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**OFFICIAL REPORT OF PROCEEDINGS****Meeting of 14th July, 1954**

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**PRESENT:**

HIS EXCELLENCY THE OFFICER ADMINISTERING  
THE GOVERNMENT (*PRESIDENT*)

MR. ROBERT BROWN BLACK, C.M.G., O.B.E.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES  
LIEUTENANT-GENERAL CECIL STANWAY SUGDEN, C.B., C.B.E.  
THE HONOURABLE THE COLONIAL SECRETARY  
MR. CLAUDE BRAMALL BURGESS, O.B.E., (*Acting*).

THE HONOURABLE THE ATTORNEY GENERAL  
MR. MAURICE HEENAN (*Acting*).

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 Service*).

DR. THE HONOURABLE CHAU SIK NIN, C.B.E.  
THE HONOURABLE LAWRENCE KADOORIE.  
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 JOHN ARTHUR BLACKWOOD.  
MR. ROBERT WILLIAM PRIMROSE (*Deputy Clerk of Councils*).

**MINUTES.**

The Minutes of the meeting of the Council held on 30th June, 1954, were confirmed.

**PAPERS.**

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

*Subject.*

*G.N. No.*

Emergency Regulations Ordinance, Chapter 241.

Emergency (Importation and Exportation Ordinance)  
(Amendment) Regulations, 1954.....A. 81

Magistrates Ordinance, Chapter 227.

Magistrates (Administrative) (Amendment) Rules,  
1954.....A. 82

Emergency Regulations Ordinance, Chapter 241.

Emergency (New Territories Resettlement Areas)  
Regulations, 1954.....A. 83

Pharmacy and Poisons Ordinance, Chapter 138.

Poisons (Amendment) (No. 2) Regulations, 1954 .....A. 84

Pharmacy and Poisons Ordinance, Chapter 138.

Poisons List (Amendment) Regulations, 1954 ..... A. 85

**RESOLUTION REGARDING ADDITIONAL PENSION  
FOR DEPENDANTS OF G. A. HUDSON.**

THE COLONIAL SECRETARY moved the following resolution: —

WHEREAS—

- (1) George Alfred Hudson, Sergeant of the Police Force (hereinafter referred to as "the deceased officer") was killed on duty on the 12th day of December, 1941;

- (2) Sarah Maria Hudson, the widow of the said George Alfred Hudson (hereinafter referred to as "the widow") has been granted an *ex-gratia* pension calculated at the rate of one-sixth of the pensionable emoluments of the deceased officer at the date of his death;
- (3) Sally Anne Rosalie Hudson and Georgina Lois Myfanwy Hudson, daughters of the deceased officer, have each been granted an *ex-gratia* pension calculated at the rate of one-eighth of the widow's pension up to the date of marriage or the age of eighteen years, whichever is the earlier; and
- (4) It is desired that the pensions granted to the widow and the said daughters should be increased as from the 13th day of December, 1941, to the amounts permissible in exceptional cases under the provisions of section 17 of the Pensions Ordinance, Chapter 89, and be subject to the conditions therein prescribed;

RESOLVED that in substitution of the aforesaid *ex-gratia* pensions granted to the widow and daughters of the deceased officer there be granted as from the 13th day of December, 1941, *ex-gratia* pensions as follows—

- (a) to the widow while unmarried and of good character at the rate of one-fourth of the annual pensionable emoluments of the deceased officer at the date of his death;
- (b) to each of the said daughters of the deceased officer at the rate of one-eighth of the amount prescribed in the preceding paragraph until the age of twenty-one years or until marriage, whichever be the earlier.

He said: —Sir: On 12th December, 1941, Mr. G. A. Hudson, a Sergeant in the Police Force, was killed on duty while supervising the transfer of dynamite across the harbour on board a launch.

An *ex-gratia* pension was granted under the United Kingdom Injury Warrant No. 2 of 1935 to the widow, Mrs. S. M. Hudson, and was calculated at the rate of one-sixth of the pensionable emoluments of her husband, and her two daughters were granted a

pension at the rate of one-eighth of the widow's pension up to the age of 18 or the date of their marriage, whichever is the earlier.

Mrs. Hudson has recently applied for an increase in her pension and her children's pensions. It is considered that these should be increased and increased to the highest rates to which she would be entitled if the provisions of section 17(1) (i) of the Pensions Ordinance Chapter 89 applied, that is to say, a pension of one quarter of the deceased's pensionable emoluments to the widow, and pensions of one-eighth of the widow's pension to each of the daughters up to the age of 21 or the date of their marriage, whichever is the earlier.

The Pensions Ordinance is not, however, applicable to an officer who died in 1941, and the purpose of the Resolution is to authorize payment on a similar basis with retrospective effect to 13th December, 1941.

