10th April, 1947.

PRESENT: —

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

The Colonial Secretary (Hon. Mr. D. M. MacDOUGALL, C. M. G.)

The Attorney General (Hon. Mr. J. B. GRIFFIN, K. C.)

The Secretary For Chinese Affairs (Hon. Mr. B. R. TODD, *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. T. MEGARRY.

Hon. Mr. V. KENNIFF (Director of Public Works).

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.

Hon. Mr. M. M. WATSON.

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

ABSENT: —

His Excellency The General Officer Commanding The Troops, (Major-Ceneral G. W. E. J. ERSKINE, C.B., D.S.O.)

Hon. Mr. D. F. LANDALE.

MINUTES.

The Minutes of the meetings held on 27th March, 1947, and 28th March, 1947, were confirmed.

ANNOUNCEMENT.

H.E. THE GOVERNOR: Honourable Members, I have an announcement to make in regard to the first Bill which is to be read for the first time to-day.

The British Cinematograph Films Ordinance, 1946, was passed by this Council on the 11th October, 1946, but was not at the time assented to by me in consequence of representations addressed to the Secretary of State for the Colonies, concerning which I received notification immediately after the third reading of the Bill.

As a result of subsequent correspondence with the Secretary of State it has appeared to me desirable that the Bill should be reintroduced into the Council in an amended form. The first reading of this new Bill is to be moved at this meeting of the Council and I now formally notify the Council that I have refused my assent to the British Cinematograph Films Ordinance, 1946.

QUESTIONS.

HON. MR. LO MAN-KAM, C.B.E., asked: —

With reference to the statement on the allocation and. rate of release of requisitioned property for the six months September 1946 - February 1947, which was laid on the table on the 28th March, 1947, and to the statement of the Hon. the Colonial Secretary to this Council on the 19th September, 1946 wherein he stated *inter alia*:

> "Government is however prepared to state that it proposes to use premises requisitioned prior to the 1st November, 1946, to provide married quarters for civilians as well as Government servants and members of His Majesty's Forces and that it has given instructions to the Quartering Authority to the effect that accommodation at present under requisition shall be allocated in an equitable manner as it becomes available "—

will Government state: —

> (*a*) How many applications are still pending which Government has received from Chinese residents for the de-requisition of premises for their accommodation with a view to their return to the Colony?
>
> (*b*) What allocations of requisitioned premises, in accordance with Government's policy as enunciated by the Hon. the Colonial Secretary, have been made for the accommodation of Chinese civilians mentioned in the preceding question?

(*c*) Regarding the 262 properties de-requisitioned and released for civilian use, as to which "it is not known how many ……have been occupied respectively by Chinese and Europeans", how many of these 262 properties were Chinese owned on de-requisition?

THE COLONIAL SECRETARY replied: —

The Government has outstanding applications for the release of requisitioned properties from 86 Chinese persons whose families were before the war normally resident in Hong Kong. In 73 of these applications it is stated that the properties will if released be used for the accommodation of the applicants' families. The present places of residence of the applicants and their families are not known.

No requisitioned property has been allocated whilst under requisition for the use of Chinese civilians. It became apparent that Government's announced policy of ensuring a fair allocation of requisitioned property to civilians could best be pursued by a process of de-requisitioning to civilian owners as rapidly as possible. 240 Chinese-owned premises have been de-requisitioned and returned to their owners since the commencement of requisitioning powers.

Of the 262 properties de-requisitioned during the last six months 137 were Chinese-owned at the time of de-requisition.

BRITISH CINEMATOGRAPH FILMS BILL, 1947.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to provide for the exhibition of British Cinematograph Films and to restrict the advance booking of cinematograph films." He said: Your Excellency's announcement has explained to Honourable Members the necessity for the introduction of this Bill which, subject to amendments, is parallel in objective to a Bill of similar title passed in 1946. The Bill is accompanied by Objects and Reasons which sufficiently explain the measure, and to these Objects and Reasons is attached a Table of Correspondence. Owing to an error on my own part, in the Table of Correspondence reference is made to an Ordinance of 1946 which should read "1947". The comparison in that table is between the proclamation on this subject issued in Singapore and the Ordinance or Bill which is now before Council.

The main objectives of this Bill are two-fold: one, to provide for the increase of the showing of British films in this Colony, and two, to provide for the restriction of advance booking to prevent British films being in effect pushed off the market by foreign film companies which employ the block booking system. The essence of the Bill to attain the first objective is to ensure that by employment of a quota system for a quota period of 70 days it shall be incumbent on cinemas to which this Ordinance applies to show for at least 7 days British films of which one at least shall be 5,000 feet long. Provision is made however for some relief by exemption in proper cases by virtue of provisi6ns of Clause 5(2) of the Bill which enable exemption with or without conditions to be given by the Controller, who is the officer to be appointed to operate this Ordinance.

As regards advance booking, Clause 7 gives the relevant provisions. It prevents any undertaking being given by cinema owners to accept delivery of films at a date later than six months from the date on which an undertaking is given.

Part 4 of the Bill deals with offences and penalties, and contains ancillary provision which set out the responsibilities of employers through servants and agents.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:

1. The object of the measure is to increase the showing of British films in the Colony and restrict advance, booking, and so to prevent British films being pushed off the market by foreign film companies using the block-booking system.

2. The Ordinance closely follows a proclamation promulgated for similar reasons in Malaya which in turn is based on similar provisions in the Cinema Films Act, 1938, passed in the United Kingdom.

3. The definition of British films in the Interpretation section of the Ordinance has been altered from that in the Proclamation and is intended to ensure that British film quotas are not made up of old fashioned films, and is similar in effect to section 74 of the Cinema Films Act. Should appropriate modern films not be available or be too expensive to be practical, the Controller has under section 5, subsection 2 of this Ordinance, the power to grant exemption on any terms he considers reasonable.

