

20th July, 1949.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER, WILLIAM GEORGE HEEDER GRANTHAM, K. O. M. G.)

THE COLONIAL SECRETARY (HON. J. F. NICOLL, C. M. G.)

THE ATTORNEY GENERAL (HON. J. B. GRIFFIN, K. C.)

THE SECRETARY FOR CHINESE AFFAIRS (HON. B. C. K. HAWKINS, O. B. E., *Acting*).

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

DR. HON. I. NEWTON (Director of Medical Services).

DR. HON. J. P. FEHILY, O. B. E. (Chairman, Urban Council).

HON. A. NICOL (Acting Director of Public Works).

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

HON. SIR MAN-RAM LO, KT., C. B. E.

DR. HON. CHAU SIK-NIN.

HON. M. M. WATSON.

HON. C. BLAKER, M. C., E. D.

MR. G. C. HAMILTON (Clerk of Councils).

ABSENT:—

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

HON. D. F. LANDALE.

HON. LEO D'ALMADA E CASTRO, K.C.

MINUTES.

The Minutes of the meeting of the Council held on the 6th July, 1949, were confirmed.

PAPERS.

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

Annual Report of the Registrar of the Supreme Court, Official Trustee, Official Administrator, and Registrar of Companies for the year 1948-49.

Annual Report on Exchange Control for the year 1948-49.

QUESTIONS.

HON. CHAU TSUN-NIN asked the following question:—

“Will Government make a statement concerning the distribution and sale of Government rice with particular reference to the complaints in regard thereto which have been made by the public?”

THE COLONIAL SECRETARY replied as follows:—

1. Before I deal with the complaints which have recently been raised with regard to the sale and distribution of Government rice, I think it would be useful if I were to remind Hon. Members of the main factors governing the supply of rice in the Colony.

2. The Colony receives an allocation of rice from the International Emergency Food Committee and those allocations come almost exclusively from Burma and Siam. The prices we have to pay for these supplies are outside our control, but we have undoubtedly benefited in the past from the negotiations made on our behalf and on behalf of other Colonies by the British Ministry of Food. Bulk purchases are made by the Ministry for us, and the price we have to pay is agreed in advance for periods of six months. Both Siam and Burma impose export duties on rice. It is reckoned that the cost of 15% broken Siam White Rice, which is one of the better grades we receive and is used to meet the rice ration, is \$51.26 per picul inclusive of all charges into the godowns in the Colony and the allowing for an average of 6 months' storage charges. To this must be added 46 cents per picul for coolie charges from stack to scale and for weighing out the bags when the rice is issued. The final cost is thus \$51.72 per picul.

3. The rice is then distributed on behalf of Government by the firm of Wing Wo Hing to over 150 retail ration shops. The distributor's gross commission is 90 cents per picul, or below 2% of the cost. The retailer's commission is \$2 per picul or under 4%. These are very reasonable margins on which to work as they have to cover overheads as well as profits.

4. The cost analysis on which these figures are based involve a few items which can only be estimates, such as storage charges and the cost of landing and lighterage. These particular figures perhaps err on the aide of caution. But in practice it has been found that prior to the year 1947-48 Government just about covered what it expended on rice and it is not anticipated that future accounts will show any different result. It is on the basis of these figures and similar calculations for other grades of Siamese and Burmese rice, that the ration price of 54 cents per catty has been arrived at.

5. Free market rice is imported freely by merchants and is liable to market fluctuations in price. It consists of a variety of grades and qualities but the most popular and the one which is most closely comparable to the ration grades is Kam Fung Suet. This grade normally sells at a retail price below the retail price of ration rice, and one effect of this has been that, over the past twelve months, the ration off-take has only been about 30% of the theoretical ration requirement except for two short periods, one in April and again at the end of May and beginning of June.

6. The period in April during which the free market price was high was short, and though preparations were made to take remedial action the plans could not be put into effect before the price again fell. The next rise in prices began in May, and on the 10th of that month about 10,000 bags of Government rice were issued to retailers through the Rice Merchants Association and the Rice Importers Association. These Associations are, it is considered, fully representative of the trade. Various grades of Government rice were made available for retail sale at \$57.80, \$56.70 and \$48.15 per picul. Complaints were received that this rice was not reaching the public, so when a second issue of nearly 11,000 bags was made on the 20th May it was arranged that Members of the Associations should render daily stock and sales returns. At the same time, the Associations were prompted by Government to announce that whole bags would be sold direct by their Members to individual consumers. There was little response to this offer and in fact only 35 bags were disposed of in this way.

