Wu Tau, Shüt Li Tsau, Shan Kat, Lung San Tsau, Tei Kuk, Sam Pin, Tit Ta, Fung Shap and Wai Shang.

All such liquor shall contain not more than 25 per cent. of alcohol by weight.

(b.) \$0.40 cents a gallon on the native liquor known as Sam Ching, containing not more than 35 per cent. of alcohol by weight.

(c.) \$0.50 a gallon on the native liquor known as Fa Tsau and on the following sweetened, prepared or medicated wines:—

Ng Ka Pei, Mui Kwai Lo, Sz Kwok Kung, Fu Kwat Muk Kwa, Yan Chan Lo, and Ko Leung Kon.

All such liquor shall contain not more than

45 per cent. of alcohol by weight.

(d.) \$0.70 a gallon on the native liquor known as Fan Tsau, if containing 50 per cent. or under of alcohol by weight, with the addition of two cents for every one per centum between 50 per cent. and 55 per cent. of alcohol by weight,

(e.) \$1.00 a gallon with the addition of eight cents for every one per centum above 55 per cent. of alcohol by weight on any native liquor containing above 55 per cent. of alcohol by weight.

(f.) \$0.05 per gallon on all native liquor distilled in the New Territories, not including New Kowloon and the Island of Cheung Chau, for consumption in the said Territories.

Further resolved that:

(1.) On native wines and spirits declared or labelled as belonging to any of the above divisions the appropriate duty therein laid down shall be paid except that on any native liquor however declared or labelled found by the Government Analyst or such person as the Governor may from time to time appoint in that behalf to contain more alcohol than is permitted in the division to which it is declared or labelled as belonging, there shall be paid the appropriate duty of the division in which the amount of alcohol found has placed it: each division in such case shall represent native liquor of the limit of strength in alcohol therein stated and irrespective of any definition or description of such liquor, and on any native wines and spirits not declared or labelled as belonging to any division there shall be paid the duty appropriate to the division in which the amount of alcohol found by the Government Analyst or such person as the Governor may from time to time appoint in that behalf has placed it.

(2.) Stills in the New Territories (not including New Kowloon and the Island of Cheung Chau) shall be prohibited from sending liquor produced in these stills to Hongkong or to New Kowloon: provided that any licensee of a distillery who desires to send such liquor to Hongkong or New Kowloon may be granted a permit to do so, upon payment of the duties charged in Hongkong or New Kowloon.

(3.) On intoxicating liquors, other than spirits of wine, arrack and native wines and spirits, imported into, distilled, made or

prepared in the Colony above proof strength there shall be paid an additional duty of 4 cents for every degree above proof in the case of brandy, 3 cents for every degree above proof in the case of whisky, and 2 cents for every degree above proof in the case of any other liquor.

The resolution made by the Legislative Council under the provisions of section 3 (1) of the Liquors Ordinance, 1909, on the 2nd day of December, 1909 (published in the *Government Gazette* of the 3rd day of December, 1909, Government Notification No. 769), is hereby cancelled.

THE COLONIAL TREASURER seconded.

HON. DR. HO KAI—Though not opposed to the resolution *in toto* there are some items which press very harshly on a very large section of the poorer classes of the Chinese community, and I feel it my duty, unless they are altered, to oppose the resolution. We have just heard from the Colonial Secretary that the increase on European wine only amounts to about \$40,000 a year, whereas on native wines and spirits the increase comes up to $2\frac{1}{2}$ lakhs of dollars. That is to say, roughly, six times as much. To me, Sir, it seems to be an extremely unjust and unfair arrangement, and unless the figures are altered I am afraid myself and my colleague opposite will have to oppose the resolution on behalf of the Chinese population. Take the item on native wines and liquors known as liu pun and sheung ching. These are consumed by the coolie class. The better class with few exceptions consume a much better class of wine and a great number of Chinese now take European wines, so that the latter could bear a higher proportion of the new duty and would willingly do so. For the lower class Chinese it seems to me exorbitant that they should be asked to pay 30 cents per gallon. Now, Sir, I think in taxing the people we should remember to tax them in such a way as to make them bear a share in proportion to their means, and it seems to me that while beer bears a duty of 24 cents Chinese wine should not pay anything like 30 cents per gallon. No doubt it is necessary, to raise additional revenue, and if the Government are going to raise it by increasing the duty on liquor I hope they will get a better scale than the present one. I had no idea that this was

coming on. It was a surprise to me, and I had not the slightest chance of obtaining any information about the details of the resolution. I don't think we can rush it through to-day. We want one or two days to discuss it. I quite appreciate the point raised by the Colonial Secretary, but at the same time I consider it is very bad to establish a precedent of this kind.

THE HON. MR. HEWETT—Your Excellency, in bringing forward this resolution now before the Council the hon. Colonial Secretary referred to many points relating to the general finances of the Colony; therefore I presume I am also entitled to refer to them. In the first place, I say that half a loaf is better than no bread. We got £9,000 for the first year, £12,000 for the second, and possibly by the gracious goodwill of His Majesty's Ministers at Home we may get £12,000 for the third year—

HIS EXCELLENCY—It is promised in the telegram which I read to the Council at the last meeting.

