

Thursday, 20th June, 1946.

PRESENT: —

His Excellency The Governor (SIR MARK AITCHISON YOUNG, G.C.M.G.).

His Excellency The General Officer Commanding The Troops (Major-General F.W. FESTING, C.B., C.B.E., D.S.O.).

The Colonial Secretary (HON. MR. D. M. MACDOUGALL, C. M. G.).

The Attorney General (HON. MR. G. E. STRICKLAND, *Acting*).

The Secretary For Chinese Affairs (HON. MR. R. R. TODD, *Acting*).

The Financial Secretary (HON. MR. C. G. S. FOLLOWS, C.M.G., *Acting*).

Hon. Mr. C. H. SANSOM, C.M.G., C.B.E., (Acting Commissioner of Police).

HON. MR. T. MEGARRY (Chairman, Urban Council).

HON. DR. J. P. FEHILY, O.B.E. (Acting Director of Medical Services).

HON. MR. V. KENNIFF (Director of Public Works).

HON. MR. D. F. LANDALE.

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

HON. MR. LO MAN-KAM, C.B.E.

HON. MR. LEO D'ALMADA E CASTRO.

HON. MR. R. D. GILLESPIE.

HON. DR. CHAU SIK-NIN.

MR. D. R. HOLMES, M.B.E., M.C. (Deputy Clerk of Councils).

MINUTES.

The Minutes of the meeting of the Council held on Thursday, 16th May, 1946, were confirmed.

The Minutes of the meeting of the Council held on Friday, 17th May, 1946, were confirmed.

NEW MEMBER.

The HON. MR. V. KENNIFF (Director Of Public Works) took the Oath of Allegiance and assumed his seat as a member of the Council.

QUESTIONS.

The HON. MR. LO MAN-KAM asked: —

Will Government make a statement on its policy regarding payment of salary for the period of the Japanese occupation to officers who were not interned?

The FINANCIAL SECRETARY replied: —

His Majesty's Government is prepared to give further consideration to this matter in the light of local conditions and will await the recommendations of this Government before reaching a final decision. These recommendations will be prepared as expeditiously as possible and in consultation with unofficial as well as official advisers of Government.

The HON. MR. R. D. GILLESPIE asked: —

Will Government make a statement as to what is being done with regard to pay due to Civil Defence Services for the war period?

The FINANCIAL SECRETARY replied: —

All male civil defence workers who were, interned are receiving ex gratia payments at rates appropriate to their ranks in respect of the whole period during which they were interned. Such payments are subject to a deduction of 10% and the maximum amount payable in any one case is limited to £ 1,500.

Women members of civil defence units who were interned but who are not normally dependent on their own earnings are receiving an ex gratia payment of three months' salary. No final decision has yet been reached in regard to the payment of civil defence workers who were not interned by the -Japanese.

The HON. MR. R. D. GILLESPIE asked: —

Will Government state what is being done with the cheques drawn in Stanley, which, by order of Mr. Gimson dated 1st September, 1945, were deposited with the Controller of Currency?

The FINANCIAL SECRETARY replied: —

In view of the desirability of adopting a common policy for the disposal of cheques issued in internment camps in British Dependencies and of the fact that 'the majority of the persons concerned in these transactions were absent from the Colony, all cheques handed over to this Government were forwarded to the Colonial Office for disposal. In cases where letters have been received asking for the return of the cheques, the writers have been advised to make application to the Under Secretary of State for the Colonies.

The HON. MR. R. D. GILLESPIE asked: —

Will Government state on what basis houses and flats are allocated on de-requisition to commercial firms by the Quartering Commandant's Department?