7. The effect of these issues was to bring down the free market price, and by the 8th June it was \$52.00 per picul, around which price it has, with very slight fluctuations, remained. Further issues could then no longer be made. So long as Kam Fung Suet is at or below \$55.00 per picul, it is not possible to sell ration rice into the free market except at a loss. Nor can inferior grades of Government rice such as "100% broken" be sold in the open market without loss unless there is a price difference of about \$10.00 per picul.

8. The suggestion may be made that the free market price should be controlled. This is undesirable so long as free market supplies are plentiful because a maximum controlled price would tend to keep up the cost to consumers so long as the natural price is below

the price of rationed rice. On the other hand, when the natural price of free market rice rises, statutory control would keep supplies away. Nor could an effective controlled price be worked out because of the large numbers of varieties and grades of rice available. Different prices for different grades would only result in the grades being mixed and control being evaded. It is more effective to “pump prime” the free market with Government stocks and thereby force down the market price.

9. Government is aware that this method of “pump priming” involves a time-lag of some days before it can be effective and steps are being taken to ensure that any future rise in the free market price will be met by swift releases of Government stocks. To ensure greater effectiveness of such measures, stalls will be opened in Government markets where space is available for direct retail sales to the public. It is also proposed to reconsider the analysis of costs on which the price of ration rice is based to see whether any reduction can be made, but I cannot hold out much hope of relief on this

10. We are dependent to a very large extent on factors outside our control. These are the f.o.b. prices in Siam and Burma. It is not possible to abandon these countries as sources of supply for we cannot rely on the continuity or the adequate volume of supplies from elsewhere.

HON. SIR MAN-KAM LO asked the following questions:—

With reference to the statement made by the Hon. Financial Secretary as quoted below in answer to my question in this Council of the 25th May, 1949—

“It has been necessary to requisition accommodation of various kinds in connection with the reinforcement of the garrison. Further requisitions may be required. In all cases every effort is being made to cause as little dislocation and inconvenience as possible by choosing buildings which are not yet occupied and giving as much advance notice as possible.”

1. Is it a fact that houses actually occupied by residents have been requisitioned, and that such residents have been told that the problem of their finding alternative accommodation is not the concern of Government?

2. Is Government aware that certain projected building schemes have been abandoned, and that new building has virtually ceased, as the result of recent requisitions?

3. Will Government make a statement on the general question of requisitioning, with particular reference as to—

(a) the extent to which it is necessary to continue to requisition on behalf of the Military Authorities, and

- (b) how far an assurance can be given that houses to be hereafter built, either generally or of any particular type or in any particular locality, will not be requisitioned, so as to minimize the discouragement to new building?

THE COLONIAL SECRETARY replied as follows:—

With the Hon. Member's permission I will take the first part of the third section of this question first.

In view of criticism which had appeared in the Press, a statement was issued last week-end on the requisitioning of La Salle College. The opportunity was then taken of explaining Government's attitude to the whole question of requisitioning. On this subject there is really little that I can add to what was said in the earlier statement. Requisitioning is, as Hon. Members are aware, undertaken by Government at the request of the Military Authorities. It is natural and understandable that these requirements should be coloured in some cases by a degree of urgency. In spite of this, Government, with whom the ultimate responsibility lies, has done its best to ensure that the life of the Colony should be interfered with to the minimum extent possible and that individual discomfort or hardship should be avoided wherever this was in any way possible.

Government has, wherever possible, made accommodation available so as to fulfil the requirements of the Military Authorities. This includes eight living quarters (seven flats and one house) and the Rural Training College. Temporary accommodation for the latter has been provided elsewhere so that the College can continue to function. Government has also offered one block of King's Park flats to the La Salle College authorities to be used as accommodation for boarders and staff.

