
OFFICIAL REPORT OF PROCEEDINGS**Meeting of 7th April, 1954.****PRESENT:**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, G.C.M.G.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES
LIEUTENANT-GENERAL SIR TERENCE AIREY, K.C.M.G., C.B., C.B.E.

THE HONOURABLE THE COLONIAL SECRETARY
MR. ROBERT BROWN BLACK, C.M.G., O.B.E.

THE HONOURABLE THE ATTORNEY GENERAL
MR. ARTHUR RIDEHALGH, Q.C.

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS
MR. RONALD RUSKIN TODD.

THE HONOURABLE THE FINANCIAL SECRETARY
MR. ARTHUR GRENFELL CLARKE, C.M.G.

THE HONOURABLE THEODORE LOUIS BOWRING, O.B.E.
(*Director of Public Works*).

DR. THE HONOURABLE YEO KOK CHEANG
(*Director of Medical and Health Services*).

THE HONOURABLE LEONARD GEOFFREY MORGAN
(*Acting Director of Education*).

THE HONOURABLE HAROLD GILES RICHARDS, O.B.E.
(*Director of Urban Services*).

DR. THE HONOURABLE CHAU SIK NIN, C.B.E.
THE HONOURABLE CEDRIC BLAKER, M.C., E.D.
THE HONOURABLE LO MAN WAI, O.B.E.
THE HONOURABLE NGAN SHING-KWAN.
THE HONOURABLE DHUN JEHangIR RUTTONJEE.
THE HONOURABLE KWOK CHAN, O.B.E.
DR. THE HONOURABLE ALBERTO MARIA RODRIGUES, M.B.E., E.D.
THE HONOURABLE LAWRENCE KADOORIE.
MR. ROBERT WILLIAM PRIMROSE (*Deputy Clerk of Councils*).

MINUTES.

The Minutes of the Meeting of the Council held on 24th March, 1954, were confirmed.

OATH.

MR. HAROLD GILES RICHARDS, O.B.E., took the Oath of Allegiance and assumed his seat as a Member of the Council.

PAPERS.

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

<i>Subject.</i>	<i>G.N. No.</i>
Report of the Director General of Colonial Audit on the Accounts of Hong Kong for the year ended the 31st of March, 1953.	
The Town Planning Ordinance, Chapter 131.	
The Town Planning Regulations, 1954.....	A. 35
The Rating Ordinance, Chapter 116.	
Notification under section 8(b).....	A. 36
The Rating Ordinance, Chapter 116.	
Notification under section 8(b).....	A. 37
The Merchant Shipping Ordinance, 1953.	
The Merchant Shipping Exemption (Ships) Order, 1954	A. 38
The Merchant Shipping Ordinance, 1953.	
The Merchant Shipping Exemption (Trawlers) Order, 1954	A. 39

**SUPPLEMENTARY PROVISIONS FOR THE QUARTER
ENDED 31st DECEMBER, 1953.**

THE FINANCIAL SECRETARY moved the following Resolution: —

Resolved that the Supplementary Provisions for the quarter ended 31st December, 1953, as set out in Schedule No. 3 of 1953/54, be approved.

He said: Sir, all the items in the Schedule have already been approved by Finance Committee and the covering approval of this Council is now required.

The items are largely self-explanatory but I might draw attention to the vote of \$1¹/₄ millions for the Chuk Yuen Resettlement Area, which represents the capital cost of establishing a new area for the resettlement of squatters.

Another large item is one of over \$1 million for loans to schools. These loans are interest-free and are repayable in ten equal annual instalments. The provision covers \$600,000 for a twenty-classroom school to be built by the Marist Brothers; \$200,000 for the Precious Blood Girls Middle School for a further twenty classrooms; \$300,000 for an additional eight classrooms for the Maryknoll Convent School, and \$60,000 for the Amoy School of eight classrooms. It will be observed that the subventions to grant schools and subsidized schools have also been considerably supplemented due to the increased cost of living allowances payable to teachers in these schools along the same lines as those to Government servants.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

HOUSING BILL, 1954.

THE COLONIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to provide for the establishment and functions of a Housing Authority and for purposes connected therewith".

He said: Sir, on this occasion it might perhaps not be inappropriate if I were to say something about housing in Hong Kong since 1946. In that year Hong Kong, as elsewhere, faced the problem of rebuilding the houses damaged or destroyed by military operations or by looting. As many of these were on land leased from the Crown for 75 years with no option of renewal, and as the majority of these leases had less than 20 years to run, Government decided to offer new leases for a further period of 75 years, on special terms, to encourage Crown lessees to rebuild immediately. This very favourable offer resulted in the building or rebuilding of 38 houses and about 200 flats.

In 1947, in order to assist permanent residents to build houses for their own occupation and employers to build quarters for their staff, Government obtained the authority of the Secretary of State to grant sites by private treaty at half upset price subject to restrictions against letting, assignment, and so forth, for a period of 20 years. The large number of applications received before the closing date of 31st July, 1948 resulted in the grant of sites at half upset price for the erection of 299 houses, 148 flats and 73 four-storey tenement houses.