The COLONIAL SECRETARY replied: —

Strictly speaking, Government powers of allocating quarters lapse on de-requisition. The Quartering Commandant has, however, on a number of occasions been able to use his good offices to put commercial firms into touch with the landlords of premises about to be de-requisitioned. Accommodation which firms are able to rent in this way normally cannot represent more than a fraction of the firm's demands. In notifying a firm of the impending de-requisition of such premises Quartering Commandant also indicates the maximum number of persons which he considers could be accommodated in that particular house or flat. Whether or not the firms concerned in fact arrange for this number of persons to be accommodated is a matter for them to decide in the light of such other accommodation as they themselves may have been able to secure.

The HON. MR. R. D. GILLESPIE asked: —

In determining how many persons should occupy a house or flat, is the same basis applied to commercial firms as is applied to members of Government and of the Fighting Services?

The COLONIAL SECRETARY replied: —

Yes. The general principle, which is to ensure that as many persons as possible are housed in the limited accommodation available applies to Government officials and to members of the fighting services.

The HON. DR. CHAU SIK-NIN asked: —

With reference to recent correspondence in the Press on the subject of gratuities to Civil Servants who were not interned during the Japanese Occupation, will the Honourable Colonial Secretary kindly state whether the Government did make any promise to pay such Civil Servants any gratuity, and if so, what are the terms, and whether and when such promise will be implemented?

The FINANCIAL SECRETARY replied: —

In accordance with instructions received from the Secretary of State, monthly paid staff who were not interned are to receive ex gratia grants amounting to three months' salary at the rate at which they would have been paid had their services continued from the 1st January to the 31st March, 1942. Daily paid staff are to receive an ex gratia grant of 42 days' pay at the December 1941 rate.

No promise to make any payment in excess of these grants has been made but in this connection I would refer the Honourable Member to the reply given to a question on the same subject by the Hon. Mr. M. K. Lo.

The delay in the payment of these ex gratia grants is much regretted but the position is much more complicated than was at first realised and it has been necessary to obtain a number of details in each individual case. Every endeavour is being made to expedite these payments and it is hoped that they may be completed at an early date at any rate insofar as those who never left Hong Kong are concerned.

The HON. DR. CHAU SIK-NIN asked: —

(a). What are the rehabilitation and high cost of living allowances paid to the Chinese, Indian and Portuguese employees of the Government, and

(b). How do they compare with similar allowances paid to the European employees, in proportion to salaries?

The FINANCIAL SECRETARY replied: —

Full details* of the scales of High Cost of Living and Rehabilitation allowances at present in force have been circulated to Honourable Members.

The second portion of the question does not arise as no such allowances are at present paid to European employees.

The HON. DR. CHAU SIK-NIN asked: —

Will Government make a statement on the suppression of the 'Kwok Man Yat Po' ('National Times') for one month on the 8th June, 1946?

The COLONIAL SECRETARY replied: —

The Government welcomes this opportunity of making a statement about the official action taken against the 'National Times' on the 8th of this month, and of correcting certain misapprehensions which have arisen.

* See Appendix.

The facts are that the 'National Times' published an article on June 7th urging its readers in plain words to capture alive a local editor and to smash his newspaper to pieces. In no civilised country in the world could such a public invitation to disregard the law be allowed to pass unchecked. The Government decided that the proper action to take was to suspend the publication of the 'National Times' forthwith.

It must be remembered that the restoration of the rule of law after the anarchy and chaos left by the Japanese is a vital problem for every Government in the Far East area and that the circumstances in Hong Kong as elsewhere are as yet far from normal. Scarcely a week has passed without the police being fired on in the streets of our city. Every means must be taken to curb the prevalent tendency to lawlessness. It was in this situation that it was considered necessary some months ago to call the attention of the press of Hong Kong to the danger of hasty or irresponsible comment and to issue a warning that if necessary any newspaper which published inflammatory matter would be suspended.

The comments of the 'National Times' on the 7th June in the opinion of the Government flouted the whole conception of the rule of law by inviting its readers to take the law into their own hands. The Government desires it to be clearly understood that publication of matter of this nature will not be tolerated.