The Military Authorities are, of course, doing all they can to meet their own requirements by building wherever this is possible and Government has encouraged and assisted this policy. But there are many instances in which even the crudest structures could not be erected in the time within which occupation is necessary. Government has, therefore, been forced, with considerable regret, to resort to the only possible expedient of requisitioning. And here, I may say at once, that the field is not nearly as wide as some people seem to imagine. If the requisitioned buildings are to be in any way suited to the purposes for which they are intended, capacity, location, communications and other amenities have all to be taken into account. These are all limiting factors. Others are the question of whether or not any otherwise suitable building is in occupation or serves a purpose essential to the welfare of the Colony as a whole. It will be seen, therefore, that the problem of meeting all requirements, having regard to the element of urgency to which I have referred above, is by no means easy of solution. Government has, however, placed one consideration before all others in dealing with this matter. Hardship and inconvenience to the Colony's residents, interference

with legitimate business enterprises and social necessities has been avoided wherever possible, and the necessary burden of the requisitioning programme has been spread, to the best of Government's ability over all sections of the community.

I now turn to the other sections of the Hon. Member's questions.

1. It is a fact that a very few properties have been requisitioned which were occupied by residents. Such requisition, which has occurred mainly in the New Territories, was unavoidable because accommodation is required for troops which have to be posted to areas in which no suitable unoccupied premises exist and where no military buildings could be constructed in the time available. It is also the fact that residents so affected have been told that it is not feasible to requisition premises for their accommodation because such action would in present circumstances entail the dispossession of other persons.

2. Judging from figures relating to the submission of plans for building for the months of April, May and June there is no indication that there has been any falling off in the preliminary arrangements for the construction of new buildings. Cessation in the work on buildings which have already been started is difficult to assess, but Government is not aware of any cases on which work has been stopped solely on account of the requisitioning programme.

3. (a) The requirements still to be met by requisitioning as at present known to Government entail provision of accommodation for some 250 military personnel in Kowloon and a small number in Hong Kong. In addition a 600-bed hospital is required and this matter was fully discussed in the Press Release to which I have already referred. Government also anticipates that it will be necessary to obtain further accommodation in the New Territories by the requisition of several more houses.

(b) I hope that Hon. Members will understand that it is regrettably not possible to give an assurance of the nature proposed, (desirable as it might be from other points of view), because military requirements in the future cannot be accurately forecast. Unless some unforeseen eventuality occurs, it is perhaps safe to say that the worst phase of this difficult undertaking is now over, and that before many months have passed, as construction by the Military Authorities develops, it will be possible to begin the release of the buildings now held, so that they may again be available for the purposes for which they were intended. I may perhaps add in this connection that proposals are being examined to permit of the payment of compensation for new buildings which have been or which may hereafter be taken under requisition at rates which will approximate to the rateable value of such buildings.

MOTIONS.

THE FINANCIAL SECRETARY moved the following resolution: —

Whereas for many years there has been in existence a Revenue Howard Fund into which have been paid the proceeds of sale of confiscated contraband and fines inflicted for revenue offences and out of which were paid rewards to informers on whose information the seizures of contraband took place;

And whereas in accordance with instructions received from the Secretary of State for the Colonies it is necessary that the authority of this Honourable Council be obtained for the retention of such Fund;

And whereas it is expedient that such Fund should be retained and its retention has been approved by the Standing Finance Committee of this Honourable Council;

Now therefore it is hereby resolved as follows:

1. That there shall be a Revenue Reward Fund;
2. That the proceeds of sale of confiscated contraband and fines inflicted for revenue offences shall be paid as heretofore into such Fund;
3. That rewards to informers who have given information leading to seizures of contraband shall as heretofore be paid out of such Fund;
4. That rewards paid under paragraph 3 of this Resolution shall not in any one case exceed the sum of Two Hundred and Fifty dollars without the consent of the Financial Secretary, and shall not in any one case exceed the sum of Ten Thousand Dollars without the consent of the Standing Finance Committee of this Honourable Council:

Provided however that in any application to the Financial Secretary or to the Standing Finance Committee of this Honourable Council under this paragraph it shall not be necessary for the name of any informer to be disclosed.

