

Thursday, 1st August, 1946.

PRESENT: —

HIS EXCELLENCY THE GOVERNOR (SIR MARK AITCHISON YOUNG, G.C.M.G.).

THE HONOURABLE THE OFFICER COMMANDING THE TROOPS (BRIGADIER P. L. LINDSAY).

THE COLONIAL SECRETARY (HON. MR. R. R. TODD, Acting).

THE ATTORNEY GENERAL (HON. MR. G. E. STRICKLAND, Acting).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. T. MEGARRY, Acting).

THE FINANCIAL SECRETARY (HON. MR. C.G.S. FOLLOWS, C.M.G., Acting).

HON. DR. P. S. SELWYN-CLARKE, C.M.G., M.C., (Director of Medical Services).

HON. MR. C. H. SANSOM, C.M.G., C.B.E., (Acting Commissioner of Police).

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

HON. DR. J. P. FEHILY, O.B.E. (Acting Chairman, Urban Council).

HON. MR. D. F. LANDALE.

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

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

HON. MR. R. D. GILLESPIE.

HON. DR. CHAU SIK-NIN.

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

ABSENT. —

HON. MR. LEO D'ALMADA E CASTRO.

MINUTES.

The Minutes of the meeting of the Council held on Thursday, 25th July, 1946, were confirmed.

OATHS.

The HON. THE OFFICER COMMANDING THE TROOPS (BRIGADIER P. L. LINDSAY) and the HON. DR. J. P. FEHILY, O.B.E., (Acting Chairman, Urban Council) took the Oath of Allegiance and assumed their seats as Members of the Council.

PAPERS.

The COLONIAL SECRETARY, by command of H. E. THE GOVERNOR, laid upon the table the following papers: —

Amendment made by the Governor in Council under section 2 of the Emergency Regulations Ordinance, 1922, Ordinance No. 5 of 1922, to the Emergency Regulations for the prevention of cholera, dated 9th July, 1946.

Order made by the Governor under Article 4 of Proclamation No. 34 (Miscellaneous Commodities Control and Price Regulation) repealing the regulations contained in Parts I and II of the said regulations, dated 9th July, 1946.

Order made by the Governor under Section 3 (1) of the Supplies and Services (Transitional Powers) Act, 1945, as extended to this Colony by the Supplies and Services (Transitional Powers) (Colonies Etc.) Order in Council, 1946, revoking Defence Regulation 50C (Control of Sale of Rice), dated 9th July, 1946.

Price Control Regulations, 1946, made by the Governor under Section 2 (1) of the Supplies and Services (Transitional Powers) Act, 1945, as applied to this Colony by the Supplies and Services (Transitional Powers) (Colonies Etc.) Order in Council, 1946, dated 12th July, 1946.

Notice given by the Acting Director of Supplies, Trade & Industry under Regulation 2 of the Miscellaneous Commodities Control and Price Regulations (British Military Administration), 1946, fixing the price of certain commodities, dated 8th July, 1946.

Rationing Order, 1946, made by the Acting Director of Supplies, Trade & Industry under Defence Regulation 50 of the Defence Regulations, 1940, dated 9th July, 1946.

Price Control Order, 1946, made by the Acting Director of Supplies, Trade & Industry under Defence Regulation 50 of the Defence Regulations, 1940, dated 9th July, 1946.

Prohibited Exports Order, 1946, made by the Acting Director of Supplies, Trade & Industry under Defence Regulation 50 of the Defence Regulations, 1940, dated 9th July, 1946.

Public Health (Sanitary Provisions) Regulations, 1946, made by the Governor in Council under Section 2 of the Emergency Regulations Ordinance, 1922, Ordinance No. 5 of 1922, dated 10th July, 1946.

Additions made by the Acting Director of Supplies, Trade & Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Price Control Order, 1946, dated 17th July, 1946.

Order made by the Governor-in-Council under section I8 of the Quarantine and Prevention of Disease Ordinance, 1936, Ordinance No. 7 of 1936, declaring Calcutta an infected place, dated 23rd July, 1946.

Amendment made by the Govern or-in-Council under Section 3 of the Vehicles and Traffic Regulation Ordinance, 1912, Ordinance No. 40 of 1912, to the Regulations, dated 23rd July, 1946.

Order made by the Governor under Section 1 of the Supplies and Services (Transitional Powers) Act, 1945, as extended to this Colony by the Supplies and Services (Transitional Powers) (Colonies Etc.) Order-in-Council, 1946, dated 20th July, 1946.