HON. MR. HEWETT—All right, Sir. £33,000 for three years, in my opinion, is altogether inadequate for the very heavy financial loss which has been forced upon this Colony through the action of the Home Government. It is all very well to say that our opium divans were working from year to year on a three years' licence. Consequently the Imperial Government in ordering us to adopt a certain form of policy which I think is very unsound, and others who have lived for many years on the spot and who know a great deal more of the needs of Hongkong than His Majesty's Government also agree with me, that it is altogether inadequate. We are permanently deprived of a large proportion of our revenue through the idiosyncracies of certain people at Home. That the policy which has been adopted will reduce the consumption of opium in the Colony is very doubtful. We realise that the forcible closing of the divans has encouraged illicit smoking and has abnormally added to the work of the police, and the possibility that they had formerly of keeping under control the lower, and more particularly the criminal, section of the Colony has vanished. The question is a very important one, and seeing

this is a sort of Alsatia, criminals can disappear over the border and it is very difficult to trace them. I maintain that this comparatively trivial sum thrown us by the Imperial Government does not by any manner of means compensate us for the loss, financial and otherwise, which has been forced upon us by a policy to which most of us objected or would have objected. The question of the military contribution I will not touch upon, beyond reminding your Excellency that on former occasions I have spoken in the strongest possible manner against the undue proportion of our revenue annexed by the Home Government for the Imperial military defence of the Colony. The question has been fought out by this Council and by the Chamber of Commerce for the last fifty years, and I still consider we are unjustly treated by the Imperial Government. Coming now to the question of difference between actual and estimated revenue derived from liquor, if I remember rightly your Excellency speaking two years ago on the estimate, which had no doubt been very carefully prepared by responsible officers, put it somewhere between \$600,000 or \$700,000. I myself, having made careful inquiries from the leading wine merchants and Chinese engaged in the wine trade, considered that after the first year had passed, that is to say, after the stocks rushed in were worked off, that certainly in the second year we should get nearer one million dollars. As a matter of fact the figures show that we only got about a third of that sum. I cannot bring myself to believe that there is any other excuse for the enormous difference between the estimated and the actual amount that there must be wholesale smuggling. How it is carried on, I don't know, and I don't attempt to explain. I cannot possibly conceive how the figures which were supplied to your Excellency by officers who were thoroughly acquainted with the business in the Colony—I cannot possibly believe that, although my estimate was possibly somewhat optimistic, that they could be so hopelessly wrong. I think there is a serious leakage, and this is a point to which the attention of officials should be chiefly directed. The Bill we accepted very reluctantly. It was most distasteful to the whole Colony. We only did it because we believed that it was absolutely necessary to raise new revenue and that this particular tax on the community would be a reasonable one and would have the desired result. The desired result, a sufficient revenue, has failed us. I cannot but believe that there must be some alarming amount of leakage, and I cannot bring myself to believe that the

estimate put before us two years ago could be so far wrong. With regard to the military rebate, that was a point to which unofficial members directed your Excellency's attention when the Bill was under discussion. We considered it a very great hardship that we should have to tax ourselves with a very objectionable form of taxation to meet the loss that was forced upon us. We realise that when we get this extra revenue we have to pay one-fifth of it for the military contribution, a payment which we consider excessive. The senior unofficial member spoke of the tariff in detail. Personally I more or less accept this tariff. I have an open mind on the subject, and if reasonable argument is brought forward to show that it is inequitable in its provisions, I am perfectly willing to cast my vote in favour of its revision. As a matter of fact, as the case now stands, I think it is correct. The senior unofficial member complained that an undue proportion of the increase of the revenue which it was hoped would be obtained in the event of the tariff being passed would fall upon the Chinese. I would remind the hon. and learned gentleman that the population of this Colony is something like one foreigner to 30 Chinese. Therefore, it does not seem to me that the difference between the two sums as stated by the Colonial Secretary bears the interpretation put upon it by the hon. member (Dr. Ho Kai). Another point which I think would be admitted by hon. members if they looked more carefully is that the tariff is based on sub-section *a* dealing with the question of native wines or liquors that contain not more than 25 per cent. of alcohol by weight. I think it is admitted that no foreigner would possibly dream of drinking liquor containing 25 per cent. of alcohol, and I am perfectly certain that the Chinese, who are extremely abstemious, would water this down very considerably. Therefore, because the figures are based upon 25 per cent. of alcohol it does not show that the Chinese are overtaxed in proportion. Sub-section *b* shows the alcoholic percentage at 35, sub-section *c* at 45, and sub-section *d* at 50 to 55, so I think the senior unofficial member on reflection will see t h a t t h e p r o p o r t i o n

falling upon Chinese as opposed to the foreigner is not excessive. I quite appreciate the argument put forward by the hon. Colonial Secretary that it is advisable to bring the alteration of the Ordinance into effect as promptly as possible in order to prevent the rushing in of liquor before the new duties take effect, but I do not think it will be a serious loss to the Government to ask them to postpone the resolution for at least a week, because the amount of liquor that could be rushed in during that time would be very small and would be soon worked off. Do you suppose for a moment that it pays a merchant to rush in liquor which means cost of warehousing, fire insurance and many other charges? It cannot possibly pay a wine merchant to hold a large stock of liquor for any extent of time. I hope, therefore, Sir, that this resolution will not be passed and not become law at this meeting until the unofficial members and the community have had an opportunity of considering the alterations and expressing their views on the subject at a later meeting.