In this case the quarter rate for Mrs. Hudson would be £87 10s od. per annum, that is to say, a quarter of £350 per annum, instead of £58 6s 8d. per annum and for the two daughters it would be £10 18s 9d. per annum each, instead of £7 5s 10d. In addition, of course, the widow receives a Widows & Orphans pension of £116 6s 2d. per annum plus the appropriate increase.

THE FINANCIAL SECRETARY seconded.

The question was put and agreed to.

### **RESOLUTION REGARDING PENSIONS REGULATION 29.**

THE COLONIAL SECRETARY moved the following resolution: —

RESOLVED that, wherever a gratuity is payable under regulation 29 of the Pensions Regulations to the dependants of a non-pensionable officer whose service is terminated by his death, the Governor may grant an *ex-gratia* addition to such gratuity; Provided that the total amount of the gratuity paid under regulation 29 of the Pensions Regulations and such *ex-gratia* addition shall not exceed a total of twelve months' salary and cost of living allowance.

He said: —Sir: Regulation 29 of the Pensions Regulations authorizes the Governor to award to the dependants of any non-pensionable officer whose death is caused in the discharge of his duties a gratuity of an amount not exceeding nine months' salary in the case of monthly paid officers and one hundred and eighty days pay in respect of daily paid employees.

Under this Regulation the dependants of a non-pensionable officer killed on duty would receive a small sum of money. In the past it has been the practice from time to time to bring before this Council Resolutions authorizing larger awards in particular cases. The need for similar provision has now arisen in the case of Li Hin, a sanitary coolie who, while assisting a Health Inspector in a raid on unlicensed food hawkers in Central Street, was stabbed in the back and died.

Rather than continue the existing practice of dealing with each case by an individual Resolution, it is felt that this Council may be prepared to delegate to the Governor authority for the grant of an *ex-gratia* addition to the gratuity payable in such circumstances, provided that the total amount of such gratuity shall not exceed a total of twelve months' salary and cost of living allowance. The Resolution now before Council is designed to achieve that purpose. If it is passed, an increased gratuity of the maximum amount of \$1,368 will be paid to the dependants of Li Hin.

THE FINANCIAL SECRETARY seconded.

The question was put and agreed to.

### **MARKETS (AMENDMENT) (No. 3) BY-LAWS, 1954.**

MR. H. G. RICHARDS moved the following resolution: —

RESOLVED that the Markets (Amendment) (No. 3) By Laws, 1954, made by the Urban Council on the 6th day of July, 1954, under section 5 of the Public Health (Food) Ordinance, Chapter 140, be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

**SLAUGHTER-HOUSES (AMENDMENT) BY-LAWS, 1954.**

MR. H. G. RICHARDS moved the following resolution: —

RESOLVED that the Slaughter-house (Amendment) (Bylaws, 1954, made by the Urban Council on the 6th day of July, 1954, under section 5 of the Public Health (Food) Ordinance, Chapter 140, be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

**RATING (AMENDMENT) BILL, 1954.**

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to amend the Rating Ordinance, Chapter 116".

He said: —Sir: As set forth in the first paragraph of the Objects and Reasons annexed to this Bill, its main purpose is to extend the method of determining rateable value at present in force in Hong Kong Island, Kowloon and New Kowloon, to the remainder of the New Territories.

This purpose is in accordance with a decision by Government which was announced in this Council on the 4th March, 1953, and I think I can do no better than to quote from Hansard for that year, page 45. What I then said was: —

"Round about 1935 the decision was taken by the Government of that day to commence the collection of rates in the New Territories. The existing system in the urban area by which rates are based on rental value was not then, for some reason, considered appropriate for the New Territories, and the system of rating adopted and enforced only in the first instance in the three districts of Taipo, Yuen Long and Tsun Wan, was applied only to buildings, and was based on the value of the buildings, not on the rental value of the tenement. I think it was intended at the time that the system should be extended, but the war intervened and nothing very much happened. The position has been

under review for some time, and Government has now made the decision in principle that the urban system of rating by rental value shall be applied to the urbanized areas of the New Territories. A great deal of money is now being spent there on roads, police, education, health, and development generally, and it seems only reasonable that the residents of the area should themselves bear some part of the financial burden which has hitherto been largely borne for them by their fellow citizens elsewhere in the Colony."

That was said sixteen months ago.

The present system of rating in the New Territories is covered by section 51 of the principal Ordinance which this Bill proposes to repeal. It provides that rates shall be payable on the value of buildings only. The value of the building is assessed by the District Commissioner, and the maximum rate payable in respect of the highest class of building is \$4 per \$1,000 of the valuation. The total revenue collected from rates in the New Territories during the financial year 1953/54, that is, the last financial year, was only \$88,160. It seems on the face of it inequitable that a factory should be able to set up in this area where land is relatively cheap and where power is no more expensive than it is in Kowloon, and yet have the further advantage over the factory in Kowloon in that it is not required to pay rates, or at the most is required to pay rates at \$4 on \$ 1,000 of the value of the building.

