

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 22nd August 1962****PRESENT:**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

THE HONOURABLE CLAUDE BRAMALL BURGESS, CMG, OBE

COLONIAL SECRETARY

THE HONOURABLE MAURICE HEENAN, QC

ATTORNEY GENERAL

THE HONOURABLE JOHN CRICHTON MCDOUALL

SECRETARY FOR CHINESE AFFAIRS

THE HONOURABLE JOHN JAMES COWPERTHWAITHE, OBE

FINANCIAL SECRETARY

THE HONOURABLE ALLAN INGLIS, CMG

DIRECTOR OF PUBLIC WORKS

DR THE HONOURABLE DAVID JAMES MASTERTON MACKENZIE, CMG, OBE

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE KENNETH STRATHMORE KINGHORN

DIRECTOR OF URBAN SERVICES

THE HONOURABLE PETER DONOHUE

DIRECTOR OF EDUCATION

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICHARD CHARLES LEE, OBE

THE HONOURABLE KWAN CHO-YIU, OBE

THE HONOURABLE KAN YUET-KEUNG, OBE

THE HONOURABLE WILLIAM CHARLES GODDARD KNOWLES

THE HONOURABLE FUNG HON-CHU

MR ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)**ABSENT:**HIS EXCELLENCY LIEUTENANT-GENERAL SIR REGINALD HACKETT HEWETSON,
KCB, CBE, DSO

COMMANDER BRITISH FORCES

THE HONOURABLE SIDNEY SAMUEL GORDON

MINUTES

The minutes of the meeting of the Council held on 8th August 1962, were confirmed.

PAPERS

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

| <i>Subject</i> | <i>GN No</i> |
|---|--------------|
| Hawker Control Force Ordinance, 1960. | |
| Hawker Control Force (Welfare Fund) Regulations, 1962 | A 80 |
| Sunday Cargo Working Ordinance. | |
| Sunday Cargo Working Regulations, 1962 | A 81 |
| Tenancy (Notice of Termination) Ordinance, 1962. | |
| Tenancy (Notice of Termination) Ordinance (Exclusion) Order No. 1, 1962 | A 82 |
| Tenancy (Notice of Termination) Ordinance, 1962. | |
| Tenancy (Notice of Termination) Ordinance (Exclusion) Order No. 2, 1962 | A 83 |
| Tenancy (Notice of Termination) Ordinance, 1962. | |
| Tenancy (Notice of Termination) Ordinance (Exclusion) Order No. 3, 1962 | A 84 |
| Registration of Persons Ordinance, 1960. | |
| Registration of Persons (Re-registration) (No. 11) Order, 1962 | A 85 |
| Emergency Regulations Ordinance. | |
| Emergency (Immigration (Control and Offences) Ordinance, 1958) (Amendment) Regulations, 1962 | A 86 |
| British Nationality (Miscellaneous Provisions) Ordinance. | |
| British Nationality (Miscellaneous Provisions) Ordinance (Amendment of Schedule) Order, 1962 | A 87 |

QUESTIONS

MR KAN YUET-KEUNG, pursuant to notice, asked the following question: —

As certain quarters have blamed Government's recent policy for the closing down of a number of retail rice shops, will Government state to what extent this complaint is justified, if at all.

THE FINANCIAL SECRETARY made the following reply: —

Sir, I should first like to say something of the policy referred to and the reasons for it.

The rice reserve scheme depends on maintaining a constant flow of rice through the channels of importer, wholesaler and retailer to the public. If there is a blockage at any point there is a tendency for prices to rise. Traditionally, importers have given a degree of credit to wholesalers and wholesalers to retailers. Retailers do not normally give any substantial amount of credit to the public. If credit in the trade is allowed to grow excessively, it can be used by the middleman to finance a speculative holding up of supplies and bring about a rise in prices even when stocks are abnormally high. For that reason a rule was introduced into the rice scheme in 1958 (not 1960 as I wrongly said in answer to a question earlier this year) that importers might not afford wholesalers more than one month's credit. This is ample for the finance of normal trade, both wholesale and retail.

This year a competitive increase in credit offered by importers in contravention of the rule, and a subsequent stocking up by the wholesalers of rice they had not paid for, was one of the main factors in the abnormal rise in prices. To bring conditions back to normal it was necessary to enforce a reduction in credit back to normal levels. Importers were given altogether rather more than two and a half months to do this; and prices returned to normal.

There are about 2,400 retailers. Government does not regulate the relationship between wholesalers and retailers in any way and the trade is completely free at this level. It is not known to what extent, if any, wholesalers increased their normal level of credit to retailers during the recent abnormal period or to what extent they may have reduced their normal credit when restrictions were re-enforced instead of reducing their own stock.