Apart from these houses and flats which were erected or are being erected on land granted by Government on concessionary terms, a number were built by private enterprise on old lots sold by auction after the war. In consequence, by the early part of 1949, a near sufficiency of the better type of accommodation seemed to be not unlikely. Unfortunately, the events of that year in China led to a large influx of many tens of thousands of persons from various parts of that country, and while the well-to-do immigrants, who were of course the minority, were able to take up some of the better class accommodation available in Hong Kong, the majority either added seriously to the existing overcrowding of tenements or squatted on the hill-sides, aggravating by many times the squatter problem which was not then of the magnitude it is to day.

I have already referred to the grants by private treaty on concessionary terms which were made to persons applying for sites before the 31st July, 1948. The next step taken by Government was to obtain the authority of the Secretary of State to grant land by private treaty on concessionary terms for large housing schemes initiated by employers or by housing societies.

A public announcement to this effect, made in October, 1948, invited applications from employers. The closing date for applications was originally July, 1950, but this was subsequently extended for a period of five years, and it is still possible for employers and associations to apply for land by private treaty on very favourable terms for large housing schemes for their employees. The response at the time was disappointing although two firms built a total of 360 flats for their staffs and one firm built workers' dormitories. Your Excellency in your Budget Speech last year referred to the possibility of more being done by large firms and it is encouraging to note a renewal of activity and interest. Two grants of land on concessionary terms have recently been made to two employers who are building 365 flats for their staffs while five more applications have recently been received which it is hoped may result in the erection of another 800 flats.

By the end of 1950 it had become clear that, although the number of new domestic buildings being erected by private enterprise and the amount of capital being invested in such buildings was very considerable, capital was not being attracted to schemes for the building of flats which could be let at rents within the means of the greater part of our population. Government, therefore, decided early in 1951, with the approval of the Secretary of State, to set aside \$15 million from the Colony's Development Fund to finance the building of low-cost flats. The Secretary of State also agreed in principle to making a free grant of \$3³/₄ millions from the Colonial Development and Welfare Fund to cover the cost of site preparation for about 2,500 flats of this type. In your budget address in 1951, Sir, you also announced that Government intended to set up an organization on the lines of an Improvement Trust, but that, since the creation of such an organization would inevitably take time, it had been decided in the first place to grant loans to approved housing societies to undertake pilot schemes. Two such schemes have been undertaken: one at North Point by the Model Housing Society for 400 flats, 100 of which have been completed with a further block in course of erection, and one of 270 flats at Sheung Li Uk by the Hong Kong Housing Society, all of which have been completed.

In December, 1951, an administrative officer visited Singapore to study and report on the workings of the Singapore Improvement Trust and, since that date, the question of the

type of housing organization which would be most effective in Hong Kong has been the subject of continuous study and discussion. The establishment of such an organization is no light undertaking. The most searching investigations and the most careful deliberations have been necessary—deliberations in which the advice and assistance of unofficial members of Council and other persons with experience in the management of property have been invaluable, and I should like to take this opportunity, Sir, to record Government's appreciation of the invaluable advice and the time so generously given by these and other public-spirited citizens. Not all of them, I may say, have been serving on official bodies but, when consulted, they have readily apprehended the special difficulties attending housing problems in Hong Kong, and have pointed these out and, from their own experience, have suggested safeguards. We now think that enough experience in the difficult field of low-cost housing has been gained by the two Housing Societies and that the discussions and planning, which have been going on for the last three years, have reached the point where Government is able to decide on the form which an organization to promote and administer low-cost housing schemes should take in Hong Kong, and Government is satisfied that, for Hong Kong conditions, the most suitable organization for this purpose would be a statutory Housing Authority, the members of which would be all the members of the Urban Council together with other persons not exceeding three in number to be nominated by the Governor; in his discretion, they might be persons such as those who from their experience in the building and management of property would be able to give valuable advice.

My honourable Friend the Financial Secretary informed this Council, when introducing the Budget, of the decision to finance the Tai Lam Chung scheme from general revenue instead of from the Development Fund; this will release a further \$40 millions for housing, in addition to the \$ 15 million set aside in 1951. Of this latter sum, just over \$2 million has already been granted on loan to the Hong Kong Housing Society and a further \$7½ million promised for its second scheme for 1,000 flats at Hung Hom. It is probable that a further loan will be made to this Society for a third scheme for at least 400 flats, this time on the island of Hong Kong. As we see things at present therefore there are funds available, therefore, to finance the schemes of the Housing Authority in the immediate future.

Sites will be made available to the Authority on the concessionary terms applicable to low-cost housing schemes, and the work of site preparation and construction will be undertaken by the Public Works Department. The loan made to the Housing Authority for any particular scheme will therefore be the amount required to cover the cost of these items. When a scheme is completed it will be the business of the Housing Authority to select the tenants and to fix the rents, which will of course be kept as low as possible. We must not forget, however, that receipts from rents will have to cover all the expenses of administration, management, maintenance of buildings, payment of Crown rent, payment of interest on loans and instalment for the repayment of loans.

The Objects and Reasons of the Bill now before this Council explain clearly its main features, but I wish to add a few supplementary remarks. First, the word "house" will in fact mean blocks of low-cost flats. It is not the intention that the Housing Authority should engage in the construction of the better type of flat or house, large numbers of which have been erected since the war. That field will be left to private enterprise.

The constitution of the Authority is provided for by clause 3 of the Bill. It will be noted that the Authority is required by Clause 9 to make an annual report to the Governor which is to be laid on the Table of this Council.

