

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 8th August, 1956.****PRESENT:**

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

MR. EDGEWORTH BERESFORD DAVID, C.M.G.

THE HONOURABLE THE COLONIAL SECRETARY

MR. CLAUDE BRAMALL BURGESS, O.B.E. (*Acting*).

THE HONOURABLE THE ATTORNEY GENERAL

MR. ARTHUR RIDEHALGH, Q.C.

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. BRIAN CHARLES KEITH HAWKINS, C.M.G., O.B.E.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE, C.M.G.

THE HONOURABLE THEODORE LOUIS BOWRING, C.M.G., O.D.E.

(*Director of Public Works*).

DR. THE HONOURABLE YEO KOK CHEANG, C.M.G.

(*Director of Medical and Health Services*).

THE HONOURABLE DAVID RONALD HOLMES, M.B.E., M.C., E.D.

(*Director of Urban Services*).

THE HONOURABLE CHAIZLES EDWARD MICHAEL TERRY, O.B.E.

THE HONOURABLE LO MAN WAI, C.B.E.

THE HONOURABLE NGAN SHING-KWAN, O.B.E.

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 DOUGLAS CLAGUE, C.B.E., M.G. T.D.

MR. THOMAS VERNON CHARLES REYNOLDS (*Deputy Clerk of Councils*).

ABSENT:

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT-GENERAL WILLIAM HENRY STRATTON, C.B., C.V.O., C.B.E., D.S.O.

THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK

(*Commissioner of Labour*).

DR. THE HONOURABLE CHAU SIK NIN, C.B.E.

MINUTES.

The Minutes of the Meeting of the Council held on 25th July, 1956, were confirmed.

PAPERS.

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

<i>Subject.</i>	<i>G. N. No</i>
Report of the Director General of the Oversea Audit Service on the Accounts of Hong Kong for the year ended the 31st day of March, 1955.	
Distribution of German Enemy Property Ordinance, 1956.	
Distribution of German Enemy Property Regulations, 1956	A. 73
Dangerous Drugs Ordinance.	
Dangerous Drugs (Amendment of Schedule) (No. 2) Order, 1956	A. 74
Immigrants Control Ordinance.	
Immigrants Control (Amendment) (No. 3) Regulations, 1956	A. 76
Colonial Air Navigation Order, 1955.	
Hong Kong Air Navigation (General) (Amendment) Regulations, 1956	A. 77

**SUPPLEMENTARY PROVISIONS
FOR THE QUARTER ENDED 31st MARCH, 1956.**

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Supplementary Provisions for the quarter ended 31st March, 1956, as set out in Schedule No. 4 of 1955/56, be approved.

He said: Sir, the items in the schedule, which have been approved by Finance Committee, are mostly self-explanatory, but I might perhaps draw attention to the last item for half a million dollars for development works in the New Territories.

This sum is the first instalment of a large programme originally estimated at just over \$5 million, but may be extended, and will in all probability cost Considerably more than that sum. Her Majesty's Government has approved a grant of \$4,216,000 from C.D. & W. Funds for development of the New Territories and we are making up the difference. On the original estimate approximately 85% of the expenditure was to come from the Colonial Development and Welfare Fund.

The money is to be spent on a number of projects. One is a road on Lantau starting from Silvermine Bay which will give access to a number of villages on the southern side of the island. There are six other feeder roads, one an extension of Hiram's Highway. There are to be four new piers at Tung Chung, Ki Ling Ha, Tap Mun and Kat O. There are several irrigation schemes for the benefit of farmers, and the cost of a survey party is also included. The work will be spread over a period and the provision of half a million dollars is for work which was put in hand during the past financial year.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

LANDLORD AND TENANT (AMENDMENT) BILL, 1956.

THE COLONIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance further to amend the Landlord and Tenant Ordinance, Chapter 255, and the Landlord and Tenant (Amendment) Ordinance, 1953.

He said: Your Excellency, I rise to move the first reading of a Bill intituled An Ordinance further to amend the Landlord and Tenant Ordinance, Chapter 255, and the Landlord and Tenant (Amendment) Ordinance, 1951.

During the course of last week a member of the Secretariat was asked whether the provisions of this Bill arose from an examination by Government of the present situation, or whether

they were a further stage in giving effect to the recommendations of the McNeill Report of 1952. I said that I thought this question could be answered rather more briefly than most Secretariat inquiries and that the answer was—Both.