It is a complete misunderstanding of the position to suppose that the Government in this matter is in any way inclined to prejudge applications which may be made by official quarters in China for co-operation in the arrest and punishment of persons who have collaborated with the enemy.

On the contrary as this Council is aware we have taken great pains in consultation with our Chinese Allies to introduce urgent and special legislation to continue to meet China's wishes in regard to the surrender of proved traitors. Nothing can be more calculated to retard the joint plans of China and ourselves than newspaper articles advising complete disregard of these carefully devised measures of law.

The purpose of the ban was connected solely with the preservation of law and order in the Colony. The Government can have no other policy than to deal summarily with newspapers or persons who publicly advocate disregard of established law.

MOTIONS.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Hong Kong and Shanghai Bank Ordinance, 1929, and the Regulations thereof." He said: The main

object of the Measure is to adapt the Hong Kong and Shanghai Bank Ordinance, 1929, and the Regulations made thereunder to the present circumstances thereby enabling the Corporation to make provision for the appointment of Directors and for convening the annual general meeting of shareholders.

By an Order in Council, the Head Office of the Bank was transferred to London. That Order was made in 1943 but it related back to 16th December, 1941. That Order in Council has recently been revoked by another Order in Council which retransfers the Bank to Hong Kong. That Order was made on the 15th May. The former Order in Council transferring the Bank to London vested the powers of management in a committee. These powers have now been vested once again in the Directors. It is accordingly of the utmost urgency that Directors be appointed. These are normally appointed by a general meeting of the shareholders of the Corporation which itself has to be convened by a Board of Directors. Were these measures not now passed, there would be obvious difficulties in convening the meeting. You will note that paragraph 12 of the Schedule enables the Governor to appoint Directors and His 'Excellency proposes to proceed forthwith with the appointment after the enactment of this measure. The measure has been approved by the Secretary of State and agreed to by the Committee representing the Bank in London.

I do not consider it necessary to go into details about the amendments which are made in the Schedule. I should, however, mention that in Part 1 of the schedule the effect of substitution of the figures \$46,000,000 for \$30,000,000 is to give effect to an arrangement whereby \$16,000,000 of the issue of banknotes of the Corporation during the Japanese occupation are being met by the Bank. The rest of the issue will be covered by a certificate of indebtedness issued by the Government. These arrangements are to be finalised but this Government has not yet heard finally from His Majesty's Government. As soon as that is done, a Bill will be introduced before the Council to make the necessary amendments in the Currency Ordinance, 1935.

I should add that it is in fact proposed to bring into effect to-day the Order in Council retransferring the Bank to Hong Kong.

The COLONIAL SECRETARY seconded, and the Bill was read a first time.

OBJECTS AND REASONS.

1. The main object of the Measure is to adapt the Hong Kong and Shanghai Bank Ordinance 1929 and the Regulations made there under to the present circumstances, thereby enabling the Corporation to make provision for the appointment of Directors and for convening the annual general meeting of shareholders.

2. By the Hong Kong and Shanghai Banking Corporation (Temporary Transfer) Order in Council 1943 (hereinafter referred to as the "Temporary Transfer Order") the Head Office of the Bank was deemed to have been transferred to the United Kingdom as from the 16th of December, 1941, and from the same date all the powers vested in the Board of Directors were deemed to have been transferred and to have been exercisable by the Committee in London. The Order made certain amendments to the Ordinance, and the Regulations which have proved useful and are permanently incorporated by the Schedule to this Ordinance.

3. The said Order has now been revoked by the Order-in-Council referred to in Clause 1 of the Bill which also reverts in the Board of Directors in Hong Kong the powers transferred to the Committee by the Hong Kong & Shanghai Banking Corporation (Temporary Transfer) Order in Council, 1943.