The financial provisions of the Bill are to be found in the following clauses: —

Clause 4(3) provides that the Authority's Policy shall be directed to ensuring that in any period of three successive financial years after the 1st April, 1956 revenue shall be sufficient to meet all expenditure other than that chargeable to capital account. We have allowed an interval up to the beginning of the Financial Year 1956/57 because we recognize that, for the first two years of its existence, the Housing Authority will be disbursing large sums for the construction of blocks of flats and receiving very little in the way of revenue from rents.

Clause 6 gives the Authority permission to borrow from Government, or from other sources approved by the Governor, the funds required for its work. As already indicated we would draw upon the Colony's Development Fund.

Clause 7 allows the Chairman of the Authority to invest surplus funds in securities approved by the Financial Secretary. The latter's authorization also will be required for any such investment at any period before all indebtedness to Government has been discharged.

Clause 8 requires the Authority to keep proper accounts under the general supervision of the Accountant General. It should be noted, however, and this is important, that we propose that commercial practice in the keeping of these accounts will be followed. The accounts must be audited by an auditor approved annually by the Governor, to whom an annual statement must be supplied together with a copy of the auditor's report. This statement is to be laid on the Table of this Council.

For administration, a Housing Division of the Urban Services Department is already in existence under a Class II Cadet Officer, the title of whose post is Assistant Director of Urban Services (Housing). Site formation and construction work, as I have already stated, will be carried out by the staff of the Public Works Department, tenders being called for and awarded in the same manner as for Government buildings.

The number of schemes which the Housing Authority will be able to undertake within the next year or two is likely to be limited by the difficulty of obtaining vacant possession of large sites within the urban areas, many of which are now occupied by squatters. The resettlement and housing programmes will clearly have to be closely co-ordinated so that, when a suitable site for housing is cleared of squatters, permanent development is started without delay. I hope, however, that this difficulty of obtaining sites will not prevent the Housing Authority from getting under way soon, since fortunately there is one site which can be made available immediately.

In the comments which I have made earlier about housing in Hong Kong, I have avoided political polemics and have not tried to light up the problem with any dramatic incandescence. We all know only too well what the problem is. Both Your Excellency and the former Chairman of the Urban Council during the Budget Debate referred to the surplus population of the tenement areas. If we take that surplus population and add it to those who are

squatting on valuable land and on the hill-sides, we are in Hong Kong faced with the accommodation problems of possibly about 600,000 souls. The public of Hong Kong has waited some time now for Government proposals about low-cost housing---they may at times have felt like Wilkins Micawber waiting for something to turn up. Here then is our proposed organization, but I need scarcely emphasize that Government does not expect that the Housing Authority alone will solve our great problem. Other agencies in the Colony are needed and Government is confident that the Housing Societies will continue to play their excellent roles and that private enterprise will make valuable contributions and it is encouraging to find that Your Excellency's appeal to the big firms has not been made in vain.

MR. H. G. RICHARDS seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

2. Two pilot housing schemes have already been set up under the direction of the Hong Kong Housing Society and the Hong Kong Model Housing Society respectively. These societies have constructed a number of flats, the former at Sheung Li Uk, Kowloon, and the latter at North Point, and they have further projects under consideration. But it is considered that the problem of housing the inflated population of Hong Kong is too large for these and similar organizations alone, and it is now proposed to create a public authority capable of planning housing schemes on a scale commensurate with existing requirements.

3. The proposed Housing Authority will consist of members of the Urban Council, *ex officio*, together with such persons (if any) not exceeding three in number as the Governor may nominate. The Chairman of the Urban Council will be Chairman of the Housing Authority. The conditions of appointment and removal of nominated members and rules for the conduct of business of the Authority are provided in the Schedule to the

Bill. The Authority is required to make standing orders not in conflict with the provisions of the Schedule for the regulation of meetings and the proceedings thereat, such standing orders being subject to the approval of the Governor in Council.

4. By clause 11 the Chairman of the Housing Authority will be created a corporation sole with power, for the purposes of the Ordinance, to acquire, hold and dispose of property, including existing buildings.

5. The Housing Authority may borrow money from the Hong Kong Government or from other sources approved by the Governor. Further, the Authority is empowered to invest surplus funds in securities approved by the Financial Secretary, but this power may not be exercised without the approval of the Financial Secretary during such time as the Authority owes money to the Government.

6. Clause 15 provides that by-laws may be made for the transaction of the day to day business of the Housing Authority and for the management of all property vested in the Chairman or placed under his control for the purposes of the Ordinance.

7. All housing schemes must have the Governor's prior approval (clause 5): clause 8 provides for the keeping of proper accounts and their audit: and clause 16 enables the Governor to give the Housing Authority general or specific directions for the discharge of its functions and to obtain any information with respect to the activities of the Authority that he may require.

VOLUNTEER AND NAVAL VOLUNTEER (VALIDATION OF PAY AND ALLOWANCES) BILL, 1954.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to validate payments of pay and allowances to members of the Hong Kong Naval Volunteer Force and to officers and volunteers of the Hong Kong Volunteer Defence Corps who were called out on actual service and on actual military service during the Second World War 1939-45".