It may perhaps have been forgotten in some quarters that Government accepted the principles underlying the recommendations of the McNeill Committee, and it may help to remove some causes of misunderstanding if I emphasize that Government still regards those principles as governing its policy with regard to tenancy control. In brief those principles are that permitted rents of both business and domestic premises should be increased by stages with the ultimate aim of complete de-control as soon as circumstances permit. Progressive increases leading to decontrol.

I doubt whether this principle is open to serious question. Members are well aware of the many anomalies to which the necessity for control has given rise: —the lack of uniformity in the general level of rents in 1941, a level of rents which purports to provide us with the standard on which all subsequent Landlord and Tenant legislation has been based; —the arbitrary date itself; —the incongruous results which can emerge from applying the same rules to two contiguous premises; —the unbalance which infects our whole economy as a result of the existence side by side of controlled and uncontrolled premises; —the continuing bitterness on the part of tenants (because the permitted increases are too high,) frustration on the part of landlords (because the permitted increases are too low) and the duplicity by unscrupulous members of both fraternities. These are but a few examples of the difficulties to which this whole problem has given rise.

The ordinance which this Bill seeks to amend represents virtually the last remaining of a whole system of post-war controls. Such controls were a universal legacy of the general economic dislocation caused by the war. They were always burdensome and are now out of date. And there are perhaps few countries in which any form of restrictive economic control is less welcome than in Hong Kong. Our tradition in this respect is consistent and established. A free economy is, and always has been, the basis of our prosperity, —freedom to compete, it might be called—and any restriction on commercial initiative, however limited its effect, is distasteful and discouraging.

To say all this, and to say that Government will welcome the day when final decontrol becomes possible—does not imply that Government new questions either the need for controls over the years since the war or the benefits that those controls have conferred on people who were unable to meet the level of rents which could have been demanded and obtained in a completely free economy. But it does mean that in Government's view momentum should not be lost in the gradual progress towards a position where controlled rents are sufficiently near to economic rents, and available accommodation of any given type is so nearly adequate, that a start can be made with progressive decontrol.

Ten years ago the D'Almada Committee said:

“We are unanimously of the opinion that there is no justification for restricting rents to the 1941 level. Wages have largely increased; prices of commodities and building materials have gone up considerably, with a corresponding rise in the cost of maintenance and repairs; and the cost of living generally is very much higher than it was in 1941. Were it not for other factors, the above would warrant the recommendation of a very large increase in rents”

The Committee went on to say:

“Nevertheless, an unanswerable case is made out for a recommendation of some increase in rents.”

A series of increases in respect of rents of domestic or business premises or both, was authorized in May 1947, November 1949 and September 1953. The last increases took effect as from March 1954 and these brought the total percentage increases on standard rent to 55% in the case of domestic premises and 150% in the case of business premises. Had the recommendations of the McNeill Committee's Report been implemented those figures would by now have been 130% and 300% respectively. That report is now nearly four years old but no one could contend that it is out of date. On the basis of the McNeill Report and in the light of Government's policy which I have already explained in general terms, there is a clear case for further increases now, over two years after the last increases were authorized. Indeed, Government has received increasingly pressing representations to this effect in recent months.

There is now available some illuminating information on the incidence and effect of the last increases authorized in 1953-4. One of the main arguments against the 1953-4 increases was that the incidence was unknown, beyond the fact that it was popularly supposed that they would put fantastic sums into the pockets of the landlords. A 50% increase on standard rents was even credited with being the equivalent of a "gift" of \$60 million per annum to property owners. The facts are as follows:

Certificates of standard rent issued to landlords show 13,582 business premises; and the 50% increase applicable to business premises gave a monthly equivalent of \$710,000 odd. For 21,095 Domestic premises the single 25% increase gave a monthly equivalent of \$234,000 odd.

In general landlords met their obligations well in respect of the safeguard imposed by the last revision of the Ordinance whereby certificates of standard rent had to be served before the increases were to be demanded. But it does not follow that the whole of the sum mentioned above was borne by tenants, for in many cases the permitted rent was found to be less than the rent formerly collected by the landlord. Such cases probably balanced out fairly well with those in which a landlord attempted with success to obtain the additional increases without fulfilling his obligations. The figures which I have just given can, therefore, be taken as a reliable guide as to what increases in standard rent involve in the aggregate.

The actual effect upon the tenants of the 1953-4 increases may come as something of a surprise to honourable Members. As regards domestic premises—in roughly 60% of the cases (and each was generally the whole floor of a tenement building) the increase was less than \$10 a month while in a further 30% of the cases it was between \$10 and \$20 a month. The average increase over all the certificates issued for domestic premises was \$11 a month. In the case of business premises the average monthly effect of a 25% increase was \$26 and in over 63% of the cases it was under \$20 a month.

