

Thursday, 25th July, 1946.

PRESENT: —

HIS EXCELLENCY THE GOVERNOR (SIR MARK AITCHISON YOUNG, G.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL F. W. FESTING, C.B., C.B.E., D.S.O.)

THE COLONIAL SECRETARY (HON. MR. R. R. TODD, Acting).

THE ATTORNEY GENERAL (HON. MR. G. E. STRICKLAND, Acting).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. T. MEGARRY, Acting).

THE FINANCIAL SECRETARY (HON. MR. C. G. S. FOLLOWS, C.M.G., Acting).

HON. MR. C. H. SANSOM, C.M.G., C.B.E., (Acting Commissioner of Police).

HON. DR. J. P. FEHILY, O.B.E., (Acting Director of Medical Services).

HON. MR. V. KENNIFF (Director of Public Works).

HON. MR. D. F. LANDALE.

HON. MR. CHAU TSUN-NIN, C.B.E.

HON. MR. LO MAN-KAM, C.B.E.

HON. MR. LEO D'ALMADA E CASTRO.

HON. MR. R. D. GILLESPIE.

HON. DR. CHAU SIK-NIN.

MR. D. R. HOLMES, M.B.E., M.C., (Deputy Clerk of Councils).

MINUTES.

The Minutes of the meeting of the Council held on Friday, 19th July, 1946, were confirmed.

PAPERS.

THE COLONIAL SECRETARY. —By Your Excellency's command, I lay upon the table certain papers, copies of which are in the hands of Honourable Members.

The Papers laid were as follows: —

Order made by the Governor-in-Council under Regulation 3 of the Quarantine (Measures on Arrival) Regulations, 1939, declaring that all passengers from Macao and Kwangtung shall produce a valid certificate of inoculation against cholera, dated 18th June, 1946.

Order made by the Governor-in-Council under Regulation 3 of the Quarantine (Measures on Arrival) Regulations, 1939, declaring Singapore an infected place, dated 20th June, 1946.

Amendments made by the Governor-in-Council under Section 8 of the Law Amendment (Transitional Provisions) Ordinance, 1946, Ordinance No. 2 of 1946, to Schedule 1 of the said Ordinance, dated 19th June, 1946.

Amendments made by the Governor-in-Council under Section 8 of the Law Amendment (Transitional Provisions) Ordinance, 1946, Ordinance No. 2 of 1946, to the First Schedule of the said Ordinance, dated 16th June, 1946.

Notice given by the Acting Director of Supplies, Trade and Industry, under Regulation 3 of the Miscellaneous Commodities Control and Price Regulations (British Military Administration), 1946, fixing the maximum retail price of certain commodities, dated 19th June, 1946.

Amendments made by the Governor under the Supplies and Services (Transitional Powers) Act, 1945, as applied to this Colony by the Supplies and Services (Transitional Powers) (Colonies etc.) Order in Council, 1946, and the Emergency Laws (Transitional Provisions) Act, 1946, as extended to this Colony by the Emergency Laws (Transitional Provisions) (Colonies etc.) Order in Council, 1946, to Defence Regulation No. 3, dated 26th June, 1946.

The Commodities (Prohibition of Disposal) Order, 1946, made by the Acting Director of Supplies, Trade and Industry, under Regulation 50 of the Defence Regulations, 1940, dated 28th June, 1946.

Notice given by the Acting Director of Supplies, Trade and Industry, under Regulation 3 of the Miscellaneous Commodities Control and Price Regulations (British Military Administration), 1946, fixing the maximum retail price of certain commodities, dated 25th June, 1946.

Amendment made by the Governor under the Supplies and Services (Transitional Powers) Act, 1945, as applied to this Colony by the Supplies and Services (Transitional Powers) (Colonies etc.) Order in Council, 1946, to Defence Regulation No. 55, dated 2nd July, 1946.