He said: Sir, the purposes of this Bill is set forth very fully in the Objects and Reasons and in the Preamble to the Bill. I don't think that there is anything I can usefully add.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

The purpose of this Bill is to validate payments of pay and allowances made to the Hong Kong Naval Volunteers and to the Hong Kong Volunteers after they had been called out for service in the last war. The circumstances giving rise to this measure are set out in the preamble.

PRISONS BILL, 1954.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend and consolidate the law relating to prisons and persons employed therein".

He said: Sir, in the issue of the China Mail for 13th October, 1953 an interesting reprint appeared in the well-known column—" 100 Years Ago"; as the article dealt with an Ordinance affecting prisons administration, I should like to quote from that article. The author wrote as follows: —

"A short "Ordinance for the Regulation of the Gaol of Hong Kong", is the fruit of the wisdom of our Legislative Council in the first nine months of 1853. It invests the Sherriff and the Gaoler with irresponsible powers in enforcing discipline within the Gaol, leaving them virtually the sole judges of what constitutes discipline".

This present Bill, Sir, has been under consideration for a much longer period than nine months. Moreover, the Bill can hardly be called a short one; the body of the Bill includes twenty-eight clauses, and the Schedule contains the Prison Rules which number two hundred and sixty-four. But this Bill has more to commend it than these differences from its predecessor.

It is designed to bring our legislation affecting prisons up-to-date, for it is woefully behind the times, as the statement of objects and reasons shows: we are at present working on an Ordinance of 1932, together with rules made as long ago as 1925. The rules have, of course, been amended piecemeal over the years, and they now represent a legislative morass, apart from other defects.

Sir, this Bill contains no radical reforms, but with the advice of the Prison Commission in the United Kingdom, and with due regard to local circumstances, we desire to effect changes designed for the better administration of the prisons in the Colony.

The rules contained in the Schedule are of prime importance because they provide for the detailed administration of a prison. It is not possible to give a short summary of them, but reference to the Table of Contents, at pages 11 to 20 of the Bill before Council will indicate the ground covered. Detailed provision is made for the proper treatment of prisoners, and for their discipline, and no irresponsible powers (such as were complained of in 1853) are given; for example, corporal punishment can only be awarded for mutiny, incitement to mutiny and gross personal violence to a prison officer. It can only be awarded by the Commissioner if, having regard to the character of the offender and the state of discipline in the prison, he is of opinion that other forms of punishment allowed by the rules will prove ineffective and the award of corporal punishment is subject to the approval of the Governor. A necessary safeguard against maladministration and abuse of power is the provision for the appointment of visiting justices. Their appointment is obligatory, and their powers and duties are defined. An innovation, to which I invite attention, enables the Commissioner of Prisons to appoint persons interested in the welfare, reform and after-care of prisoners to be prison visitors. Further, the Commissioner is enabled to operate an earnings scheme for prisoners engaged on work; and provision is made for the employment on useful work of prisoners who are medically fit.

Turning for a moment to the staff as opposed to the inmates, the powers and duties of the various officers are closely defined, and there is due provision for discipline and the procedure in relation to enforcement of discipline. A Prisons Department Welfare Fund for the benefit of the staff is established by clause 24 of the Bill and rules for its administration appear in Part VI of the Schedule.

Sir, criminals sent to prison are entitled to be humanely treated whilst undergoing their sentences, and there is an obligation—in fact it is in the interests of society—to see that so far as possible they are better fitted on their release to take their place as useful members of the community. So far as legislation can provide the means to these ends, I claim that this Bill does so provide.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

The Prisons Department has since the re-occupation of the Colony worked under considerable difficulties, some of which have been caused by the unsatisfactory state of the legislation governing the administration of prisons. In 1932 an Ordinance to amend and consolidate the law relating to prisons was enacted. But a comprehensive set of rules has never been made thereunder, and in consequence prison rules made in 1925, as amended from time to time, still remain in force. The necessity for fresh legislation has become urgent because some of the provisions of the 1932 Ordinance have, by reason of new conceptions as to treatment of prisoners, become obsolete and also because some of the prison rules enacted in 1925 are no longer applicable to present conditions. The purpose of this Bill is therefore to replace the Prisons Ordinance (Chapter 234) by an up-to-date Ordinance, including much needed provisions relating to the execution of judgments of death and the burial of executed prisoners.

2. Clauses 3, 4, 5, 6, 7, 9, 10, 11, 12, 17, 18, 19, 20, 21, 22, 23, 25, 26 and 27 repeat with variations similar provisions in the existing Ordinance. The source of each section and the nature of the variations are shown in the Comparative Table in the First Appendix hereto.

3. Clause 8 is a new provision and has been inserted on the recommendation of the Secretary of State for the Colonies. It is a reproduction of section 15 of the Prison Act, 1952.

4. Clause 13 calls for special attention for the reason that sub-clause (1) thereof contains a completely new provision. The Director of Medical and Health Services advises that it is desirable to empower the Commissioner of Prisons to authorize the removal of a prisoner suspected to be of unsound mind to a mental hospital for observation, in order that his mental condition may be considered by a mental specialist under suitable conditions.

5. No provision exists in the laws of the Colony as to the place where a sentence of death shall be executed. Clause 14 now provides that it shall be carried out within the precincts of the prison in which a prisoner is confined at the time fixed for the execution.