HON. MR. OSBORNE—Sir, I merely wish to express my concurrence in what has fallen from the lips of the hon. member who represents the Chamber of Commerce. I congratulate the Government upon the secrecy which has been observed in the introduction of this measure. Like the hon. senior unofficial member, it has come upon us all as a big surprise. I admit the necessity of it from the Government's point of view, but I do not admit that the loss of revenue which the Colonial Secretary says will ensue if this measure is not rushed through the Council to-day will be sufficiently serious to force this additional burden upon the community without notice. I therefore regret that I cannot support the motion.

HIS EXCELLENCY—Gentlemen, I will endeavour to deal with the various objections to this resolution *seriatim* as they have been put forward. I will first take the point raised by the senior unofficial member. He complains that the tax which is imposed on liquor consumed by the poorest class of Chinese is in excess of that imposed on those who consume beer and stout, viz., the cheapest class of European liquor. I have two points in that connection to bring to the notice of the Council. One is, that, so far as I am

aware, though I speak subject to correction, samshu and that class of liquor is not what may be described as a part of the meals of the lower class Chinese, where-as beer and stout may be said to be part of the diet of that section of the population who consume those drinks—

HON. DR. HO KAI—That is a mistake, Sir. Samshu is part of the meal of lower class Chinese. I think my colleague will bear me out.

HON. MR. WEI YUK—That is true.

HIS EXCELLENCY— I accept the correction. I find, however, from the scale which is adopted in the Straits Settlements that the lowest tax on all liquors containing less than forty per cent. proof spirit is one dollar. We are only imposing a tax of 30 cents as against the Straits Settlements tax of one dollar. I may point out indeed that our taxes on native wines and spirits in all their different grades have hitherto been, so far as I know, somewhere about one-eighth to one-sixth the amount charged in the Straits. It cannot therefore be said that we have been unreasonably hard on the poorer classes of the Chinese population. On the other hand, if the Council think it advisable to alter that one class and to make the rate revivable on Chinese liquors the same as on European liquors— 24 cents—the Government is prepared to concede that point. I will leave it to the discretion of the Council.

The next point raised by the hon. member was that this taxation as a whole falls very heavily upon the Chinese community as compared with the European community. I do not touch the question as to whether this tax replaces the loss incurred by restrictions on opium, and the fact that the revenue from the latter was entirely derived from the Chinese, I prefer to take a broader ground. If we assume the population of Hongkong, exclusive of the New Territories, to be about 300,000, of which the European population is somewhere about 12,000, the proportion of Europeans to Chinese is one to 25, The additional amount which the Colonial Secretary told us would be derived from the Chinese population was $2\frac{1}{2}$ lakhs, and one-twenty-fifth of that is \$10,000. This, then, is the proportionate burden which should be placed on the European population.

But you will see that the latter is to be taxed to the extent of \$47,000, that is to say, roughly, five times as heavily as the Chinese. Therefore, it cannot be said that this resolution bears hardly on the Chinese population. I now pass to the remarks of the hon. member who represents the Chamber of Commerce. He alluded first of all to the grant of the Imperial Government to make good the loss incurred by the closing of the opium divans. Whether that grant is a generous one or otherwise is a matter for individual opinion of the several members of this Council. As a matter of fact, it is about half the loss which we have incurred, and I must repeat what I have said before in this Council that the financial disability from which the Colony is suffering at the present time is only due in a small proportion to the loss on opium. It is chiefly incurred by the large expense for the building of the Kowloon railway.

The point upon which the hon. member laid special stress was that the revenue which it was anticipated would have been derived from liquor ought to have been realised if it had not been for a very large amount of wholesale smuggling. Gentlemen, I can only remind you of the circumstances in which the Liquors Ordinance was introduced. The strongest possible expressions were used by unofficial members with regard to the way in which customs examinations were to be conducted, and the Government pledged itself to make those examinations as little onerous as possible. It is, moreover, obvious that when you have in a free port duty on one single article only you cannot have a thoroughly efficient customs service unless you devote so large a proportion of the tax to that service as to make it not worth while. If smuggling does exist, and if the Government were to take such measures as would justify it in feeling it had taken fully adequate precautions against any form of smuggling, the cost of collection would be, I fancy, at least double. For my own part, I do not think there is at present any very great amount of smuggling, but there are certain directions in which after a great deal of consideration of this question I believe some leakage has occurred. We are taking steps, and some of the amendments in the Ordinance now brought before the Council will, I trust, go far to stop those leakages.

Finally there is the question of the urgency of this motion. The senior unofficial member said we were introducing a very bad precedent, and one which was not justified by any grounds of urgency which have been shown. I would remind the hon. member that an almost precisely similar course was taken when the Liquor Bill was introduced in 1909. We sat very late in Council because it was of great urgency to pass the Bill the same day, leaving doubtful questions which might arise for future discussion. Both members who followed the senior unofficial member supported him in the desire that the matter should not be pressed to a conclusion to-day. I think they have not clearly understood that it is not only a question of the liquor which may be imported into the Colony between this date and the date of the resolution being finally accepted, but a question of all liquor in stock in the Colony, because if this resolution is not passed to-day those engaged in the trade could claim to pay duty only at the present rates on the whole of their holdings, and the difference would be a loss to the revenue. I propose, gentlemen, therefore, that we should pass this resolution to-day, but at the next meeting of Council it will be open to any unofficial member to bring forward any amendment to particular items in the tariff as he may desire. This course will afford hon. members time to study the scale carefully. In the meantime the resolution will be operative from to-day, so that it will not be worth while for any holder of liquor to take it out of bond in order to pay duty at the present rates and so evade what should naturally come to the revenue of the Colony.