Additions made by the Acting Director of Supplies, Trade & Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Price Control Order, 1946, dated 25th July, 1946.

CURRENCY AMENDMENT BILL, 1946.

The ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Currency Ordinance No. 54 of 1935." He said: The measure is purely a formal one. As the law stands now the powers under the Currency Ordinance might be exercised either by the Financial Secretary or the Accountant General. The object of the Bill is to vest the powers and make them exercisable by the Financial Secretary only.

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

Objects and Reasons.

By Section 39 (A) (12) of the Interpretation Ordinance, No. 31 of 1911, as amended, the titles "Colonial Treasurer" and "Treasurer" include the Financial Secretary and Accountant General.

The exercise of duties and delegated powers under the Currency Ordinance, 1935, is more properly the function of the Financial Secretary.

It is proposed to vest the exercise of the duties and powers in the appropriate officer.

BANK NOTES AND CERTIFICATES OF INDEBTEDNESS BILL, 1946.

The ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to remove doubts concerning the legal status of certain Bank Notes issued during the Japanese occupation of the Colony and to give power to the Financial Secretary to issue certificates of indebtedness other than in accordance with Section 5 of the Currency Ordinance, 1935." He said: The Honourable members have had an opportunity of perusing the Objects and Reasons of the Bill and I have very little to add to those Objects and Reasons. The Bill was fore-shadowed by the validation of the bank notes issued by the note issuing banks during the Japanese occupation. It is also fore-shadowed by an increase in the fiduciary issue of the, Hongkong and Shanghai Banking Corporation which was incorporated in an Ordinance enacted by this Council. The present Bill seeks to clarify beyond doubt the legal status of the bank notes issued by banks and to give, effect to the terms of a compromise arrived at between Government and the Hongkong and Shanghai Banking Corporation in relation to the liability resulting from the validation of these, notes-that is to say it deals with how the liabilities are to be met. No provision is made in the Bill with regard to the notes issued by other note-issuing banks. Negotiations between those banks and Government are still pending.

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

Objects and Reasons.

1. The first object of the Bill is to remove doubts as to the legal status of Bank Notes issued during the Japanese Occupation and the second, to provide for the meeting of liabilities consequent upon the status given to these bank notes.

2. The circumstances in which these bank notes were issued made it uncertain whether the bank whose name they bore was liable to redeem them, but for the sake of the prestige of the banks and of the Colony itself and also for the preservation of the faith of the public in the currency of the Colony as a whole, the Government and the banks agreed that the notes should be honoured. It has further been agreed that in the case of bank notes bearing the name of the Hong Kong and Shanghai Banking Corporation Government should bear a proportion of the resultant loss.

3. The Bill makes provision for validating the bank notes in question and gives effect to the agreement which was arrived at between the Government and the Hong Kong and Shanghai Banking Corporation as to the manner in which the liability arising out of the validation of bank notes bearing the name of the Corporation should be borne.

The liability is shared by:

- (i) Immediate payment by the Hong Kong and Shanghai Banking Corporation of £ 1,000,000 to the Hong Kong Exchange Fund.
- (ii) Payment by the, Hong Kong and Shanghai Banking Corporation as and when the amount is known of sterling at the rate 1/3 to the dollar for such of the notes of this issue which were used on first issue to discharge a legal liability of the Hong Kong and Shanghai Banking Corporation.
- (iii) Immediate issue of certificates of indebtedness by Government in the sum of \$103,800,000.
- (iv) The application of part of the nett income of the, Exchange Fund to the discharge of the certificates of indebtedness in (iii) until they reach the figure of \$16,000,000. The part of Exchange Fund income so applied will be a part which bears the same proportion to the whole as \$16,000,000 bears to the figure arrived at after deduction of the total sum of dollars referred to in (i) and (ii) from \$119,800,000.

4. This would result in a contravention of Section 5 of the Currency Ordinance, 1935, which limits the amount of certificates of indebtedness which the Treasurer may issue to a Bank and Clause 3 also makes provision for the, waiving of this restriction in respect of certificates of indebtedness issued under this measure.

5. No provision appears for the meeting of liabilities similarly incurred by other note issuing banks as the negotiations between Government and such Banks have not been concluded.

6. The Bill follows with immaterial amendments a draft approval by the Secretary of State.

ADJOURNMENT.

H.E. THE GOVERNOR: Council stands adjourned until Thurs-day, 15th August, 1946.