6. Section 4 of the Offences against the Person Ordinance, (Chapter 212), deals with the burial of bodies of persons executed for murder, but local legislation makes no provision for the disposal of bodies of persons executed for other offences. It is therefore, considered desirable to make such provision, and it will be found in clause 15.

7. Clause 16 is a general saving clause and has been inserted following the precedent contained in section 16 of the Capital Punishment Amendment Act, 1868.

8. Clause 24 makes provision, not hitherto existing, for the establishment and control of a Prisons Department Welfare Fund.

9. Attention is invited to clause 27, which is a repetition, with additions, of section 17 of the Prisons Ordinance, 1932, except that the power of disallowance by Her Majesty contained in subsection (3) of the latter section has been omitted. It is not considered necessary to retain that provision.

10. The rules in the Schedule to the Bill are a complete revision of existing prison rules, and the Comparative Table in the Second Appendix hereto shows the origin of each rule.

STAMP (AMENDMENT) BILL, 1954.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Stamp Ordinance, Chapter 117".

He said: Sir, the Administrator of Japanese Property will in due course be selling former Japanese-owned property now vested in him as a result of the Peace Treaty, and it is considered that these transactions should be subject to stamp duty. The position under section 41 of the Stamp Ordinance as it now stands is not free from doubt. That section provides exemption for certain classes of instruments, for example, instruments executed on behalf of Her Majesty, and the purpose of the amendment contained in this Bill is to make it clear that instruments executed by the Administrator are not exempt under that section.

THE FINANCIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

Section 41 of the Stamp Ordinance, *inter alia*, exempts instruments made on behalf of Her Majesty from the incidence of stamp duty. The present Bill seeks to remove doubt by providing that the exemptions granted by section 41 (*a*) do not extend to any document executed by the Administrator of Japanese Property.

LANDLORD AND TENANT (AMENDMENT) BILL, 1954.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Landlord and Tenant Ordinance Chapter 255, and the Landlord and Tenant (Amendment) Ordinance, 1953".

THE COLONIAL SECRETARY seconded.

THE SECRETARY FOR CHINESE AFFAIRS: —Your Excellency, this Second Reading of the Bill of the Landlord and Tenant (Amendment) Ordinance, 1954—an Ordinance which will make only minor, though useful, amendments to the existing law on this subject—affords a convenient opportunity to give honourable Members a review of certain aspects of the present situation under the Landlord and Tenant legislation and of the activities of the Tenancy Inquiry Bureaux during the last nine months or so. With your permission, Sir, I propose to give such a review, as briefly as I can, this afternoon.

I would first ask honourable Members to cast their minds back to the three meetings of this Council held last June and July when the controversial Landlord and Tenant (Amendment) Bill, 1953, was debated and eventually passed. Honourable Members will recall that, when the debate on the Second Reading of that Bill was resumed on the 15th July, I attempted to summarize the view of the majority of the Unofficial Members and that my summary was somewhat as follows: —The recommendations of the McNeill Rent Control Committee, as modified by Government in the Amending Bill as originally presented, were, in the main, right in principle. But, in the opinion of the Unofficial Members, the timing of the Bill in its original form was inappropriate because during the 18 months which had elapsed since the Committee was appointed there had been a marked change for the worse in the general economic and business conditions of the Colony. The implementation of Government's original proposals would, it was urged, have had the most deleterious effects on the Colony's economy and it was therefore necessary to "cushion" the impact of any increases in the rent of both business and domestic premises and to defer consideration of any increases beyond the year 1954.

The upshot of the debate, as honourable Members know, was that Government bowed to the opinion of the majority of the Unofficial Members and a compromise was reached. Government's proposals, as presented in the original Bill, were that in the case of business premises there should be an immediate increase of 50% on the standard rent, and another 50% after one

year; and that in the case of domestic premises there should be an immediate increase of 25% on the standard rent and another 25% six months later. The compromise arrived at was that for business premises there should be two increases of 25% on the standard rent, to be effective from 1st September, 1953, and 1st March, 1954, respectively, and that for domestic premises there should be only one increase of 25% effective from 1st March, 1954.

During the debate to which I have referred great stress was laid on the need for educating the population of the Colony to avail themselves of the protection afforded by the Landlord and Tenant legislation and also on the point that it was Government's duty to remedy the state of affairs which existed. The Government spokesmen made it quite clear that Government fully accepted this responsibility. The Acting Secretary for Chinese Affairs outlined the steps which his department was going to take—largely in accordance with the recommendations of the McNeill Committee—for the education of the public, landlords and tenants alike, in their rights and duties, for the protection of tenants and sub-tenants, and for the general implementation of the Ordinance. I myself warned unscrupulous landlords and principal tenants that, so far as controlled premises were concerned, the days were over when they could with impunity over-charge or in any other way oppress their long-suffering tenants or sub-tenants.