THE ATTORNEY-GENERAL—If I may add a single word to what your Excellency has said, my hon. friend opposite referred to the precedent. I would like to call his attention to the fact that the action of the Government is following closely on Home precedent. It is perfectly well known when the budget is introduced at Home all sorts of contrivances are used by trades likely to be hit in order to make preparation for the fatal day. The course the Government is taking on this occasion follows the Home precedent, which provides for the collection of duties on the day of the introduction of the Budget.

HIS EXCELLENCY—The resolution can be adopted as it stands and the question in regard to the cheapest form of Chinese liquor can be raised as an amendment at our next meeting.

The vote was taken with the following result:

Ayes — Hon. Mr. Keswick, Hon. Mr. Pollock, Captain Superintendent of Police, the Registrar-General, the Director of Public Works, the Colonial Treasurer, the Attorney-General, the Colonial Secretary, the General Officer Commanding

Noes — Hon. Mr. Osborne, Hon. Mr. Hewett, Hon. Mr. Wei Yuk, Hon. Dr. Ho Kai.

HIS EXCELLENCY—The Ayes have it

—
NAVAL AND MILITARY LIQUOR
REBATE.
—

HIS EXCELLENCY THE GENERAL—Your Excellency, in moving the resolution which stands in my name, viz., "That the annual payment of an import allowance to the Naval and Military Authorities made permissive by Clause 44 (1) of the Liquors Consolidation Ordinance, 1910, be continued for the year 1911-1912," I desire to submit me points for consideration. In the first place, if we omit South and North China, there are only ten Colonial stations where British troops are located. Of those ten two, namely, Gibraltar and Malta, are in a category apart, for Gibraltar is absolutely a free port and Malta in so far as it affects the military is virtually so. As regards the other eight colonies in which troops are located, five of them, South Africa, Ceylon, Cyprus, Jamaica and Mauritius, grant either a rebate or a considerable allowance in lieu thereof to the troops. One of them, Sierra Leone, allows free import of liquor for the troops. One—I speak from information from an officer who has served there—Singapore, allows the forces to get their liquor from bond on receipts without the imposition of any tax. One remains alone, that is Bermuda, which colony taxes the troops' liquor and grants no rebate. Thus seven out of these eight colonies recognise the undesirability of taxing the forces for the purpose of raising colonial revenue. Now there must be some cause why so large a proportion of these colonies have

come to a decision not to tax the forces, and it seems to me that these causes may be sought partly in the fact that the troops are sent to a colony for its defence and for the security of its trade, partly from the fact that the colony which imposes taxation on His Majesty's forces, thereby causes the forces at that time serving in the Colony to serve there for less emoluments than their predecessors did. Taxation once imposed has an invariable tendency to increase, and if imposed on the troops as it increases so the popularity of service in that colony decreases. Such action must automatically affect the question of recruiting at Home, the difficulties of which at all times are considerable and periodically are a source of great anxiety to the nation. Also in considering the question there are many differences between the conditions of life in the Colony as it affects the civilian and as it affects the soldier or sailor. A civilian in the first place comes to the Colony and stays here or leaves it as suits him. A soldier comes by order and leaves it by order also. Whatever the Colony derives from taxation such as improvement of works, improvement of administration and an increase in all the conveniences of life, the civilian who establishes himself in his trade or industry in that Colony if he suffers from that taxation at least he has a strong direct personal interest in the progress of the Colony in which he is domiciled. The soldier on the contrary is a bird of passage and has none of that direct personal interest. His interest in any colony is merely the general imperial interest which we all have. These, I think, are at least some of the reasons which influence seven out of eight colonies as far as I have been able to ascertain in deciding as to their course of action with regard to taxation. In the particular case of the Colony of Hongkong there is another point. The civil members of the community pay no income tax, but they pay a colonial house-tax. The officers of His Majesty's forces on the contrary pay their whole income tax while located in the Colony and, further, unless they are provided with Government quarters, pay a colonial house-tax as well. India has been cited as a precedent, but there are many reasons which make it an unfair precedent to compare with Hongkong. In the first place, India pays the
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Colony does not. In India as far as the soldier is affected the price of beer in the canteen is the same for an imperial pint as it is at Home. That is not the case in Hongkong. Here he pays half as much again, and if the rebate is abolished he will pay between $3\frac{1}{2}$ and 4d. As regards officers the difference in emoluments in India and in the Colony is so marked that it is impossible to compare the two places. In every rank, except that of a subaltern, they are much better paid in India than in the Colonies. If the rebate be discontinued, the price of beer will be raised to something like $3\frac{1}{2}$ d a pint in the canteens, and the result of this will be that the inducement which now exists for the soldier to frequent his canteen in preference to outside establishments will disappear to a very large extent. In canteens no spirits are sold, and in other establishments where the soldier may go, instead of to his canteen, spirits are sold. The fact of his frequenting these places may not prove desirable. While it is obviously permissible for Hongkong or any other colony to discontinue the rebate they grant to the troops I submit that it is a matter for consideration whether this Colony should base its action on the sole, as far as I can see, precedent of Bermuda, or whether it should base that action on the precedent of seven out of eight other colonies which I have enumerated before. I therefore submit that it would be desirable that the rebate granted during 1910 should be continued during 1911.