He said: Your Excellency, for many years before the war a Revenue Reward Fund was in existence, into which were paid the proceeds of sale of confiscated goods and fines inflicted for revenue offences, and out of which were paid rewards to informers, whose information led to seizures or confiscations. When the balance of the fund exceeds a certain figure, the excess is transferred to Revenue, but in some years before the war money had to be voted to prevent the balance from falling too low.

Recently the Director of Audit pointed out that the operations of the fund were now on a much larger scale than was the case before the war. In these circumstances he considered that, although the authority of the Secretary of State for the Colonies for the establishment of the fund must no doubt have been obtained many years ago, such approval should now be confirmed in view of the greatly increased scale of operations.

As a result of these representations by the Director of Audit the matter was referred to the Secretary of State who considers that the present arrangements ensure adequate control by the executive though they do not of themselves provide the same degree of control by the Legislature as would be the case if all receipts from the sale of confiscated goods were brought to account as revenue, and all payments of rewards were charged to an appropriate sub-head of expenditure. The Secretary of State said, however, that if the adoption of such a system would jeopardise the speed of payments and the secrecy of transactions he would be prepared to agree to the continuance of the present arrangement, provided that the authority of Legislative Council was obtained and that an annual audited statement of the transactions of the Fund was laid before the Council.

The Government is strongly of the opinion that the Revenue Reward Fund should be retained as a revolving fund. It considers that this is the only method of assuring speedy payment which is so essential, and also secrecy in administration. If such a fund did not exist, it would be necessary to provide in the Estimates a sum calculated to meet the maximum possible payment of rewards during the year. This could only be guessed at, and as expenditure has to be balanced by revenue, it is undesirable to swell the expenditure side of the Budget unnecessarily by provisions which may never be required. I trust that Honourable Members will agree therefore that the balance of advantage lies in retaining the present procedure of meeting the payment of rewards from a special fund.

THE COLONIAL SECRETARY seconded, and the motion was carried.

THE FINANCIAL SECRETARY moved the following resolution: —

Whereas by section 4 of the Dutiable Commodities Ordinance, 1931, it is provided that the Legislative Council may from time to time by resolution impose any duty on any dutiable goods or any class of dutiable goods, and lower, increase, decrease or vary any such duty to any extent whatever;

And whereas by a resolution made and passed by this Honourable Council under the said section on the 3rd March, 1948, it was provided that in respect of importations paid for after the 25th January, 1948, the rate for the purpose of calculating the Hong Kong dollar equivalent of French francs in connection with the duty on toilet preparations and proprietary medicines should be Hong Kong \$1 to 54 French francs;

And whereas the value of the French franc in relation to the Hong Kong dollar has in fact varied from time to time since the date aforesaid;

Now therefore it is hereby resolved under section 4 of the Dutiable Commodities Ordinance, 1931, that in respect of importations paid for after the date hereof, the rate for the purpose of calculating

the Hong Kong dollar equivalent of French francs in connection with the duty on toilet preparations and proprietary medicines, as imposed by a resolution of this Council passed on the 3rd December, 1947, and made under the said Ordinance shall be the official rate of exchange prevailing at the date of consignment of any such importation as aforesaid in place of the rate of Hong Kong \$1 to 54 French francs established by the resolution of this Council passed and made under the said Ordinance on the 3rd March, 1948.

He said: Your Excellency, as Honourable Members are only too well aware, rates of exchange throughout the world vary rather frequently nowadays, so the pre-war practice of prescribing the actual rate in these resolutions under the Dutiable Commodities Ordinance causes a good deal of unnecessary work in that a new resolution, changing the rate, frequently has to be drafted and submitted to this Honourable Council.

It has therefore been decided that the better course will be to provide that duties under the Ordinance should be calculated at the official rate of exchange prevailing at the date of consignment of the goods. This is now being done in the case of French francs, and it is proposed to adopt the same procedure in the case of other currencies, when occasion next arises to vary the existing rates.

THE COLONIAL SECRETARY seconded, and the motion was carried.