I suggest, Sir, that these figures speak for themselves and I hope that they will do something to dispell the alarm and despondency which a mere rustling of the pages of this Ordinance is liable to engender in the minds of our prophets of reform. The proposals now before this Council include two increases of

25% in respect of business premises spread over some eight months from the date of publication of the Bill; and, in respect of Domestic premises, two increases, one of 20% and one of 25% spread over a similar period. These will give a total monthly increase on standard rents equivalent, in terms of the figures I have just mentioned, to \$1,130,000; and the effect upon tenants is likely to be on much the same lines as the 1953-4 increases, —that is to say, an average of \$11 a month for a floor of a tenement building for each increase, and something in the region of \$26 a month for each increase in respect of business premises.

In short, Sir, the increases of rent which this Bill seeks to impose will still bring the controlled rents of domestic premises to modest levels compared with the rents of uncontrolled premises. They will have little or no effect on the humble man in his cubicle. There is ample evidence that the increase authorized in 1953 generally speaking was absorbed by the principal tenant. Furthermore the publicity which accompanied that amendment of the Ordinance resulted in many sub-tenants seeking advice from the Tenancy Inquiry Bureau and later, armed with a certificate of standard rent, carrying their cause to a Tenancy Tribunal,—where, in about 90% of the cases, the sub-tenant obtained a *reduction* in rent—even after allowing for the 25% increase. As has been pointed out in the Press by Mr. McNeill, even if this increase had been 50% the position would have been much the same.

Perhaps I might at this point refer briefly to the question of the failure on the part of landlords to carry out necessary repairs. It is not, and never has been, Government's contention that all landlords have a clean record in regard to their obligations on this score. But I feel that it is relevant to inquire what repairs can be expected on a basis of increases which provide an average additional rent of \$11 for an entire tenement floor. In 1952 the McNeill Committee found that the cost of repairs had gone up on an average by six times compared with pre-war costs. It is certainly the case that costs are no lower today. The buildings in question are at least 15 years older than they were when rents were standardized, and all suffered the heavier deterioration of the war years. It is little wonder therefore that it has been calculated that a landlord who maintained his pre-war property in a good state of repair would actually overspend the money he received in rent (including all increases to date). This takes no account of the fall in the value of money.

Honourable Members will recall the sequence of events in 1953 following upon the publication of the McNeill Report: how Government proposed to give effect to the scheme of increases proposed in that Report but was dissuaded from doing so by the fears of honourable Members, expressed forcibly in debate, that increases of this order would cause genuine hardship to the poorer members of the community and that the economic conditions of the time were not such as to absorb, without some dislocation, the comparatively large increases then proposed. I hope that I have been able to say something to reassure honourable Members as to the effect of the present proposals with regard to the first of these two highly significant points. By April next year the proposals will bring the increases on Business premises to a total of 200% (*i.e.* three times standard rent) and on Domestic premises to 100% (or twice standard rent). The position will then be that Business premises are still 100% below the McNeill proposals for the present time, and Domestic premises 30% below those proposals. The impact of these increases will be 'cushioned' as before by a six-months interval between the first and second stage.

The total of the increases now proposed will not bring the level of rents for the lower grades of domestic premises to what may be regarded as a reasonable level in the light of all the circumstances prevailing. Just where that "reasonable" level lies is a matter of conjecture, and it is perhaps sufficient to say that it is a bridge which we have not reached yet—though we will have to cross it some day. It is clear therefore that, as regards controlled rents of the lower grades of domestic premises, further increases beyond those now proposed, will be necessary at some future date.

But the experience of 1953 has shown Government that it is the wish of this honourable Council that increases should be moderate and gradual. In this way they are more smoothly digested by the tenants and are less likely to be damaging to the Colony's economy. It is also understood to be the wish of honourable Members that amending legislation should not look too far ahead at any one time. The present proposals cover two small increases and a period of nearly nine months. Flexibility of policy is thus preserved.

I now turn, Sir, to the other major point which emerged from the 1953 debate; namely the question of the ability of the Colony's economy to bear further increases in permitted rents at any one time. I will say at once that the statistical oracle has been consulted and that the portents are auspicious.

Economically the Colony is in a healthier state than it has been for a long time. The life blood of trade is flowing freely and vigorously. In commerce, imports and exports for the first seven months of this year increased by 30% in value, over those for the corresponding period in 1955. In Industry, activity is expanding; and local manufactures exported this year showed a rise in value of 15% over those during the first seven months of last year.