HON. MR. KESWICK—Your Excellency, I had intended to speak in support of this resolution, but after the way in which the General Officer Commanding the Troops has put the case before you there is nothing left for me to say. He has put every argument forward for the naval and military canteens being exempted from the extra duty, and it only occurs to me to suggest to you, Sir, that this would be an apposite time to allow the Navy and Army this concession, because the Government is trying to deal with the whole liquor question in its entirety. They are trying to do away with the shops and disreputable incidents, a fact which emphasises the point made by his Excellency the General, who said that the men were likely to go from their canteens to places not so desirable. There is no use in my repeating all the arguments which have been put before you. I will merely

say that I am entirely in accord with the resolution and trust that the other unofficial members will also vote for it.

HON. MR. HEWETT—Your Excellency, we have all listened with the greatest possible attention to the plea made by the hon. and gallant member for the continuance of this rebate to His Majesty's Services in Hongkong, and I am perfectly certain that we all sympathise with the object which he has at heart, but, Sir, we have got to look at it from a different point of view. I will more or less deal with the arguments of the hon. and gallant member as he put them forward. I will first say that the fact that various colonies make grants and do not make grants is, with all due deference, not quite the point we have to consider. Any question of this sort is simply a question of *ne te quæ siveris extra*, which is my own family motto, and which freely translated may be rendered. "Take your own line of country." It appears to me that here we are not to be encouraged to go out of what we consider our proper line of country simply because somebody else goes in a different fashion. The question before us—and it is a very serious problem—is that you have to balance your books at the end of the year, and for a good many years, and being met by a heavily-increasing expenditure, we have to consider how, by hook or by crook, we are to increase our revenue. At the time this Bill was first passed, there was very great difference of opinion as to whether the rebate should be made in the first place, but in view of the extremely optimistic figures put before us we thought we certainly could afford to be generous. I maintain now that we cannot possibly agree to give this concession, which amounts to something like a quarter of the total amount collected. The hon. and gallant member alluded to the necessity for the presence of an imperial garrison here. We admit the necessity and we are only too glad to find that they are here. We enjoy their society and also such protection as we may derive from their presence in the event of war, but I maintain that the presence of the forces here is an entirely imperial question, and it would not take so very much for Hongkong to be abandoned in the interests of the Empire at large. That is outside the question altogether. The hon. and gallant member put forward a very strong plea for

the private soldiers, more particularly on account of their increased expenses. We all incur increased expenses here. It is perfectly true that many years ago civilians came out here and after a time retired with large fortunes. I personally know of such cases, but those days have gone. Now increased taxation and increased expenditure are pressing upon us, and Hongkong is no exception. The hon. member said the soldier came out by orders, but the civilian could pack up his gripsack and go off at any moment that he wished. The hon. and gallant member flicked me on the raw when he made that remark. I have been here thirty years and cannot go home. I am out here because I am earning my bread and butter. We have got to do our duty. Much as I love Hongkong, I would gladly leave the East to-morrow, or, rather, on Saturday, by the next English mail, if I was in a position to do so. I think the hon. and gallant member extremely overrates the affluent position of the civilian in Hongkong. If he pays his debts by the end of the year he is very lucky. I would remind the hon. and gallant member that taxation is not only increasing in Hongkong, but in England as well. I do not see in the present condition of our finances here that we are justified in going on making this allowance, which, after all, so far as some of the members are concerned, was grudgingly agreed to two years ago in the belief that we were going to make a larger sum than we have. The fact that a soldier has to pay an income tax when serving his country abroad is a question which hardly comes within our purview. If the imperial Government like to tax their servants it is up to them to do so, and one of the conditions of service. The hon. and gallant member made rather a point, a good deal of a point, when he stated that if this rebate was not allowed the men who had hitherto used the service canteens would be encouraged to go elsewhere and instead of drinking good wholesome beer and stout would be encouraged to drink spirits. In the end they would dissipate generally by going to grogshops. I think I am right in saying that at every naval and military canteen in the Colony is rent free. It is on Government premises and controlled by commissioned and non-commissioned officers and others who are told off, and who, if they get anything at all, only receive a small extra

remuneration. The consequence is that all the facilities the Navy and Army have of selling cheap wholesome liquor will still enable the men to get cheaper liquor than they can get outside. Another point which was pressed upon us by, I think, Colonel Darling, the then Officer Commanding, was that even if this rebate was granted, it was not to be used for the reduction of the price of liquor in the canteens. I think, therefore, that that particular argument of the hon. member falls to the ground. I think, Sir, in view of our financial position, and in view of the advantage which the canteens still possess over public-houses, that even if this rebate is withdrawn it will be inflicting no hardship, and it is not likely to bring the men of His Majesty's forces to trouble by encouraging them to go to the lower grogshops of the Colony. I think the case has not been made out, and I sincerely hope that this rebate will not be continued.