Amendments made by the Governor under the Supplies and Services (Transitional Powers) Act, 1945, as applied to this Colony by the Supplies and Services (Transitional Powers) (Colonies etc.) Order in Council, 1946, to Defence Regulation No. 50, dated 2nd, July, 1946.

Requisitioning Order made by the Governor under Regulation 55 of the Defence Regulations, dated 2nd July, 1946.

The Piece-Goods (Control) Order, 1946, made by the Acting Director of Supplies, Trade and Industry, under Regulation 50 of the Defence Regulations, 1940, dated 2nd July, 1946.

Order made by the Governor-in-Council under the Quarantine and Prevention of Disease Ordinance, 1936, Ordinance No. 7 of 1936, declaring Shanghai an infected place, dated 29th June, 1946.

Notice given by the Acting Director of Supplies, Trade and Industry, under Regulation 7 of the Miscellaneous Commodities Control and Price Regulations (British Military Administration), 1946, prohibiting the export of noodles, dated 3rd July, 1946.

Notice given by the Acting Director of Supplies, Trade and Industry, under Regulation 3 of the Miscellaneous Commodities Control and Price Regulations (British Military Administration), 1946, fixing the maximum retail price of certain commodities, dated 3rd July, 1946.

Order made by the Acting Director of Supplies, Trade, and Industry, under Regulation 50 of the Defence Regulations, 1940, relating to tram fares, dated 27th June, 1946.

QUESTIONS.

The HON. MR. D. F. LANDALE asked: —

Will Government make a statement as to its policy for future administration of the port of Hongkong with special reference to the part the Port Executive Committee will be expected to play, and also state its intention with regard to the formation of a Port Trust on the lines recommended by Sir David Owen?

The COLONIAL SECRETARY replied: —

In view of the changes and lapse of time which have occurred since the proposals contained in the late Sir David Owen's report were accepted by the Governor-in-Council in 1941, it has been decided, with the concurrence of the Secretary of State, that it is desirable that the late Sir David Owen's main recommendation for the creation of a Port Trust should receive complete reconsideration in the light of present conditions. Mr. C. J. Colman, former Chairman of the Basra Port Trust, who was appointed in connection with the proposed establishment of a Port Trust and who will be asked to advise Government on the whole question of the future organization of the port, is expected to arrive in the Colony shortly. It is proposed that the Port Executive Committee shall continue to perform its present functions until a final decision on policy has been reached.

The HON. MR. M. K. LO asked: —

1. In respect of property requisitioned by, or dealt with by order of, Government, or the Services, prior to 25th December, 1941, will Government state whether it assumes responsibility regarding: —

- (1) Leasehold property requisitioned by Government or the Services which suffered damage and/or destruction by
 - (a) Bombing or shell fire during the actual fighting between the 8th and 25th December, 1941:and
 - (b) Bombing during the Japanese occupation.
- (2) Steamer and other craft which were: —
 - (a) Requisitioned by Government.
 - (b) Ordered by Government to be scuttled: and
- (3) Personal property such as motor cars and motor trucks which were requisitioned by Government.

2. As regards property requisitioned during the British Military Administration, in respect of which a dispute as to the amount of compensation payable has arisen: —

- (1) Is it a fact that after the termination of the British Military Administration, the machinery for settling disputes as to the compensation payable in respect of requisition made since the British re-occupation is provided by sections 9 and 10 of the Compensation (Defence) Regulations 1940, and that section 10 provides inter alia—

“(3) For the purpose of determining disputes as to the payment of compensation under these regulations there shall be a General Claims Tribunal (hereinafter referred to as "the General Tribunal") consisting of not less than three persons nominated by the Governor (including a judge of the Supreme Court)……”

(2) Has such a general tribunal been set up to which disputes can be referred? If not, why not?

The COLONIAL SECRETARY replied: —

1. Government has for some time been discussing with the Secretary of State if and to what extent it should assume responsibility over and above its legal liability under Regulations 4 and 6 of the Compensation (Defence) Regulations, 1940, in respect of the various matters referred to in the question. No decision has been reached and Government is not therefore prepared to issue a statement on the matter.