4. The enactment of the measure has been approved by the Secretary of State and agreed to by the Committee in London. The following observations explain the more important provisions of the Schedule:

Part I. Arrangements have been made between the Secretary of State and the Corporation whereby cover will be provided for the whole of the issue of Bank notes of the Corporation issued during the Japanese occupation. It is part of this arrangement that Sixteen million dollars of the issue should be provided for by the Bank and that the total amount of the notes payable to bearer on demand which may be in circulation against approved securities under Section 11 of the Hong Kong & Shanghai Bank Ordinance 1929 should accordingly be raised from Thirty million dollars to Forty-six million dollars. The rest of the issue will be covered by a certificate of indebtedness issued by Government. Amendments to the Currency Ordinance, 1935, will be necessary and a Bill to achieve this will shortly be presented to Council.

Part II. Paragraphs 3 and 12 are rendered necessary to provide means for the calling of a general meeting and for the appointment of Directors in emergencies such as the present.

According to Regulation 57 in the 1929 Ordinance:

"An annual general meeting of the shareholders shall be held in every year at such time and place as may be prescribed by the Board and unless and until otherwise prescribed as aforesaid such meeting shall be held in the month of February in every year."

No annual meeting has been held in respect of the year 1945-46 and no such meeting can be convened except by the Board. There are, however, at present no Directors of the Bank and according

to Regulation 95 vacancies on the Board are required to be filled by the shareholders in general meeting. The proposed amendment to Regulation 89 in paragraph 12 gives the Governor power in an emergency to appoint Directors of the Bank and the proposed amendment to Regulation 57 in paragraph 3 gives the Governor power in certain circumstances to call an annual general meeting.

Provision is made in paragraph 18 (2) for the appointment of an Acting Chief Manager as in the Temporary Transfer Order.

In paragraphs 14 and 18 the provision contained in the Temporary Transfer Order to allow of the Chief Manager of the Bank being eligible for election as a Director so long as he holds such office is submitted for incorporation in the amended Ordinance.

In paragraphs 5 and 6 the definitions of the terms "extraordinary resolution" and "special resolution" are revised so as to be identical with that contained in the Companies Ordinances Hong Kong and the English Companies Act, 1929.

In paragraphs 1, 19 and 20 provision is made to allow of the authorization by the Board of an officer of the Bank as an alternative to the Chief Manager to countersign share certificates and deeds and instruments under the Common Seal of the Bank.

Paragraph 2 reproduces the provisions of the Temporary Transfer Order as to the closing of the Shanghai Register and as to the transfer of shares from the London to the Hong Kong register and vice versa.

In paragraph 8 provision is made to reduce the number of Directors to a minimum of five and a maximum of seven instead of seven and twelve respectively. In the Temporary Transfer Order the number was reduced to a minimum of five and a maximum of ten. It was considered, however, that for convenience and efficiency the proposed amendment was preferable.

5. It should be observed that the Ordinance is to come into operation on the day on which the Order referred to in Clause 1 of the Bill is brought into operation by Proclamation. His Excellency proposes to promulgate the Proclamation as soon as copies of the Order reach him.

After the first reading of the Bill the ATTORNEY GENERAL said: Your Excellency, I propose, that so much of the standing orders be suspended so as to enable this Bill being taken through its stages at this meeting of the -Council.

The COLONIAL SECRETARY seconded and the motion was carried.

The ATTORNEY GENERAL moved the second reading of the Bill.

The COLONIAL SECRETARY seconded, and the Bill was read a second time.

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

Upon Council resuming,

The ATTORNEY GENERAL reported that the Bill had passed through Committee without amendment and moved the third reading.

The COLONIAL SECRETARY seconded, and the Bill was read a third time and passed.