HON. MR. POLLOCK—Your Excellency, I very much regret that I also must oppose the resolution which has been proposed by his Excellency the General Officer Commanding. The General referred in his speech to the increased conveniences of life in the Colony, and in the last few minutes I have jotted down on paper some of the increased conveniences which are enjoyed now by the officers and men in the troops of this Colony which were not enjoyed by them some fifteen years ago, and, Sir, it is really extraordinary to see what an enormous increase in accommodation and in what I might call general conveniences of living is enjoyed now by the military forces of this Colony as compared with fifteen years ago. During that time, Sir, the Mount Austin barracks, which was formerly a hotel at the Peak, has been acquired by the military authorities as an additional barracks for the troops. During the same period new married quarters have been built in a very improved position as compared with the old married quarters. During the same period, again, a very fine military hospital has been completed upon the Bowen Road, a hospital which I think rather puts to shame all the civilian hospitals in this Colony. (Applause.) In the same period Headquarters offices have been removed to a much more convenient position, and the old Headquarters offices, which were by no means convenient either

in site or in general arrangement, have been abandoned. Then during the same period a considerable sum of money has been expended by this Colony which is entirely for the benefit of the general health of the Colony in the training of nullahs on the northern slopes of the hills of the island. Another point, Sir, to be mentioned, which bears on the question of recreation, is the opening of the Soldiers' Club in Queen's Road and the opening of the Soldiers' Home in Arsenal Street. I think those are the points, Sir, which have occurred to me within the last few minutes as showing how very improved conditions are for the troops serving in this Colony as compared with only fifteen years ago, and, Sir, I think that we civilians certainly cannot claim to have progressed in anything like the same way. We have constructed a railway which has been a very expensive thing for the ratepayers of the Colony, and we are trying hard at the present moment to complete the Law Courts and the new Post Office. I am afraid, Sir, that the military authorities, so far as every convenience is concerned, have set us a very good example indeed in the progress made during the last few years. Another point which his Excellency the General Officer Commanding the Troops referred to was the suggestion that if this rebate was not continued the price of liquors in the canteen would go up. Well, Sir, I can only say if that would be the effect, it is an effect which certainly should not follow, having regard to the provisions of Ordinance 46 of 1901, which it is proposed to replace by Clause 44 of this Bill. That Ordinance expressly provides that no part of the rebate shall be used for the purpose of reducing the prices of liquor in any canteen. It is quite obvious whether there is a rebate or not, as the hon. member representing the Chamber of Commerce pointed out, that the military and naval canteens will always have an enormous advantage over the ordinary public-house in this Colony, because those canteens are rent free. They have not such heavy expenses in management and nothing to be paid in respect of any goodwill. As everybody knows who has any experience in these matters, that in the case of an ordinary public-house the landlord expects to have to pay a fairly high rent and the public has to pay a considerably higher price for its liquors obtained in such houses. These conditions are always in favour of the naval and military forces in the Colony so far as regards the prices at which they can afford to retail their intoxicating liquors. I therefore, Sir, although sorry to have to oppose this resolution, feel bound to do so. We know that at the present

moment the Colony is passing through a period of very great financial stress, and much as we should like to continue the rebate, I think, Sir, enough has been said at this meeting and recent meetings to show us that it is a matter which we cannot afford, much as we should wish to make the concession.

THE COLONIAL SECRETARY—Your Excellency, I will detain the Council only a few moments in order to refer to one or two points. The first is that the resolution in the form in which it is submitted by the General Officer Commanding is not, strictly speaking, in order. The resolution reads: "That the annual payment of an import allowance to the Naval and Military Authorities made permissive by Clause 44 (1) of the Liquors Consolidation Ordinance, 1910, be continued for the year 1911-1912." The Liquors Consolidation Ordinance, of course, is not in force. It is at present merely in draft before the Council. Therefore I would suggest to his Excellency the General that the resolution should be amended to read "contemplated by" instead of "made permissive by." There is one further point. Our financial year coincides with the calendar year, therefore the resolution should read "be continued for the year 1911." Now, Sir, I will briefly address myself to the financial side of the question and give in the first place the figures for 1910. In that year the gross revenue from liquor duties was, as I have already stated this afternoon, \$443,900.10. On that sum we had to pay a military contribution of 20 per cent., that is to say, \$88,780.02, and the rebates paid to military and naval authorities during last year amounted to \$56,112 (viz., \$47,600 to the former and \$8,512 to the latter). After these sums had been deducted, the balance carried to the credit of the Colony was \$299,008. The cost of collection was \$64,319.98, therefore the net proceeds of the liquor duties were only \$234,688. In other words, out of the gross revenue collected, 53 per cent. went to the credit of the Colony, 20 per cent. was taken by the Imperial Government, collection expenses were 14 per cent., and rebates to the army

and navy 13 per cent. The position as regards this year is that, if the liquor tariff as amended by the resolution which the Council has just passed comes into force and is not changed by a future resolution, we shall probably derive this year a revenue of \$823,000 from liquor duties. The military contribution on that sum will amount to \$164,600; and I may perhaps suggest to the hon. and gallant member that, if the Imperial Government out of that military contribution paid the same rebate as last year to the military and naval authorities, a sum of \$138,444 would still be carried to the imperial funds. If the Council were to adopt this resolution a sum of \$56,000 odd would be added to the deficit for the current year, which, as I have already informed the Council, is anticipated to be \$118,394. The Colony would, therefore, at the end of the year be faced by a deficit of \$174,506, and we are not in a position, Sir, to face such a deficit. I would draw attention in passing to one further point with regard to the remarks which his Excellency made concerning the pay of the troops in India as compared with their pay in Hongkong. Indian pay, I understand, includes compensation for climate, and officers serving there get no free quarters and have to provide a complete active service equipment at their own expense. They have also to maintain about six or seven servants, and practically they must keep a horse. Therefore in India, after all is said and done, they are hardly better off than they are here. The Government is unable to accept the resolution as proposed by the General Officer Commanding, but I am authorised to say it would be willing to consider an alternative resolution, if brought forward, affecting the Naval forces only.