The frame of public finances is sound and was further strengthened during 1955-6. Yet another budget surplus was recorded and the reserves of the Colony were consolidated. In spite of no major changes in the tax structure, revenue since the commencement of the current financial year has been buoyant.

Living costs remain remarkably steady and the Retail Price Index is following the normal pattern of recent years. The hot summer months cause a brief seasonal rise which usually subsides later in the year.

Other symptoms of economic health are revealed by statistics. Money circulated during Chinese New Year in a greater volume than for many years. Clearing house figures indicate that it is still changing hands at a level appreciably higher than in 1955. More shipping has entered and cleared the port this year. Building activity continues unabated.

I wish that it could be said that that Building activity were largely of a type which would contribute directly to the solution of the problems with which we are faced today. I am afraid it is not so. We are still far short of our requirements in domestic accommodation of a rent appropriate to the lower and lowest income groups. Nevertheless there has been some steady advance in this sphere over the last four years. Excluding resettlement projects nearly 6,000 domestic units for the lower income groups have been completed since 1952 or are in progress. Of these the Hong Kong Housing Society is responsible for 2,236 units, the

Housing Authority for 2,540 units, the Model Housing Society for 300 units, the Economic Housing Society for 280 units, and certain Public Utility undertakings for 491 units.

The cost of building is, of course, far higher than it was before the war and there is now little doubt that it will permanently remain so. This, combined with higher rates of interest and the attraction of other investments, (including better types of property) makes the building of sorely needed tenement houses an unattractive proposition to private enterprise, or at least to that section of private enterprise which is mainly concerned with quick profits. The continuing restrictions on rents aggravate the situation even more and at the present time it may be asked how much more can be expected from those well-established land investment companies which, in the past, have contributed effectively towards providing a type of accommodation for which there is still such a pressing need.

Nevertheless it is hoped that these companies will take heart; that they will see the ultimate logic of themselves providing homes for those office workers without whom the harvest to be reaped from new office accommodation in the centre of town would not be quite so golden. Some land investment companies have already divested themselves of their rent-controlled domestic floors rather than submit to the obligations of legislation which does not allow for reasonable standards of maintenance. If this Colony is to progress, if the crowded, poorly lighted insanitary tenements are to be improved and rebuilt, a sense of balance in rental matters must be achieved and preserved. In the alternative, matters may reach the stage reported from the United Kingdom where, in certain industrial areas, many hundreds of landlords have abandoned their properties and vanished into obscurity rather than face the intolerable expense arising from the legal obligation to maintain them in a habitable condition; —an expense which experience has shown cannot be met out of restricted rentals. In the United Kingdom the situation has not been appreciably remedied even by recent legislation providing that increases of rent may be obtained conditional upon repairs being carried out.

I now turn, Sir, to the question of decontrol. The Bill provides for the final decontrol of all business premises and of all domestic premises with a standard rent exceeding \$199 a month

on 1st April, 1959. It is also provided that, two years before that date, the landlords and tenants of such premises may contract out of all the provisions of the Ordinance.

It will be recalled that the McNeill Report recommended the decontrol of business premises, but added that it should be gradual in the sense that there should be a stipulated period before it took place—this period was put at three years. The report said,

"In reviewing the position after seven years of control we feel that a situation has been created which has long since ceased to be justifiable, however unpleasant a change may be."

The D'Almada Committee in 1946 remarked that, whereas in the United Kingdom Business Premises had not been controlled since about 1924, it was felt that in Hong Kong their control must continue by reason of the abnormal conditions prevailing, —these in the main arising from the establishment of an unusually large number of new businesses and enterprises, and from the flight of capital from neighbouring places.

The McNeill Committee clearly felt that the "abnormal conditions" which had provided the reason for extending rent control to Business Premises no longer applied and it added the observation that a landlord, in these cases, was himself conducting a business, and that it seemed unfair to control his business while that of his tenant remained virtually uncontrolled and shared to the full extent in the developing prosperity of the Colony.

Government did not, in the event, adopt the McNeill proposals for decontrol of Business Premises because it was felt in 1953 that there were signs of a depression, and that plans for full decontrol at that particular time might have had a dangerous impact upon the Colony's economy. As I have already made clear Government does not regard those considerations as valid today. The continuing building programme has provided much more accommodation. It has been estimated that something over 2 million square feet of rentable space has been built as offices and shops in the last six years. In the first two months of the current financial year returns showing the value of newly constructed offices and shops were three times the figures for the whole of last year. I think it will be generally agreed that the decontrol of business premises will call for no tears—crocodile or otherwise.