2. Regulations 9 and 10 of the Compensation (Defence) Regulations, 1940, only apply to disputes relating to requisitions made on behalf of the Governor. Proclamation 20 was an interim measure which has lapsed. While it is the intention of Government to assume liability for requisitions made during the Military Administration on behalf of Civil Affairs or generally on behalf of the Military Administration, payment for requisitions made for a service other than Civil Affairs will require negotiation with the Ministry concerned. Government is contemplating legislation whereby all disputes concerning requisitions for which it assumes responsibility will be referred to the Tribunal specified in the paragraph cited in the question. Government cannot guarantee that disputes affecting requisitions during the Military Administration by the respective Services will be similarly referred. Government will nevertheless use its best endeavours to obtain satisfactory settlement.

The answer to paragraph (1) of the Hon. Member's question is that there is no subsisting machinery for settling disputes concerning the requisitions referred to.

The answer to paragraph (2) is that no Tribunal has yet been set up pending settlement of the difficulties above referred to. Up to date the establishment of a Tribunal has been requested in one case only.

APPROPRIATION FOR 1946-1947 BILL, 1946.

The FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding One

hundred and sixty million seven hundred and fifty-one thousand six hundred and sixty-five dollars to the Public Service of the financial year ending 31st March, 1947." He said:

Your Excellency, —I would in the first place express my regret that it has not been possible to introduce these Estimates earlier. I will not weary Honourable Members with a recital of the difficulties but I can assure them that it is not easy to produce even approximate Estimates after a gap of four years under the conditions which have obtained. There were no standards of comparison by which costs could be estimated, for conditions are now vastly different from those of 1941. The lack of a Government Printing Office has contributed very materially to the delays as obviously a private firm cannot be expected to suspend all other work in order to speed up a particular task for one customer.

For these reasons the final proofs of several Heads of the Estimates have still not been received so to my great regret it has not been possible to furnish Honourable Members with copies of the Estimates before this meeting. Your Excellency was however most anxious that the first reading of the Appropriation Bill should be taken to-day in order that the Estimates could be considered in Select Committee as soon as they are ready. A copy both of the Estimates and of an explanatory memorandum which I have prepared and which explains in some detail the principal variations in comparison with 1941 will be in the hands of Honourable Members before the second reading of this Bill is taken.

With this introduction I will now say a word or two on the general financial position before I turn to the Estimates themselves.

Honourable Members know only too well the state to which this Colony has been reduced by the Japanese attack and the four years of enemy occupation which followed it. The effects are painfully evident wherever one looks. There is so much to be done in the way of repairs and re-equipment and the sums required are very substantial indeed. Rehabilitation cannot be a gradual process. To be effective it must be carried out with the greatest possible speed so our repair programme must be the maximum which can be efficiently supervised by the staff available.

If this then is to be our policy, our expenditure for two and possibly three years will bear no relation to our revenue. This year our expenditure is estimated to amount to rather more than three times our revenue. The apparent gap between revenue and expenditure can be reduced by meeting as much rehabilitation expenditure as possible from loan funds. This is the normal procedure but it is only effective when it results in the balance of expenditure not greatly exceeding the revenue. This year however,

conditions are still so chaotic that it is not practicable except at the cost of further lengthy delays to obtain any clear cut distinction between rehabilitation expenditure and expenditure on normal Other Charges. There is inevitably a good deal of overlapping and payments which would fall within the latter category do not in fact represent normal expenditure as they are swollen by high labour costs and abnormal costs of material which are the indirect results of the war.

By the beginning of the next financial year the position should be much more normal. Pre-occupation claims will have been met and military officers on loan will have disappeared. Officers on leave pending retirement will have retired and only one officer will be paid in respect of each post. Wartime departments such as Supplies, Trade and Industry and the Custodian of Property's Department will have been disbanded or at least very materially reduced. Personal Emoluments should therefore have come down to more or less their normal figure for the post-war period though this figure will be greatly in excess of the 1941 figure as the cost of living allowances will still be necessary and the Police will in all probability still be nearly 200 over establishment. Nevertheless if all expenditure on reconstruction for the next financial year is met from loan funds the deficit, though doubtless large, should not be outside the bounds of reason.