COMPENSATION (SPECIAL CASES) BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to provide for the payment of compensation to a person injured or the dependants of a person killed in fulfilling a duty to uphold the law." He said: Sir, the Objects and Reasons which are published with this Bill in the hands of Honourable Members sufficiently explain the content of this short Bill. It will be observed that no attempt has been made by the Bill to prescribe the circumstances or the conditions in which an award of compensation may be made from the general revenue of the Colony to a person injured or to the dependants of a person killed in fulfilling his duty to uphold the law. The course pursued by the Bill is to provide upon the Statute Book for an enabling measure which will permit of this Council judging each case on its merits and passing a resolution to conform with such judgment. Thus, if a decision be reached by this Council to make an award of compensation in any case, the resolution can reflect the degree in which a person has been injured in upholding the law or it can assess the degree of loss to dependants of a person who has been killed in gallant execution of his public duty to uphold the law.

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

Objects and Reasons.

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

1. In the past it has happened that death or injury has been suffered by a person acting in the discharge of a moral or legal duty to uphold the law in resistance to crime.
2. It is considered that legislation should exist to enable an award of compensation to be made in appropriate cases to any person so injured, or to the dependants of a person who dies of such injury.
3. The object of this Bill is to provide legislation whereby (clause 2) an award of compensation may be made by resolution of Legislative Council.

REGISTRATION OF DENTISTS (AMENDMENT) BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled “An Ordinance to amend the Registration of Dentists Ordinance, 1940.” He said: Sir, this again is a short Bill designed to amend the Registration of Dentists Ordinance, 1940. Sir, the Dental Board, of which my Honourable Friend the Director of Medical Services is the President, has, for some time past, been concerned by the fact that there is a shortage in the Colony of dentists qualified and registered for practice, having regard to the size of the population of the Colony at the present time. Upon the initiative of the Dental Board the solution which is reflected in this Bill and explained in the Objects and Reasons published with it, has been put forward. Briefly, it is this, that a new category of persons qualified to be registered has been added to section 7 of the principal Ordinance. They are to be persons who by reason of professional qualifications, experience and skill satisfy the Board that they are fit persons to be registered under the Ordinance. It is manifest that under the solution proposed a further responsibility is placed on the Dental Board, because they must carefully scrutinise the qualifications, experience and skill of any person seeking to be registered within the new category. To meet this additional burden on the Board, it is proposed by clause 2 of the Bill, so to amend section 4 of the principal Ordinance, as to allow of the membership of the Dental Board being increased by the addition thereto of two further dental surgeons.

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

Objects and Reasons.

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

1. There is at present an acute shortage of registered dentists in the Colony.

2. The qualifications requisite for entry in the Register are contained in section 7 of the principal Ordinance, which entitles four categories of persons to register as dentists. These are—

(a) those holding degrees or diplomas which would entitle ‘them to be registered in the United Kingdom;

(b) those holding other degrees or diplomas recognised by the Dental Board;

(c) persons who at the commencement of the principal Ordinance were registered under the Dentistry Ordinance, 1914; and

(d) persons who had earned their livelihood prior to the passing of the principal Ordinance by practising dentistry in the Colony and who applied to register within a prescribed period (maximum of two years).

3. In 1940 those qualified as above were sufficient to meet the needs of the community of the Colony. At this date, however, there are insufficient registered dentists for this purpose because—

(a) of the greatly, increased population;

(b) many of the registered practitioners within categories (c) and (d) of paragraph 2 (above) have died, retired or left the Colony and no further recruits can be expected under these headings;

(c) there are insufficient applicants who possess the requisite qualifications to fall within categories (a) and (b) of paragraph 2 (above). It is not possible to lower the standard of diploma or degree required for category (b) because persons in such category together with those in category (a) are entitled to be styled “dental surgeons” (see section 21 of the principal Ordinance).

4. It has therefore been found necessary to add a further category of applicants to those entitled to registration. That category will consist of persons who, though well qualified in their profession, have not those special qualifications which in Hong Kong would justify for them the use of the title “dental surgeons”.

5. It is hoped that the further category will enable the Colony’s need to be met. At the same time the obligation to safeguard the interests of the community by the most careful scrutiny of the claims of applicants claiming to fall within the new category has been met by the strengthening of the Board (as provided by clause 2 of the Bill) by addition of two more dental surgeons to membership of the Dental Board.

TELECOMMUNICATION AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled “An Ordinance further to amend the Telecommunication Ordinance, 1936.”

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the Telecommunication Amendment Bill, 1949, 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 into law.

ADJOURNMENT.

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

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

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