As regards Domestic Premises the proposals for decontrol in 1959 relate, as I have said, only to premises of which the standard rent is \$200 or over. A flat which could be rented in December, 1941 for \$200 was a pretty elegant affair, —as I know to my cost having been entitled at that time to a rent allowance of \$7.45 a month.

The McNeill Report advocated that the guiding principle for decontrol of domestic premises should be a "near sufficiency" of accommodation in a particular class, and that it was not necessary to wait until saturation point arrives. There are probably not many more than 160 premises in this particular class and there is little doubt that sufficient alternative accommodation is available for the grade of tenant concerned. It is very unlikely that dependent domestic premises would be involved and it is felt therefore that there can be no valid objection to a start being made with decontrol in this very limited class. The working of decontrol on domestic premises with a standard rent of \$200 or above would provide a useful guide as to the timing of subsequent stages in progressive decontrol which, as I have already indicated, is inherent in Government's policy.

Clause 2 of the Bill provides, as I have said, that the Ordinance shall no longer apply to Business Premises or to Domestic Premises with a Standard Rent exceeding \$199 on or after 1st April, 1959. Clause 5 however provides that Landlords and Tenants of such premises may contract out of all the provisions of the Ordinance after 1st April, 1957. The reason for this provision is that Government feels that there is less likely to be dislocation when the actual time for decontrol comes if provision is made for a prior transitional period during which the parties would be free to negotiate terms acceptable to both sides, while the tenant is still assured of the protection of the Ordinance for a further limited period if agreement cannot be reached. It is hoped that full use will be made of this provision and it is thought that there will be a greater incentive to negotiate if the appointed day for decontrol is incorporated in the Ordinance itself rather than simply announced as an indication of future policy.

There has been considerable comment in the Press — particularly the Chinese Press — on the proposals contained in this Bill. Many arguments — and many misapprehensions — are routine; — routine in the sense that they have appeared before — like a crop of indigestible mushrooms after a particularly dark night. I hope

I have been able to answer some of them in the course of these over-long remarks. For those which I have not covered I would refer the correspondents to a speech made by my honourable Friend Mr. M. W. Lo on the occasion of the second reading of the 1953 Ordinance which we now seek to amend. It seems to me that Mr. Lo then discussed some of the principles underlying legislation of this kind with a precision and a clarity which could do much to lighten the obscurity from which many criticisms of Government policy in this matter have emerged.

There is however one correspondent of whom I should like to make particular mention. It is a Mr. C. Cheung who wrote to the South China Morning Post on the 2nd August in these forthright terms:

“ The Bill should be withdrawn unconditionally if the few landlords wish to enjoy their paramount prerogatives in the time to come. Ask them to take their cars to Lowu or Shataukok and think what their counterparts of the other side have been doing or undone with”.

It may be of some slight interest to Mr. Cheung and to this honourable Council to know that the Tientsin City People's Government on 6th March, 1951 promulgated certain “Provisional Regulations Governing Leasehold of Private Property”. Article 2 of these regulations reads as follows: —

“In principle the rental should neither be too high nor too low so that the owner of the house could derive a suitable profit and be able to carry out the necessary repairs to the property.”

Sir, I beg to move. (*Applause*).

THE ATTORNEY GENERAL 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 principal objects of this Bill are firstly to amend the Landlord and Tenant Ordinance (Cap. 255, 1953 Reprint) to provide for increases of rents permitted by the principal

Ordinance in respect of both domestic and business premises by further permitted increases to the standard rent; and secondly to make provision for the decontrol in the future of all business premises and of those domestic premises having a standard rent exceeding one hundred and ninety nine dollars.

Permitted Increases.

2. The Landlord and Tenant Ordinance, 1947, provided that the standard rent of controlled premises could be increased by additions of thirty per cent and forty five per cent in respect of domestic and business premises respectively. Broadly speaking, the standard rent of any premises is the rent which was recoverable or likely to have been recoverable in respect of such premises let unfurnished on 25th December, 1941. The Landlord and Tenant (Amendment) Ordinance, 1949, provided for a further increase of fifty five per cent in respect of business premises only.

3. The Landlord and Tenant (Amendment) Ordinance, 1953, provided for further increases: twenty five per cent in respect of domestic and fifty per cent in respect of business premises. This Ordinance introduced a complicated procedure relating to notices which had to be followed by any landlord or principal tenant before he could take advantage of the new increases set out in that Ordinance.