In these circumstances this Government came to the conclusion that there would be every advantage in postponing the floating of a loan until the first half of 1947. It was felt that by then we would have a much clearer picture of the position and we should know what our ultimate requirements in the way of a loan would really be. Such postponement would of course be dependent on the willingness of His Majesty's Government to meet our deficit on the 31st March 1947 treating any advance as a first charge on the new loan. Certain additional information has been asked for before a decision on this point can be reached by His Majesty's Government and in the meantime rehabilitation expenditure has been grouped in a Schedule at the end of the Estimates but separated out under the proper Heads.

I now come to the Estimates themselves. The revenue for the 11-month period 1st May 1946 to 31st March 1947 is estimated at \$51,308,300. If certain profits which it is hoped will be realised by the Supplies, Trade and Industry Department to set off the cost of their staff and operating expenses are deducted, the revenue for the 11-month period becomes in round figures \$50,000,000. This excludes any receipts under the War Revenue Ordinance, about which I have a few remarks to make at a later stage. When it is considered that this rate of revenue collection has been reached only 10 months after the liberation of the Colony I think Honourable Members will agree that it represents a very remarkable recovery.

The 1941 revenue, excluding the War Taxation, amounted to \$47,486,000 but it must be remembered that a number of measures designed to increase revenue were introduced in 1941 and the full effect of these is only being felt to-day.

Nevertheless certain measures to increase revenue have been taken since the re-occupation of the Colony. A surcharge of 20 cents per thousand gallons in respect of water has been levied. At the time this increase was made it appeared that it would just cover the cost of the supply. Costs-particularly labour costs---have however increased since then and I fear that some further increase will prove necessary. A surcharge of 25% has been levied as an interim measure on port dues and the question of placing pilotage dues on a tonnage basis instead of on a flat rate is being actively studied. The basis on which mooring buoy dues are levied may also be changed and this will all help to increase revenue though the full effect will not be felt until 1947. Railway fares between Hongkong and Canton have been raised with a resulting increase in revenue from the British Section. It is proposed to undertake a comprehensive review of licence fees as a number of these could be increased without causing hardship.

I should now like to refer briefly to the War Revenue Ordinance. Section 73 of that Ordinance provides that no tax is to be collected in any year of assessment subsequent to the year of assessment in which the war which began in 1939 terminated. The expression 'termination of hostilities' was not used so the Ordinance will continue in operation until a Peace Treaty is signed or until some declaration is made, possibly by Order in Council, that the war is at an end.

All taxes under the Ordinance are assessable on receipts during the previous year. The question of the date from which they should be collected or whether they should be replaced by a normal form of Income Tax is under consideration. It is possible that this Honourable Council may be invited to change the year of assessment to the calendar year so that tax may be collected from the 1st January 1946 by which date business had already been resumed though admittedly on a small scale.

Before turning to expenditure it is perhaps desirable to emphasise that until this Colony is again self-supporting and ceases to be dependent on His Majesty's Government the latter naturally reserves the right to exercise a considerable degree of financial control. It was regarded as important that the Estimates should be introduced in this Honourable Council during the present month but I wish to make it clear that although the Council is being invited to approve certain expenditure His Majesty's Government are not committed to providing the funds necessary to meet it.

They have received a summary by telegraph but, not unnaturally, they are not prepared to advance the money until they have examined all the proposed expenditure in detail.

Such an examination will of course also be made by the Select Committee to which these Estimates will be referred but in the meantime perhaps I should touch briefly on some of the principal items of expenditure.