The HON. MR. LO MAN-KAM moved:

That this Council, whilst appreciating the World food shortage situation and the consequential obligation on the part of the Colony to assume its share of the burden of restricting consumption to the utmost extent consistent with the due maintenance of a reasonable standard of health, considers that it is its duty towards the residents of the Colony —

- (a) to voice its profound regret and disappointment at the reduction of 70% made on the allocation of rice to the Colony in respect of the second quarter of 1946.
- (b) to express its concern on the effect of the cut in the rice ration from the already drastically reduced amount of 4 catty per person per day to 25 catty.
- (c) to protest against the large quantities of “rice,” consisting of 100% broken rice, old and full of debris, and totally unfit for human consumption, shipped as part of the Colony’s allocation.
- (d) to express its hope that the allocation to the Colony of the next and subsequent quarters will be at the rate and on the basis of each consumer being able to have at least two proper meals of rice per day.

Accordingly it is hereby resolved that His Excellency the Governor be asked to be kind enough to transmit the above Motion together with an expression of the strong feelings of this Council to the Secretary of State for the Colonies so that the necessary action may be taken.

The HON. MR. LO MAN-KAM said:—"Your Excellency. At the outset of my remarks in support of the motion standing in my name, I should like to make it clear that the object of this motion is not to try to secure for this Colony anything beyond its fair share of the rice availability.

"Hong Kong residents have hitherto accepted with fortitude and without demur every reduction in rice ration which it has been found necessary to make. In December, 1945, the ration was reduced from one catty (16 taels) per person per day to 12.8 taels. As from the 18th of February, 1946, it was again reduced to 6.4 taels, although supplemented by a ration of 4.8 taels of flour. As from the 13th of April, while the rice ration remained at 6.4 taels, it was necessary to reduce the, flour ration to 3.2 taels. As from the 1st of May, the rice ration was again reduced to 5.6 taels, and the flour ration to 1.6 taels. As from the 23rd of May, 1946, the rice ration was again reduced to four taels, while the flour ration was restored to 3.2 taels.

" According to the official statement issued on the 22nd day of May, the Young Planning Committee set down a minimum of 12 ozs (or a little more than 9.1 taels per person per day). On this basis, Hong Kong requirements for the second quarter of 1946 (April, May and June) were 40,000 tons. The Combined Food Board allocated us only half this amount, in other words, 6 ozs (or 4.5 taels) per person per day. Recently, this allocation was still further cut to 60%, or 12,000 tons, for the quarter, or 2.7 taels per person per day.

" As If this were not the limit, a substantial proportion, sometimes amounting to half of the shipment, consists of 100% broken---old and totally unfit for human consumption. In other words, if half consists of uneatable rice, the effect is that each person gets 3-3/5 of an ounce of rice one day and no rice the next.

"I do not forget that the latest reduction to 5.35 ozs., or four taels of rice, daily is made up with 4.27 ozs., or 3.2 taels of flour, but to the overwhelming majority of the residents who are accustomed to rice, an enforced diet of nearly 50% flour is an unspeakable hardship. The fact that faced with inevitable scarcity, we must be thankful to eat what there is, however unpalatable and unusual, is beside the point. No doubt, in actual famine, we may be called upon to eat tree roots. We should have no cause of complaint if we were really convinced that we were being fairly treated. But nothing has so far been published by which we can be so convinced

"On the contrary, I have gathered that the Combined Food Board, although it is supposed to allocate from world resources, has in fact permitted some places to obtain sufficient rice to make

further cuts unnecessary, while places like Hong Kong and Singapore have to introduce further restrictions.

“ Sir, the Colony is gravely dissatisfied with the present position, and the object of this motion is to let you know the feelings of this Council so that you may, if you think fit, place the same before the proper authorities.”

Seconding the Hon. Mr. Lo's speech, the HON. MR. CHAU TSUN-NIN said: Your Excellency, my Honourable friend, Mr. M. K. Lo, has covered the ground so fully that I do not think there is any need for me to make any more remarks on the subject. I beg to second the motion.

The COLONIAL SECRETARY replied: —

“Your Excellency, —The facts referred to in the Honourable Member's motion are substantially correct.