4. Thus at present the maximum permitted percentage creases are—
- (a) in respect of domestic premises, an addition to the standard rent of fifty five per cent; and
 - (b) in respect of business premises, an addition to the standard rent of one hundred and fifty per cent.

5. Clause 4 repeals subsection (1) of section 6 of the principal Ordinance and enacts two new subsections, the object of which is to allow for further percentage increases—

- (a) In respect of domestic premises two further increases of twenty per cent and twenty five per cent; the first of which will fall due on the 1st of October, 1956, and the second of which will fall due on the 1st of April, 1957. Thus the final total increase to the standard rent permitted under this Ordinance will be one hundred per cent.

- (b) In respect of business premises two further increases of twenty five per cent each; the first of which will fall due on the 1st of October, 1956, and the second of which will fall due on the 1st of April, 1957. Thus the final total increase to the standard rent permitted under this Ordinance will be two hundred per cent.

6. Clause 8 repeals sections 24 to 31 of the Landlord and Tenant (Amendment) Ordinance, 1953, and the Schedule A thereto. Sections 24 and 25 provide for the increases permitted by that Ordinance, while the other sections and the Schedule A relate to the law and procedure to be followed in respect of such increases. Thus it is proposed that in future the position will be that the total amount of increases permitted will be contained in section 6 and will fall due on the dates specified in that section without the necessity for the service of any statutory notices.

7. Clause 7 provides for a new section 33A containing an amendment consequential on the repeal of sections 28 and 29 of the Landlord and Tenant (Amendment) Ordinance, 1953. Certificates issued by the Secretariat for Chinese Affairs and the Department of Rating and Valuation under those sections relating to the rent payable or the standard rent of any premises shall be admissible in evidence in future proceedings. Clause 6 makes a minor consequential amendment.

Decontrol.

8. Clause 2 amends section 3 of the principal Ordinance by adding a further subsection making provision for the decontrol of all business premises and of domestic premises with a standard rent exceeding one hundred and ninety nine dollars so that the principal Ordinance shall not apply to such premises on and after the 1st of April, 1959.

9. Clause 5 introduces a new section 6C by virtue of which landlords and tenants of business premises or of domestic premises with a standard rent exceeding one hundred and ninety nine dollars may on and after the 1st of April, 1957, enter into agreements whereby they contract out of the Ordinance.

10. Clause 3 amends section 4A of the principal Ordinance for the purpose of enabling landlords and tenants to apply to the Commissioner of Rating and Valuation for a certificate of standard

rent whether or not the Ordinance applies to such premises so that they may obtain evidence as to whether such premises come within the Ordinance.

TELECOMMUNICATION (AMENDMENT) BILL, 1956.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Telecommunication Ordinance, Chapter 106, and to limit the rights conferred by existing licences issued thereunder."

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 3 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Telecommunication (Amendment) Bill, 1956 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.

MAGISTRATES (AMENDMENT) BILL, 1956.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance further to amend the Magistrates Ordinance, Chapter 227."

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 3 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Magistrates (Amendment) Bill, 1956 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.

MERCHANT SHIPPING (AMENDMENT) BILL, 1956.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Merchant Shipping Ordinance, 1953."

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 Merchant Shipping (Amendment) Bill, 1956 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.

**HONG KONG TRAMWAYS EDUCATIONAL
TRUST FUND BILL, 1956.**

MR. C. E. M. TERRY moved the Second reading of a Bill intituled "An Ordinance to make provision for the establishment of a trust fund to be known as the Hong Kong Tramways Educational Trust Fund, for the incorporation of the Chairman of the Management Committee to act as Trustee of the said fund, for the due administration thereof and for purposes connected with the matters aforesaid."

MR. J. D. CLAGUE 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 14, the Schedule and the Preamble were agreed to.

Council then resumed.

MR. C. E. M. TERRY reported that the Hong Kong Tramways Educational Trust Fund Bill, 1956 had passed through Committee without amendment and moved the Third reading.

MR. J. D. CLAGUE seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

ADJOURNMENT.

H. E. THE OFFICER ADMINISTERING THE GOVERNMENT: —That concludes the business for today, gentlemen. When is it your pleasure that we should meet again?

THE ATTORNEY GENERAL: —May I suggest this day fortnight?

H. E. THE OFFICER ADMINISTERING THE GOVERNMENT: —Council will adjourn to this day fortnight.