The expansion of the already existing organization in the Secretariat for Chinese Affairs which dealt with tenancy matters into two fully-fledged Tenancy Inquiry Bureaux, one in Hong Kong and one in Kowloon, took place on 20th July, 1953. Each Bureau is staffed by an experienced Inspector of Police, assisted by a Chinese executive officer, an interpreter-translator, a clerk and four District Watchmen. It was realized that the success of these Tenancy Inquiry Bureaux depended to a great extent on the willingness of the public to co-operate with Government and to avail themselves of the facilities which are offered to them to seek the protection of the law. The first essential was that members of the public, whether they be landlords or tenants, should have some knowledge of their rights and of their liabilities under the law—even if that knowledge amounted to no more than knowing where to go for advice. To this end Government prepared a pamphlet intended to serve as a simple guide to certain aspects of the Landlord and Tenant Ordinance. This pamphlet, which was printed in

both Chinese and English, sets out, in the simplest language, questions and answers to the most common problems arising out of the Law which are likely to confront landlords, principal tenants and sub-tenants. One of the first tasks of the Tenancy Inquiry Bureaux, was, naturally, to distribute, free of charge, this "Simple Guide to the Landlord and Tenant Ordinance", as the pamphlet was called. The response from the public when distribution commenced on 31st July, having been preceded by suitable radio broadcasts and press releases, was very encouraging. On the first day the Hong Kong Bureau alone distributed 2,771 pamphlets to individual applicants. Distribution was also effected through Government departments, Kaifong Welfare Associations, Chambers of Commerce, Trade Unions and many other organizations. By the end of September last year over 55,000 copies had been distributed. The demand still continues, though on a smaller scale, and the total distributed up to the end of March was over 63,000.

Many people who came to the Bureaux for pamphlets had questions to ask, in fact the number of miscellaneous inquiries has been so great that we do not record them all. There is still a constant stream of visitors to the Bureaux and when we indulge in a little publicity through the Press and by broadcasting it tends to become a flood. Such a flood occurred a few weeks ago when a publicity campaign was undertaken in respect of the permitted increase in the rent of domestic premises which became effective from 1st March. It is in accordance with the traditions of the Secretariat for Chinese Affairs that we try to mediate between parties in a tenancy dispute, just as in any other dispute, and to reach a mutually agreed solution in accordance with the law. Principal tenants and sub-tenants have to live together and that fact is over-riding. People are reluctant to go to a court and testify against their friends and neighbours. Where necessary, however, applicants are referred to the Tenancy Tribunal. It should not be thought that all the cases we handle are disputes; in many cases we are dealing with people who want guidance as to how they stand. At the present time the main task is dealing with applications from principal tenants for assessment of the increased rent payable by their sub-tenants. In this connexion, I might mention that the result of these assessments is rarely that the sub-tenants have to pay much more rent than they were paying before. The number of applications is very small compared with the number of Certificates of Standard Rent

issued by the Commissioner of Rating and Valuation. This is probably because principal tenants who were over-charging before the date of the authorized increase are not attempting to increase the rent paid by their sub-tenants. Here we are up against the sub-tenant's reluctance to take action---which might well result in the payment of a decreased rent---for the reasons that we all know. Over half the cases handled fall into the two categories of cases in which a settlement was reached and cases in which advice was given. There have been over 2,800 of these since the Bureaux were set up. The grand total of cases, including those referred to the Tenancy Tribunal, measuring jobs undertaken for the Tenancy Tribunal, applications for apportionment of rent and written inquiries dealt with, is over 4,600 since the Bureaux began to function.

A few moments ago I mentioned the Certificates of Standard Rent which are issued by the Commissioner of Rating and Valuation. As honourable Members are aware, Section 28 of the Landlord and Tenant (Amendment) Ordinance, 1953, imposes upon landlords who wish to avail themselves of any additional authorized increase of rent the obligation of applying to the Commissioner for a Certificate of Standard Rent, and provides that such increase shall only become payable on demand by a landlord after he has served on his tenant a copy of the Certificate of Standard Rent. The very large number of applications by landlords for these Certificates indicates that landlords are aware of their obligations and are endeavouring to meet them. In the case of business premises, where the first additional authorized increase of rent took effect from 1st September, 1953, some 13,000 applications for Certificates have been received. In the case of domestic premises, where the additional authorized increase of rent took effect from 1st March, 1954, over 19,000 applications for Certificates of Standard Rent have been received from landlords. In response to these applications, over 23,700 Certificates of Standard Rent have been issued up to the end of March. The preparation of these Certificates has placed a severe strain on the Rating and Valuation Department and, while it has not been possible to dispose of all applications with the speed which applicants might wish, every effort has been made and will continue to be made to deal with them as fast as possible. I should like, Sir, to pay a tribute to the work of the Commissioner of Rating and Valuation and his

staff in this respect. The Certificates of Standard Rent issued by the Commissioner are a fundamental cog in the machinery set up by the Ordinance for the collection by landlords of permitted increases in rent, and without these Certificates the machinery would not work.

So far, Sir, I have confined my remarks mainly to a recital of facts and figures. What conclusions are we justified in drawing from them? We have now passed the dates on which the two authorized increases in the rent of business premises and the one authorized increase in the rent of domestic premises took effect. Is there any evidence that the dire results on industry and business and on the Colony's economy generally, which were forecast in some quarters last June and July, have come to pass?

I think we are justified in reaching the following conclusions: —

First, from the demand for the "Simple Guide" pamphlet and the use which has been made of the facilities offered by the Tenancy Inquiry Bureaux, that the public is now much more aware of its rights and obligations in tenancy matters than it was before July last year, and that there is an everincreasing willingness to assert these rights and assume these obligations.