The first point which calls for comment is the tremendous increase in Personal Emoluments as compared with 1941. In that year Personal Emoluments were estimated at 17¹/₄ million dollars though this figure was probably in actual fact increased by the issue of Special Warrants. To-day Personal Emoluments are estimated at \$22,154,706 to which figure must be added the sum of \$17,000,000 which is the estimated cost of the various cost of living allowances. Thus it will be seen that the cost of the allowances now being paid almost equals the total cost of Personal Emoluments in 1941.

The bulk of this \$17,000,000 is expended on rehabilitation and 1941 cost of living allowance to some 16,000 employees in the lower salary grades. The new cost of living allowance which was introduced on the 1st May which is payable to Europeans and non-Europeans alike is only estimated to absorb \$3,600,000 of that figure. This is because the new allowance was only payable to officers in receipt of a salary of \$210 a month or over. Below that figure rehabilitation and 1941 cost of living allowance already represented more than 50% and in most cases a great deal more than 50% of basic salary.

The total for Personal Emoluments this year is not by any means a normal figure. There are additional temporary departments which it is hoped will soon disappear. There is a great deal of duplication owing to the engagement of officers on short term contracts to fill vacancies until the substantive holders return. It has also been necessary to fill posts substantively while the present holders are still on leave pending retirement. Moreover, a good deal of the sudden rise in Personal Emoluments is due to increments as officers are now much higher up the incremental scale than they were in 1941. Normally retirements at the top and new entries at the bottom offset this annual increase, but the fact that new appointments have been made before actual retirement has taken place has thrown this compensating machinery out of gear. The Government is however fully alive to the necessity for reducing expenditure on Personal Emoluments to a normal figure at the earliest possible date and to the desirability of employing as many locally recruited officers as possible.

Other charges are estimated at \$68,108,524 and special expenditure at \$76,888,247 though as I explained earlier it has not been

possible to make any clear cut distinction between the two and a percentage of a good deal of the expenditure shown under Other Charges is really rehabilitation expenditure in one form or other. Then too, Other Charges are swollen as a result of conditions that are really an indirect result of the war. For example, it has been necessary to increase the provision in all departments affected for such items as fuel, light, uniforms and cleaning material. Honourable Members are only too well aware of the increase in costs which has taken place and in the case of uniforms this is not only confined to the price of material but is reflected in the cost of making up.

Under the Education Vote there is an increase of \$1,500,000 in respect of capitation grants. The new Grant Code only came into operation about October 1941 and no provision was made in the 1941 Estimates to cover the expenditure though this was expected to amount to something over \$800,000. A higher figure is necessary to-day owing to the payment of rehabilitation and cost of living allowance to the School staffs. Considerable expenditure will also be necessary in respect of passages of teachers returning to the Colony and there will probably be an increase in the number of European teachers in grant-aided schools owing to the more favourable conditions.

The Imports and Exports vote is one of the very few which shows a considerable decrease. This is due to the abolition of the opium monopoly but this saving in expenditure is of course more than offset by a loss on revenue. The net loss in respect of the abolition of the opium monopoly is in the region of \$1,250,000.

The Railway Vote is a heavy one. Other Charges and special expenditure together amount to \$10,604,038. The increased price of coal and oil accounts for over \$750,000 and the increased cost of labour is also reflected in the higher figures. Six million dollars is to be expended on the purchase of new rolling stock. Tools and equipment and the cost of re-laying the track and repairing tunnels also account for considerable sums.

The increase in Personal Emoluments in the Medical Department is higher than in other departments as not only have they extended their operations in connection with the establishment of Chinese Dispensaries but it has also been necessary for them to take over temporarily the operation of certain hospitals formerly supported by charity. Additional expenditure has also been necessary on the leasing of suitable premises in the New Territories and to replace buildings which have been destroyed.

2³/₄ million dollars is being devoted to the purchase of medicines, instruments and bedding. It has been necessary to re-equip the Bacteriological Institute and Chemical Laboratory and such items

as the cost of washing—a considerable one in a hospital—have more than doubled. Expenditure on preventive measures against infectious diseases has increased by \$30,000 but it is unnecessary for me to enlarge on this as no one has forgotten the insanitary state of the Colony when re-occupied or the rats which are still with us though fortunately in reduced numbers. Anti-malarial measures were completely neglected by the Japanese with the result that it has been necessary to increase our expenditure as compared with 1941 by nearly \$170,000.