HIS EXCELLENCY THE GENERAL — There were one or two points raised to which it is necessary that I should reply. In the first place, both the hon. member representing the Chamber of Commerce and my hon. friend Mr. Pollock referred to the question of the rise in the price of beer owing to the abolition of the rebate. I think this is principally a misunderstanding owing to the condensed form in which I have referred to the question. I should perhaps explain that the rebate when granted was granted with a definite proviso that it should not reduce the price of beer, and

it has not. But that rebate has provided for certain benefits in the way of extra messing and recreation funds which at Home are provided by profits from the sale of beer, and which had there been no rebate the soldier would have had to forego, or to pay as he will now have to do an extra price for his beer. My hon. friend the member for the Chamber of Commerce, I think, somewhat misunderstood my arguments about the soldier and the civilian. The point I wish to make is that the soldier—people are very apt to forget—serves in Hongkong for exactly the same pay as he gets in England. Can the civilian say that he does the same? As regards improvements during the last fifteen years, referred to by Mr. Pollock, there have been great improvements, but they have been made to bring the soldier's housing, etc., up to the standard which prevails at Home. As they have advanced at Home so has it been found necessary to advance the Convenience of the troops in the Colonies. These conveniences which he enjoys for a period of three years in the Colony he would get wherever else he went. The hon. Colonial Secretary referred to the fact that officers did not get free quarters in India, but that was taken into consideration by me when stating that every rank except the subaltern gets better pay in India than they get in the Colonies.

The resolution was then put to the meeting, and resulted as follows:—

Ayes: His Excellency the General Officer Commanding and Hon. Mr. Keswick.

Noes: Hon. Mr. Osborne, Hon. Mr. Hewett, Hon. Mr. Pollock, Hon. Mr. Wei Yuk, Hon. Dr. Ho Kai, the Captain Superintendent of Police, the Registrar-General, the Director of Public Works, the Colonial Treasurer, the Attorney-General and the Colonial Secretary.

Pawnbrokers' Amendment Ordinance

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled, "An Ordinance to further amend the Pawnbrokers' Ordinances, 1860 and 1902."

THE COLONIAL SECRETARY seconded and the Bill was read a first time.

The objects and reasons attached to the measure state that Ordinance No. 21 of 1902 in this Bill called the Amending Ordinance was passed before the Revised Edition was published. It repealed section 16 of Ordinance 3 of 1860, which was then the Principal Ordinance, and substituted a proviso therefor. The proviso does not render intelligible the corresponding sections (sections 12 and 16) of No. 1 of 1860, the Principal Ordinance, in the Revised Edition. Clauses 2 and 3 of the Bill are accordingly introduced to make the whole intelligible. Clause 4 of the Bill converts the interest tables from the basis of taels—a mere weight of silver—to dollars—the currency of the Colony.

The Fisheries (Dynamite) Ordinance

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled, "An Ordinance to prohibit the use of Dynamite or other Explosives for the purpose of catching or destroying Fish." In doing so he said—This Bill is based entirely in accordance with the Imperial Act on the subject. There is a regulation in force at the present time under the Merchant Shipping Ordinance with regard to the use of dynamite, but it was thought desirable to follow the Imperial precedent and provide penalties by Ordinance for the destroying of fish by the use of explosives.

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

Council then resolved itself into a Committee of the whole Council to consider the Bill clause by clause.

On resuming,

THE ATTORNEY-GENERAL reported that the Bill had passed through Committee without amendment, and moved that it be read a third time.

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

The Interpretation Ordinance

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled, "An Ordinance to amend and codify the law as to Common Forms and as to the Interpretation

of Terms used in Ordinances." In doing so he said—This Bill, Sir, was prepared by the Chief Justice. It re-enacts in a great measure the existing Interpretation Ordinance, and it amplifies it and apparently is an Ordinance which is calculated to be of great use. I merely ask the Council to read it a second time in order that it may be referred to the Law Committee, who will consider the Bill and report to the Council thereon.

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

THE ATTORNEY-GENERAL moved that the Bill be referred to the Standing Committee on Law.

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

Police Force Amendment Ordinance

THE ATTORNEY - GENERAL moved the second reading of the Bill entitled, "An Ordinance to amend the Police Force Ordinance, 1900." In doing so he said—The object of this Bill is simply to make clear what was somewhat unintelligible before, the meaning of sections 22 and 23 of the Police Force Ordinance of 1900. As stated in the objects and reasons the object of section 23 was evidently to give summary powers to the Captain Superintendent and Deputy Superintendent of Police. The latter part of the section was practically unnecessary, as almost every case that could arise under it could be dealt with under section 22. Section 22 is amended by transferring the effect of the latter part of section 23 (1) to it and making the sentence uniform. The Captain Superintendent of Police no longer desires to have the power to award imprisonment. These powers have consequently been abolished, and he has been given a power, which he desires, to impose small fines on sergeants or constables for breaches of discipline or neglect of duty

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

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

On resuming,

THE ATTORNEY-GENERAL reported that the Bill had passed through committee with slight amendment, and moved that it be read a third time.