Second, as regards business premises only, that tenants of such premises who were called upon by their landlords to pay the authorized increase in rent on 1st September and again on 1st March, did so in their stride, as it were, without feeling any ill effects. Many landlords of business premises, realizing when they obtained their Certificates of Standard Rent that they were already receiving more than the legally permitted rent, no doubt kept quiet and made no attempt to demand an increase. It is also clear, from the trivial number of Certificates of Apportionment applied for in the case of business premises, that where business premises are sub-let the principal tenants in the vast majority of cases made no attempt to pass on the permitted increases to their sub-tenants. One can only draw the conclusion that these principal tenants are already receiving more than the permitted rent and that the sub-tenants are not unwilling to pay it.

Third, as regards domestic premises, that the tremendous disparity between the number of Certificates of Standard Rent issued and the number of applications for Certificates of Apportionment shows that the vast majority of principal tenants are making no attempt to collect higher rents from their sub-tenants.

Fourth, that the Tenancy Inquiry Bureaux should from now on devote more of their efforts towards searching out breaches of the Ordinance and seeing that the law is complied with. We have probably done as much as we can towards educating the public by propaganda and advice. A principal tenant is required by law to give rent receipts to his subtenants and to post up on the premises for their information a notice showing the rent which he himself pays to the landlord. This requirement is still often ignored. One hundred premises chosen at random in Kowloon were recently visited and it was found that in 12% the principal tenant was complying with the law and in 22% he was making some attempt to do so. No doubt in the remaining 64% there were many instances of over-charging by the principal tenant. I have been glad to see recently several cases reported in the Press where the Tenancy Tribunal has reduced the rent of a sub-tenant. In one case reported on 2nd April, the Tribunal reduced a sub-tenant's rent from \$55.00 a month to \$10.08, *i.e.* a reduction of about 80%. Press reports of Tribunal cases involving dependent domestic premises show that often the permitted rent for cubicles and bedspaces is really a very small amount. It sometimes works out that the permitted rent for dependent domestic premises is less than the pre-war rent for the same accommodation! This is because of the pressure on accommodation to-day compared with before the war. For example, the standard rent of a floor may be \$20.00 per month and in 1941 there was little or no sub-letting, but to-day the same floor may have, say, three cubicles and perhaps ten bedspaces. When it comes to apportioning the standard rent of the floor between such a large number of sub-tenancies it may well be that the permitted rent for a bedspace works out at less than what it would have been in 1941.

About a month ago I was interested to see a report in the Chinese press that vacant flats and cubicles can now be found in pre-war, *i.e.* controlled, premises in popular residential areas such as Wanchai, Causeway Bay, Tai Hang, etc. The report said that flats could be had for \$40-\$50 a month and cubicles for \$25-\$30 a month. But—and here is the snag—the report also said that the key-money, or renovation fee, racket is springing up again and that, although the rent demanded was reasonable and more or less in accordance with the law, the key-money for such a flat would be from \$5,000-\$6,000 and for such a cubicle from \$500-\$800. The hope was piously expressed that the authorities would rigidly prohibit the unlawful collection of key-money. The only answer I can give is that the demanding or receiving of key-money or of any consideration, no matter what it may be called, is already expressly prohibited by Section 8 of the Landlord and Tenant Ordinance, under a penalty of a fine of \$4,000. The authorities would be only too glad to enforce this prohibition, but they are powerless unless an aggrieved party is willing to come forward and give the necessary evidence in Court. One—and only one—such prosecution has been undertaken, by the Kowloon Tenancy Inquiry Bureau, when each of the three defendants was fined the maximum of \$4,000.

Lastly, I wish to thank the Press for the assistance they have given to the Tenancy Inquiry Bureaux by publishing our releases and the texts of the broadcasts which we have arranged. I am convinced that if in the future they will give the fullest publicity to the proceedings of the Tenancy Tribunal and to proceedings involving tenancy matters which occur in other Courts, they will be serving the interests of the people of this Colony in a matter which is still of paramount importance.

The question that the Bill be read a Second time was put and agree to.

The Bill was read a Second time.

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

Clauses 1 to 4 were agreed to.

Clause 5.

THE ATTORNEY GENERAL: —I beg to move that this clause be left out and there be substituted therefor the clause which appears in Amendment A in the notice which has been circulated to members of the Council.

This was agreed to.

New Clause (Amendment of section 3A).

THE ATTORNEY GENERAL: —I beg to move that a new clause be added to the Bill and that clause is shown as amendment B on the notice given to members. The remarks, I think, sufficiently explain the purpose of the amendment.

This was agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Landlord and Tenant (Amendment) Bill, 1954 had passed through Committee with amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

DAUGHTERS OF MARY HELP OF CHRISTIANS INCORPORATION BILL, 1954.

DR. A. M. RODRIGUES moved the First reading of a Bill intituled "An Ordinance for the incorporation of the Mother Provincial in the Colony of the Institute of the Daughters of Mary Help of Christians".

He said: Sir, this Bill is modelled after legislation of a similar character and its contents are usual in bills of incorporation of heads of religious and charitable organizations already enacted in this Colony. The objects and reasons are clearly defined and there is nothing that I can usefully add.

MR. LAWRENCE KADOORIE seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

1. The Institute of the Daughters of Mary Help of Christians has for some years past carried on missionary and welfare work in Hong Kong and it is desired to incorporate the Mother Provincial in Hong Kong of the Institute as a corporation sole to ensure continuity of succession.