The press has recently reported that four retail shops have closed, allegedly as a result of Government's credit policy. I understand that only two have in fact closed, although the other two may be about to close. I would like to point out in the first place that four out of 2,400 is a very small ratio indeed in relation to the normal turnover of small businesses in ordinary circumstances. There is no evidence that credit restrictions have adversely affected

retail trade as a whole. Government does not have any information as to the circumstances in which these four retail shops have closed or are closing and they have made no representations to the Director of Commerce and Industry. It is admittedly not impossible that restriction of credit has been a minor contributory cause. It is always possible that a retailer, or any other businessman, who has got into unusual difficulties in a time of easy credit finds that a tightening of credit is the final blow. Such cases are clearly exceptional and Government policy only an indirect and subordinate factor. It is entirely to be regretted that any business should find itself forced to close, but unfortunately Government policy on our staple food cannot easily be adjusted at the possible expense of the consumer to provide special protection for the exceptional retailer who is in difficulties which have arisen from other causes, even if it could be shown definitely that Government policy was a minor contributory factor in the situation. It is therefore Government's view that the complaint referred to in the question is not justified.

GAMBLING (AMENDMENT) BILL, 1962

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Gambling Ordinance, Chapter 148."

He said: Sir, under the Gambling Ordinance it is an offence to keep or use any place for the purpose of a lottery or to participate in any way in the running of a lottery. The definition of the expression "lottery" contained in section 2 of the Ordinance is very wide and consequently it has been found necessary from time to time specifically to exempt, subject of course to prescribed safeguards, certain activities which would be "lotteries" under the Ordinance were it not for such exemption. For example, lotteries incidental to an entertainment and not for private gain have been exempted under section 10 and the game of tombola under section 11 of the Ordinance.

Sir, representations have been made to Government that amusements offering small prizes should be available to the public at Amusement Parks in Hong Kong in the same way as similar amusements are available to the public in the United Kingdom. Government considers that the provision, subject to adequate safeguards, of such amusements as an adjunct to other entertainment facilities in Amusement Parks would not be contrary to the public interest, but, as such activities would be lotteries, a further appropriate amendment of the Gambling Ordinance is necessary.

Accordingly, the purpose of this Bill is to relieve, subject to safeguards, amusements offering small money's worth prizes from the application of the principal Ordinance. Clause 2 of the Bill seeks to achieve this purpose by the introduction of a new section 9A. Under subsection (1) of the new section the Commissioner of Police may grant a permit for the provision of amusements with prizes on premises licensed as a place of public entertainment under section 3 of the Places of Public Entertainment, Ordinance. Under subsection (2) of the new section 9A amusements with prizes provided in compliance with a permit granted under the new subsection (1) are relieved from the application of the principal Ordinance provided that such amusements are conducted in accordance with the conditions prescribed in subsection (3) of the new section 9A. In order to enjoy relief from the application of the principal Ordinance it is essential that all these prescribed conditions be observed, but I would wish to draw special attention to conditions (a) and (d) under which the cost of an opportunity to win a prize may not exceed 10 cents and the prize offered or distributed must not be worth more than \$1.00, and further, to condition (f) which stipulates that the opportunity to win a prize should not be the only or the only substantial inducement to persons to attend the premises.

The provisions of the new section 9A are derived from the relevant United Kingdom legislation, namely, section 24 of the Betting and Gambling Act, 1960.

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: —

This Bill seeks to exempt from the provisions of the Gambling Ordinance, Chapter 148, amusements for which small prizes are offered when they are provided under permit, upon premises licensed as places of public entertainment under the Places of Public Entertainment Ordinance, Chapter 172 and where they conform to the conditions set out in subsection (3).

2. The provisions are derived from section 24 of the Betting and Gambling Act, 1960, (8 & 9 Eliz. 2, c. 60).

**ROYAL HONG KONG DEFENCE FORCE (AMENDMENT)
BILL, 1962**

THE COLONIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to amend the Royal Hong Kong Defence Force Ordinance, 1951."

THE ATTORNEY GENERAL 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 12 were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Royal Hong Kong Defence Force (Amendment) Bill, 1962 had passed through Committee without amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

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

JURY (AMENDMENT) BILL, 1962

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Jury Ordinance, Chapter 3."

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 5 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Jury (Amendment) Bill, 1962 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.

SMALL TENEMENTS RECOVERY (AMENDMENT) BILL, 1962

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Small Tenements Recovery Ordinance, Chapter 17."

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 5 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Small Tenements Recovery (Amendment) Bill, 1962 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.

ADJOURNMENT

HIS EXCELLENCY THE GOVERNOR: —Well, gentlemen, that concludes today's business. When is it your pleasure that we should meet again?

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

HIS EXCELLENCY THE GOVERNOR: —Council stands adjourned until this day three weeks.