Nevertheless it is recognized here, as elsewhere, that rates outside purely urban areas should be at a lower level, and it is accordingly proposed that instead of the rates of 15, 16 or 17 per cent which are now in force in Hong Kong Island, Kowloon and New Kowloon, the rates of 10, 11 or 12 per cent shall apply outside those areas.

This Bill then means a change in policy. If it meets with the approval of this Council and is passed into law, the existing system of rating in the townships of Tai Po, Yuen Long and Tsun Wan will come to an end on 31st March, 1955. It is not proposed, nor is it practicable, to apply the ordinary system of assessment to the whole of the New Territories at once. Government's policy will be to describe and to delineate areas of the New Territories under the new section 50, which it is proposed to enact by clause 18 of the Bill. It will then be for the Governor

in Council, under section 7 of the principal Ordinance, to direct the Commissioner of Rating and Valuation to carry out an assessment in those areas.

As the reason for this change of policy is the fact that parts of the New Territories are in fact developing into urban areas, it is proposed that the areas first to be delineated will be those areas which are most developed. It is probable that the first area so to be delineated will not be one of the three existing areas, but will be the strip along the road to Castle Peak, from the New Kowloon boundary to somewhere in the region of the Castle Peak Police Station. It is along that road that development is proceeding most rapidly at the present moment, and factories, hotels and residences are being constructed there at a great rate. Once this area has been assessed it will be for further consideration what are the areas, next to be attacked.

It is not possible to give any valid estimate of the amount of revenue which is to be obtained by this extension of rating, as the field will be an entirely new one for the Rating and Valuation Department.

In bringing into force these changes the opportunity has been taken of making several other changes in the Rating Ordinance. Under the principal Ordinance as it stands, certain tenements, under subsection 2 of section 40, are not rateable for so long as they are not occupied in any way for gain or pecuniary profit.

The list is as follows:

almshouses, art schools or art galleries, cemeteries, charitable dispensaries, free libraries, premises of the Government of the Colony or any part of Her Majesty's Dominions, hospitals, museums, places of public worship, rifle ranges, schools, and the City Hall,

It is apparent from this list that some of the items are a little out of date, such as for example, the City Hall, which disappeared some years ago.

The same section also provides that the Governor in Council may in his discretion authorize the total or partial exemption from assessment of any educational charitable or welfare institution whether it is occupied for gain or not.

For some time now Government's policy has been to encourage charitable and welfare organizations and private schools. At certain times a fair amount of criticism, usually by casual or temporary visitors to the Colony, has been levelled against this Government for not doing more to help private enterprise in these fields. The true facts of the case are that very often the amount of actual cash which Government gives to any organization or to any school does not by any means represent the full cost to public funds of its help. This is particularly the case where relief from taxation is concerned, and some time ago Government made up its mind that, partly in order to counter criticism of the kind I have mentioned, but even more to make matters perfectly plain to the taxpayer, who provides the money for this welfare work, any subsidies or subventions to charitable and welfare organizations should be brought out into the open, and should as far as possible not be concealed. Now it is *not* practicable always to do this, as, for example, when grants of Crown land are made at favourable terms to certain organizations, but the policy can readily be applied where for example, a school is receiving a cash grant, and is at the same time being exempted from payment of taxation in the form of rates. Clearly the grant which appears in the annual estimates and in the Government accounts does not represent by any means all the help that Government is giving to that school. Accordingly, *automatic* relief from taxation in the way of rates is henceforth to be restricted to agricultural land, which is normal rating practice, and, for so long as they are not occupied for gain, to places of public worship and to Government buildings. If we do require schools and other welfare organizations to pay rates even if they are non-profit making, we shall almost certainly have to give the money back to them in the form of a larger grant, but at least the public accounts and the annual estimates will then be a much more accurate index to what we are doing for these bodies. Human nature is such that when anybody tries to check the cost to public funds of our educational or social welfare system he simply looks at the Government accounts and no further.

It would be very easy for this method of insisting on payment of taxation, and then refunding, to be pushed too far, and accordingly it is provided that the Governor in Council in any event may in his discretion authorize total or partial exemption from assessment of any tenement. For example in the case of large

institutions like the Tung Wah Hospital or the University, which are now exempt from rates, the time and labour involved in making an assessment would not be justified.