Besides the provision for the cost of living allowance to a total of 17 million dollars, to which I have already referred, the Miscellaneous Vote contains a number of large items. They are all explained in the memorandum which will shortly be circulated to Honourable Members and I will only mention a few here.

12 million dollars has been provided for pre-occupation claims and 5 million dollars to meet the cost of ex gratia grants to officers who were not interned. Provision has also been made for the emoluments of the military personnel on loan and for the cost of operating the electricity companies up to the time when they returned to commercial operation.

Special expenditure to a total of half a million dollars has been provided under the Police Vote to purchase a new fleet of launches and the transport required to make the Force more mobile.

The sum of \$5,158,000 has been provided under the Head "Public Debt" to bring the redemption position in respect of the 3½% dollar loan up to date. No Public Debt provision is of course covered by the Appropriation Ordinance and it will be necessary to amend the Hong Kong Dollar Loan Ordinance in order to make it possible to arrange for a five years' drawing at one time. Authority to make such an amendment has been sought from the Secretary of State and if this is received a Bill will be introduced in this Honourable Council.

Under the Sanitary Head one million dollars has been provided to meet the cost of new scavenging vehicles, meat and water vehicles, etc. The Stores Vote includes 5 million dollars for unallocated stores and two million dollars for the manufacture of furniture for Government offices and quarters.

A total of \$16,072,000 has been provided under Public Works Extraordinary. This includes 3¾ million dollars for the reconstruction of Government buildings and those in Government occupation. A further \$550,000 is available for this purpose under Public Works Recurrent. This is only a beginning and later it will be necessary to commence a large building programme. The preliminaries will however take time and no considerable expenditure on new buildings could take place before 31st March.

One million dollars are being devoted to the repair of sea walls, ferry piers, etc. Just under one million dollars is required for the filling in of tunnels. $1\frac{3}{4}$ million dollars is being expended on drainage works including anti-malarial drainage. $2\frac{1}{2}$ million dollars is required to restore roads, bridges and street lighting to reasonable condition. Over $2\frac{1}{2}$ million dollars has been provided to bring the Water Works to a reasonable state of efficiency and two million dollars will be required for the purchase of motor transport.

Provision is made for a Development Secretariat under the able and energetic direction of Dr. Herklots. This will absorb the former Botanical and Forestry and Fisheries Research Departments. The new department will provide for greatly increased services in respect of Agriculture, Forestry and Fisheries, all matters of the first importance to this Colony. Dr. Herklots is now in the United Kingdom and has been discussing some of the financial implications of the new department. It is hoped that this is a sphere in which help may be looked for from the Colonial Development Fund.

Provision is made for the continuance of the P.R.O.'s Department. Such a department is now a normal feature, of Colonial Administrations and it has fully justified itself here since its establishment under the Military Administration.

We are faced then with a total estimated expenditure of \$160,751,665 against a revenue figure of \$51,308,300. Some \$80,000,000 of this expenditure represents a first instalment of the sums which will be required to repair the ravages of war. The inflated costs both of labour and material which are indirect results of the war account for much of the balance. Thus we are left with a deficit of \$115,425,965. This is a large sum and represents an extremely serious commitment for a territory of this size. The fact that it will be repeated next year though probably not on the same scale makes the position even more serious and the charges on the loan required to cover such deficits will represent a very heavy drain on our financial resources in the future. In fact it represents the limit of the borrowings which this Colony can with prudence undertake. I am making this point as it may be argued that we should have recourse to further borrowings to provide funds for the payment of compensation in respect of damaged property in the Colony. It is, I think, obvious that this would be out of the question at current market rates.