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

Harbour of Refuge Amendment Ordinance

THE ATTORNEY-GENERAL — With regard, Sir, to the next order of the day, the Bill entitled, "An Ordinance to amend the Harbour of Refuge Ordinance, 1909," this Bill at the last meeting of the Council was left in the Committee stage. Since the last meeting the Government has had an opportunity of considering fully the amendment proposed by the hon. member opposite (Hon. Mr. Osborne) with regard to the appointment of assessor. The Government has arrived at the conclusion after full consideration and for the reasons stated at the last meeting of Council that it is undesirable and unnecessary to concede the amendment proposed by the hon. member. I move the Council go into Committee on the Bill.

THE COLONIAL SECRETARY seconded, and Council went into Committee to consider the Bill clause by clause.

HON. MR. OSBORNE—Sir, I should like to have my amendment put to the Council.

HIS EXCELLENCY—Certainly. Will you give me the terms?

HON. MR. OSBORNE — The Attorney-General has the amendment.

HIS EXCELLENCY—It is in clause 3, and reads that after the word "judge" the words "may if he thinks fit sit with an assessor or assessors" shall be inserted.

HON. MR. HEWETT — I think your Excellency proposed a further amendment which was even more comprehensive, and which suggested that in the event of a judge being asked by one side or the other an assessor should be allowed to sit.

HIS EXCELLENCY—I merely made a suggestion. I did not propose any amendment.

The motion was then put to the meeting with the following result:

Ayes — Hon. Mr. Keswick, Hon. Mr. Osborne, Hon. Mr. Hewett, Hon. Mr. Pollock, Hon. Mr. Wei Yuk, Hon. Dr. Ho Kai.

Noes — Registrar - General, Director of Public Works, Colonial Treasurer, Attorney-General, Colonial Secretary, the General Officer Commanding the Troops, and the Captain Superintendent of Police.

HIS EXCELLENCY—The motion is lost.

On Council resuming,

THE ATTORNEY-GENERAL reported that the Bill had passed through Committee with slight amendment, and moved that it be read a third time.

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

Criminal Law Amendment

THE ATTORNEY - GENERAL—Sir, I beg to move that the Committee stage on the Bill entitled, "An Ordinance to introduce into the Criminal Law Ordinances of 1865 certain provisions of the Criminal Law Amendment Acts of the United Kingdom of 1861, and for other purposes," be resumed. This Bill remained in committee last time owing to your Excellency's desire to draw my attention to a matter which had recently come to your notice where a mishap had occurred on the Samchun railway, where some extraordinary individual got on a locomotive at rest, opened the valve and set the engine in motion with the result, according to the newspaper report, that it damaged several trucks and killed one Chinese. The gentleman apparently mounted the locomotive from mischief. Your Excellency desires to prevent a repetition of any such act in this Colony. I have conferred with the Chief Justice, who drafted the Bill, on the point, and I think the clause is met by sub-section three.

THE COLONIAL SECRETARY seconded, and the Council went into Committee on the Bill.

On Council resuming,

THE ATTORNEY-GENERAL reported that the Bill had passed through Committee with slight amendment, and moved the third reading.

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

Liquors Consolidation Ordinance

THE ATTORNEY - GENERAL moved that the Committee stage on the Bill entitled, "An Ordinance to consolidate and amend the law relating to intoxicating liquors" be resumed.

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

THE ATTORNEY-GENERAL — The Bill had got as far as the end of the first part. Clause 41 is now before the Committee, and having regard to the resolution which was carried by the Council to-day with reference to the alteration of liquor duties it will be necessary to amend this clause. Your Excellency has expressed a desire that the new duties, as they are approved, should appear in the form of a schedule without delay. I therefore propose to move the omission of sub-section 1 of clause 41, and to let the form stand over.

HON. MR. HEWETT—Before coming to the next section, I wish to state that the unofficial members had a meeting at which, amongst other things, they considered the barmaid question. I think I am right in saying

THE ATTORNEY-GENERAL—A point of order, Sir. What I suggest is that we should go

on with non-contentious clauses first.

HON. MR. OSBORNE—I would like to refer, Sir, with your permission, back to section 22, sub-section 9.

HIS EXCELLENCY—We had better leave these special clauses for the present and go on with the rest of the Bill. We can take the contentious clauses later. The clause you mention has been passed already by the Council, so the proper form would be to propose a motion to recommit the clause after the whole Bill has passed through Committee.

A number of non-contentious clauses were then passed.

HIS EXCELLENCY—I think we had better leave the Bill in Committee to discuss the remaining clauses which have been held over, and adjourn for the day.

Council then resumed.

HIS EXCELLENCY—Council will adjourn until this day next week.

FINANCE COMMITTEE.

A meeting of the Finance Committee was held afterwards—the Colonial Secretary in the chair. The following vote was passed.—

Quinine for Children

The Governor recommended the Council to vote a sum of Two hundred Dollars (\$200) in aid of the vote, Miscellaneous Services, Quinine issued to children in malarial districts.