“Government has already done all possible to inform all authorities concerned of the very grave effect of the reduced rice ration and to urge that Hong Kong's food situation be remedied as soon as possible.

“The drastic cut in the allocation for the second quarter has already been the subject of strong representations to the Secretary of State and to His Majesty's Special Commissioner in South East Asia. The facts are, however, that for the moment no additional rice is available. Both authorities are fully aware that the effect of the cut was to reduce the rice ration from .4 catty to .25 catty per person per day.

“As regards the very poor quality of the rice received here, protests have been sent to His Majesty's Special Commissioner and the Anglo-Siam Rice Unit. Samples of recent consignments were shown to Lord Killearn's staff during their recent visit to the Colony.

“ As far as future allocations are concerned, the Combined Food Board met in Washington on the 16th June and Hong Kong's allocation for the third quarter of this year will by now have been decided. Our application to the Board was based on the minimum daily ration of 12 oz. per person laid down by the Young Working Party as an emergency scale. We have not yet been informed what quantity of rice has in fact been allotted to Hong Kong but the decision should be known very soon now.

H.E. THE GOVERNOR said:

Honourable members will have realised, I think, from the action that has already been taken by the Government, as set out in the speech of the Colonial Secretary, that the Government very fully identifies itself both with the concern which has been expressed by the mover of this motion and with the hopes that have been expressed for more adequate allocations in future. The Government accepts this motion and will transmit an account of the proceedings to the Secretary of State at the earliest possible moment.

I will now put the question to Council that the motion standing in the name of the Hon. Mr. M. K. Lo be adopted.

The motion was agreed to and accordingly adopted.

H. E. THE GOVERNOR. —Council stands adjourned *sine die*.

APPENDIX.

A. HIGH COST OF LIVING ALLOWANCE:

High cost of living allowance is paid to all non-European adults of 18 years or over on monthly salaries in accordance with the following scale:

Monthly Salary in \$	H.CL. in \$
Not exceeding \$50	—25% with a minimum of \$7.50 and a maximum of \$10.00.
Over \$ 50 but not exceeding \$100	—20% with a maximum of \$15. —
„ \$100 „ „ „ \$200	—15% „ „ „ \$20---
„ \$200 „ „ „ \$300	—10% „ „ „ \$25---
„ \$300	— \$30. —

High cost of living allowance of 20% is paid to all hourly paid artisans, semi-skilled workers and coolies.

B. EHABILITATION ALLOWANCE:

\$42.00 per month is paid to all monthly paid non-European male workers and \$30.00 per month to all monthly paid non-European female workers when the food and fuel index figure is \$9.00 per week. For every dollar increase or decrease in the average fuel and food index for the month, the allowance rises and falls by \$7.00 and \$5.00 per month for male and female workers respectively. The allowances paid since the introduction of the scheme have been:

	Male	Female
Dec. 15/31.....	\$42	\$30
Jan.....	42	30
Feb.	56	40
March.....	63	45
April.....	56	40
May.....	56	40
June.....	84*	60*

Hourly paid workers are divided into various grades which receive the following daily allowances when the food and fuel index stands at \$9.00 per week:

A) Artisans and semi-skilled workmen.	\$1.50
(Grades 1-5)	
B) Male coolies (Grade 6)	\$1.20
C) Female coolies (Grade 6)	\$0.90

For every dollar increase or decrease in the average food and fuel index for the month the allowances rise and fall by 25 cents 20 cents and 15 cents respectively. The allowances paid since the introductions of the scheme are:

	Grades 1-5	Grade 6 (Male)	Grade 6 (Female)
Dec. 15/31	\$1.50	\$1.20	0.90
Jan.	1.50	1.20	0.90
Feb.	2.00	1.60	1.20
March	2.25	1.80	1.35
April	2.00	1.60	1.20
May	2.00	1.60	1.20
June	3.00	2.40*	1.80

*This figure includes a 50% increase on May figures as announced by the Government in May.