There is no magic remedy for the state of affairs which I have disclosed. The rehabilitation of the Colony must go on and it must be carried out as quickly as possible for, if we can stage a quick recovery, a period of prosperity will almost certainly follow. But to attain that quick recovery we will at first have to expend some 200% more than we receive. The position can only be restored

gradually. Deficits can only be met by increasing revenue and by cutting down expenditure. The latter possibility will be kept under constant review but the sums that matter are unfortunately all being expended on necessary rehabilitation. It seems clear therefore that we must have increased revenue and that I fear means increased taxation.

I have already indicated that the desirability of replacing the taxes now levied under the Way Revenue Ordinance by a normal form of Income Tax is under consideration and a review of licence fees will also be undertaken. There may too be other directions in which revenue can be increased. I think it will be generally agreed that our aim should be to reduce our dependence on His Majesty's Government to a minimum at the earliest possible date and with this end in view I feel sure that the Government may count on the support of Honourable Members in any measures which may prove necessary to augment our revenue.

The COLONIAL SECRETARY seconded, and the Bill was read a First time.

ARMED FORCES (LEGAL AID) BILL, 1946.

The ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to provide legal aid in criminal proceedings for members of the Armed Forces."

The COLONIAL SECRETARY seconded, and the Bill was read a Second time.

On the motion of the Attorney General, seconded by the Colonial Secretary, Council then went into Committee to consider the Bill clause by clause.

Council then resumed.

The ATTORNEY GENERAL reported that the Armed Forces (Legal Aid) Bill had passed through Committee without amendment, and moved the Third reading.

The COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed.

PEAK DISTRICT (RESIDENCE) REPEAL BILL, 1946.

The ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to repeal the Peak District (Residence) Ordinance, 1918."

The HON. MR. M. K. LO said. —Your Excellency, —The Bill which was passed into law as the Peak District (Residence)

Ordinance 1918 by this Council on the 30th May, 1918 was introduced in this Council only one week previously. There was no time for making representations to Government between the First reading of the Bill and its passage into law. But after the enactment there was very strong and bitter opposition to this measure on the part of the Chinese Community, and in this opposition the Chinese General Chamber of Commerce took the leading part.

As a member of that Chamber I made my own humble contribution to the opposition, in which my friend Mr. J. M. Wong, J.P., among others, took a prominent part. The Chinese then had no particular desire to live on the Peak. Their opposition was based solely on the ground of racial distinction.

This Ordinance has been a source of resentment to the Chinese ever since its enactment and I feel sure the repeal of this Ordinance, which is being effected by this Bill, will give universal satisfaction to the Chinese and not the least to those who, like Mr J. M. Wong and others, tried in vain to obtain its earlier repeal.

Sir, I should like, if I may, to congratulate Government on its own initiative in bringing about the repeal of this Ordinance and of the Cheung Chau (Residence) Ordinance 1919 implying, as it does, Government's recognition that Ordinances of this nature are out of harmony with the spirit of the times.

The COLONIAL SECRETARY seconded, and the Bill was read a Second time.

On the motion of the Attorney General, seconded by the Colonial Secretary, Council then went into Committee to consider the Bill clause by clause.

Council then resumed.

The ATTORNEY GENERAL reported that the Peak District (Residence) Repeal Bill had passed through Committee without amendment, and moved the Third reading.

The COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed.

CHEUNG CHAU (RESIDENCE) REPEAL BILL, 1946.

The ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to repeal the Cheung Chau (Residence) Ordinance, 1919."

The COLONIAL SECRETARY seconded, and the Bill was read a Second time.

On the motion of the Attorney General, seconded by the Colonial Secretary, Council then went into Committee to consider the Bill clause by clause.

Council then resumed.

The ATTORNEY GENERAL reported that the Cheung Chau (Residence) Repeal Bill had passed through Committee without amendment, and moved the Third reading.

The COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed.

ADJOURNMENT.

H.E. THE GOVERNOR. —Council is now adjourned until Thursday, 1st August.