The other changes which this Bill proposes to make to the principal Ordinance are largely of a procedural nature, or are consequential to those I have already explained, or are occasioned by changes in other laws. For example, an appeal against assessment has hitherto been to the Supreme Court in its summary jurisdiction, but with the establishment of District Courts an appeal is now to the District Court, provided that a further appeal may lie from the District Court to the Supreme Court on a point of law only. The provisions which were inserted in the principal Ordinance in 1939 to the effect that air raid shelters should be exempt from rates are also to be repealed; any such problems can be dealt with by the Governor in Council if they arise.

I trust, Sir, that what I have said will have served to remove from the minds of honourable Members any misconceptions which may have arisen as the result of an article which appeared in the English press some days ago. There are two other points in that article which I might mention. One is the reference to subsection 1 of section 40 of the principal Ordinance. This remains unchanged. It is a common principle in taxation that where the amount of tax that is to be collected is so small that the time and labour that would have to be expended on its collection are completely out of proportion, the tax is waived. That is the fundamental reason why tenements having a rateable value below a certain minimum are exempt. It is possible that the present minimum is too low, and may be raised to a level which will serve to exempt the small village-type house.

The other point is the question of refund of rates in respect of vacant tenements. The present position so far as this is concerned will remain entirely unchanged if this Bill becomes law.

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: —

1. The main object of this Bill is to extend the method of determining rateable value in force at present in Hong Kong Island, Kowloon and New Kowloon to the remainder of the New Territories.

2. In its application to the New Territories (other than New Kowloon) the Rating Ordinance at present contains modifications, enacted in 1935, whereby only areas declared to be urban areas are rated. Buildings in these areas are classified according to their value, the annual rates charged being graded according to such classifications. It is considered that the development, particularly of the urbanized areas of the New Territories, is such that a uniform system of valuation should be applied.

3. Clause 19 repeals section 51 of the Ordinance with effect from the end of the financial year thus permitting the Governor in Council to order, under section 7 of the Ordinance, a valuation of the tenements in such parts of the Colony as he may direct. But clause 14 provides that rates charged in the New Territories (other than New Kowloon) shall be at lower percentages of rate-able value than those at present applicable in Hong Kong Island, Kowloon and New Kowloon. Clause 16 provides that "agricultural land" shall not be rateable.

4. At present, under section 40 of the Ordinance, certain tenements are exempt from rates so long as they are not occupied in any way for gain or pecuniary profit, and it is also provided that any educational, charitable or welfare institution may be exempted from assessment by the Governor in Council. These provisions conflict with Government's policy to avoid hidden subsidies wherever possible; the situation frequently arises where for example a school may receive a direct cash subvention from Government and may in addition receive a hidden subsidy in being exempted from paying rates. It is proposed therefore to confine automatic exemption from rates to agricultural land, places of worship and Government premises, and to give the Governor in Council discretionary power to exempt in other suitable cases. A further justification of the proposed change is the provision under section 29 whereby a proportion of the rates payable is in respect of water, this proportion being taken into account in the costing of the water undertaking.

5. The District Court Ordinance, 1953, transferred the summary jurisdiction of the Supreme Court to the newly created District Court. Clause 13 amends section 28 to enable any point of law arising in a rating appeal to be reserved for the consideration of the Supreme Court.

6. The opportunity is also being taken to clarify minor points in the Ordinance. The more important of these are as follows: the definition of the word "tenement", clause 2; the date from which the assessment of tenements liable to an *interim* valuation becomes effective, clause 11; the division of labour between the Commissioner of Rating and Valuation and the Accountant General in the matter of making refunds on rates under section 35, clause 15; and the delineation and describing in regulations of those parts of the Colony wherein a valuation of tenements may be ordered under section 7, thus enabling the annual order under that section published in the *Gazette* to be concise by making reference to these regulations.

**ALIEN ENEMIES (RE-VESTING OF TRADE MARKS)  
BILL, 1954.**

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to make provision for the re-vesting of trade marks of former alien enemies in their proprietors or successors in title".

THE COLONIAL SECRETARY seconded.

The question was put and agreed 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.

Council then resumed.

THE ATTORNEY GENERAL reported that the Alien Enemies (Re-Vesting of Trade Marks) Bill, 1954 had passed through Committee without 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.

### **TSIMSHATSUI BAPTIST CHURCH BILL, 1954.**

DR. CHAU SIK NIN moved the Second reading of a Bill intituled "An Ordinance to provide for the incorporation of the Trustees of the Tsimshatsui Baptist Church".

MR. NGAN SHING-KWAN seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 to 16 were agreed to.

Council then resumed.

DR. CHAU SIK NIN reported that the Tsimshatsui Baptist Church Bill, 1954 had passed through Committee without amendment and moved the Third reading.

MR. NGAN SHING-KWAN seconded.

The question was put and agreed to.

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

### **ADJOURNMENT.**

H. E. THE OFFICER ADMINISTERING THE GOVERNMENT: —Gentlemen, that concludes the business for to-day. Council will adjourn until this day fortnight.