2. Clause 2 of the Bill is intended to effect such incorporation and to provide the name by which the corporation will be known.

3. Clause 3 of the Bill defines the powers of the corporation.

4. Clause 4 of the Bill provides upon the death of the Mother Provincial for the time being or her ceasing to hold office for the vesting of the corporation's property in her successor.

5. Clause 5 of the Bill provides for the execution of the documents by or on behalf of the corporation.

6. Clause 6 of the Bill provides that on the appointment of any person to the office of Mother Provincial notification thereof shall be made to the Governor and that a notification in the *Gazette* under the hand of the Colonial Secretary that satisfactory evidence of the appointment has been furnished to the Governor by such person shall be conclusive evidence of such appointment.

7. Clause 7 of the Bill contains provisions saving the rights of the Crown as required, in the case of private Bills by Article XXVII of the Royal Instructions.

**PORTUGUESE COMMUNITY SCHOOLS INCORPORATION
BILL, 1954.**

DR. A. M. RODRIGUES moved the First reading of a Bill intituled "An Ordinance to provide for the incorporation of the Board of Governors of the Portuguese Community Schools".

He said: Sir, the children of the Portuguese Community, prior to the Pacific war, depended mostly on Catholic Missionary schools for their education. After the cessation of hostilities they were able to find accommodation in these schools as soon as they began to function.

The subsequent abnormal increase in the population and its "avalanching" effect on the ratio between "children requiring schooling and number of schools available" is well known to honourable Members. I need only say, in this respect, that the younger Portuguese children were affected no less than the children of other long-standing residents of the Colony. The shortage was more acutely felt at the Kindergarten level as very few recognized schools provided classes for this age-group, and it was left to private teaching to supply, in part, this want. The charges were, naturally and understandably, higher than those in subsidized schools, and many Portuguese children were faced with meagre prospects for an early schooling.

While the claim of children of *bona-fide* and loyal residents to primary education is indisputable, it was realized and furthermore appreciated that Government was doing all it could under the circumstances, best described as extraordinary. Funds were therefore collected within the Community and kindergarten and primary classes were started, with the approval of the Department of Education, using part of the premises of the Club de Recreio as classrooms. These classes were held in English but it was felt desirable and the opportunity was taken, to also teach the children the Portuguese language, which hitherto had only been taught in some of the secondary schools and at an advanced level. The members of the staff are all Portuguese and are experienced qualified teachers.

The success of this venture can be gauged by the fact that from 2 classes in 1947, there are now about 100 children taught in 1 kindergarten and 3 primary classes. Nevertheless, the present arrangement must obviously be temporary, and a drive to establish a fund for a school building began last year. Through donations which included substantial sums from friends of the Community, enough funds have been collected to allow the scheme to progress beyond the planning stage.

Government has graciously granted a suitable site in Kowloon and erection of the school building is already under way.

I would like to add, at this stage, and place on record that the honourable the Director of Education and members of his department, have, throughout, been most courteous and helpful in their advice both with regard to the early classes as well as in the present scheme.

The passage of the Bill before Council will see the further implementation of the scheme and it is hoped that the school will be ready to function before the Summer.

The objects and reasons of the Bill are clearly defined and I need not add to them.

MR. LAWRENCE KADOORIE seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

The primary object of this Bill is to provide for the incorporation by Ordinance of the Presidents for the time being of the Club Lusitano, Club de Recreio, Associacao Portuguesa de Socorros Mutuos and Instituto Portugues de Hong Kong, the members of the Portuguese community for the time being serving on the Executive Council, Legislative Council and the Board of Education and the members of the Portuguese community named in Clause 5(1)(d) as a corporation to ensure perpetual succession in the holding and management of land acquired for the purpose of establishing schools for children primarily of the Portuguese community and of other communities in Hong Kong, and of land which Government may graciously grant to the corporation for the aforesaid purpose.

2. The Bill follows the model of legislation of similar character already enacted in the Colony for the incorporation of kindred organizations.

3. Clause 14 of the Bill contains provision saving the rights of the Crown as required, in the case of private Bills, by Article XXVII of the Royal Instructions.

THE EMMANUEL CHURCH INCORPORATION BILL, 1954.

MR. KWOK CHAN moved the First reading of a Bill intituled "An Ordinance for the incorporation of the Minister and Board of Trustees of The Emmanuel Church."

He said: Sir, this Bill follows the usual and customary form of an incorporation Bill and its purpose is clearly set out in the Objects and Reasons.

MR. DHUN RUTTONJEE seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

1. The Emmanuel Church has been established for many years as an institution for religious worship and has carried on welfare work in Hong Kong and it is desired to incorporate the minister and board of trustees of the church as a corporation sole to ensure continuity of succession.

2. Clause 3 of the Bill is intended to effect such incorporation and to provide the name by which the corporation will be known.

3. Clause 4 of the Bill defines the powers of the corporation.

4. Clause 5 of the Bill provides for the execution of documents by or on behalf of the corporation.

5. Clause 6 of the Bill contains provisions saving the rights of the Crown as required in the case of private Bills by Article XXVII of the Royal Instructions.

ADJOURNMENT.

H. E. THE GOVERNOR: —That concludes the business, Gentlemen. Council will adjourn to this day week.