4. It is not considered that Part III of the Ordinance will work great hardship in view of the fact that similar provisions under Part II of the Cinema Films Act, 1938 have proved workable in England under far more complex conditions, as has also the Proclamation in Singapore. Contracts which imposed obligations up to six months are still valid and this should prove sufficient time to make the scheme workable.

5. A comparative table is annexed to the Objects and Reasons. It will be observed that the penalty clauses have been consolidated and modified and that modifications have also been made in the ancillary provisions for the prosecution of offenders.

LANDLORD AND TENANT BILL, 1947.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to consolidate and amend the law relating to the restriction of rents." He said: Sir, the legislation on this important and difficult subject which at present exists is substantially contained in Proclamation No. 15 made during the period of the British Military Administration and subsequently amended. It will

be recalled that a Committee under the Chairmanship of the Honourable Mr. D'Almada was appointed by Your Excellency to consider the working of such legislation and to make proposals for legislation of a more permanent character. The Objects and Reasons which are annexed to this Bill are very full. The endeavour has been made as to paragraphs 1 to 11 of the Objects and Reasons to summarise the more important aspects of the existing legislation. Thereafter the Objects and Reasons discuss the provisions of the Bill now before Council. It is thus possibly not very necessary that I should detain Council overlong in my introductory remarks on the first reading of this Bill. I will content myself with a reference to the more important provisions. The Bill provides that standard rent shall now be interpreted as a rent recoverable from a sitting tenant on or before 25th December, 1941. The Bill brings relief to landlords who, it may be accepted in the majority of cases, are deserving of such relief, and allows of increases of rent above the standard rent, as to domestic premises to the extent of 30 per cent., and as to business premises to the extent of 45 per cent. An important provision of the Bill is summarised in paragraph 17 of the Objects and Reasons wherein is set out a list of the premises to which rent restriction will no longer apply. Honourable Members will take note particularly of the relief or exemption afforded in the case of new buildings, and in the case of buildings to which extensive and expensive repairs have been made. Such provision is included in recognition of the necessity to afford encouragement to the all important problem of rehabilitation and development which faces the Colony at the present time. In paragraph 18 of the Objects and Reasons there is discussed provision which the Bill makes for change in relation to the question of the enforcement of agreement to vacate. In future if the Bill is passed such an agreement under proper safeguards will be enforceable.

Paragraph 20 of the Objects and Reasons discusses the question of penalties, and for instance provides for the offence and for the punishment of attempts to evade rent restriction by various methods such as payment of key money. Provision is made in the Bill for the perpetuation of Tenancy Tribunals, which have existed under the existing law and have well proved their value. There is provision for appeal to the Supreme Court, and I would in particular invite attention to paragraph 22 of the Objects and Reasons wherein is discussed the procedure which is being introduced of appealing by way of case stated for the purpose of making more precise and clear the grounds upon which an appellant seeks redress. Clause 32 of the Bill perpetuates provision which exists in the present law in that it provides power for exclusion from operation of the Ordinance in certain cases. Such provision, however, is made more elaborate than that existing under the present law and the procedure applicable to a request for exemption from the provisions of the Bill is laid down.

With such remarks I feel that I have placed before Honourable Members the more outstanding features of the Bill which they will wish to consider in due course.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:

Main features of the existing law.

1. Under Proclamation No. 15 (Landlord and Tenant), the law distinguishes between landlord, principal tenant and the sub-tenant, the principal tenant being defined as the person liable under the tenancy agreement to pay rent direct to the landlord. No distinction is drawn between a principal tenant in occupation of part of the premises, the subject of the tenancy and the principal tenant who is merely a derivative landlord drawing rent from but not in occupation of any part of the premises. The Proclamation does however provide (Article 5.C.) that a principal tenant who is not in actual occupation of any part of the premises rented by him can be evicted by a Tenancy Tribunal.

2. With the exception mentioned in the preceding paragraph, every principal tenant and every sub-tenant is entitled to protection against eviction and protection is afforded to the tenant of land unbuilt upon or of business premises as well as to the tenant of domestic premises.

3. Under Proclamation 15, a Tenancy Tribunal may evict the following persons in addition to a principal tenant not in occupation: —

(*a*) any person who in the opinion of the Tenancy Tribunal does not *bona fide* claim possession under a landlord or his predecessor in title;

(*b*) any person who became a tenant or sub-tenant during the Japanese occupation solely because of the acceptance by a landlord or a principal tenant of rent and whose holding has not been acquiesced in by acceptance of rent since the establishment of the British Military Administration;

(*c*) a tenant or sub-tenant who has been convicted of using or suffering to be used the premises or any part thereof for an immoral or illegal purpose;

(*d*) a tenant or sub-tenant who is more than thirty days in arrears with payment of any rent accruing due after the 1st of October, 1945, and computed in accordance with the Proclamation.

4. Other grounds of eviction are provided for by Proclamation No. 25 under which eviction may be granted—

(1) if the premises are required by the landlord for occupation as a residence by him or by specified members of his family; and

(2) if premises are assigned, transferred or sub-let without the consent of the landlord.

5. By Article 2 of Proclamation No. 15, the landlord is limited to the rent received for the premises prior to December, 1941, and the principal tenant to the same rent plus twenty per cent. No express provision is made for determining the rent which can be lawfully demanded where premises now let unfurnished had been let furnished in 1941 or *vice versa* or where the services provided by the landlord differ but the Tenancy Tribunal is empowered to fix, vary and apportion rent. These powers could be exercised where owing to change in the conditions of tenancy or the state of the premises since 1941, the rent is either excessive or too little and the parties have failed to reach agreement as to what would have been a fair rent in 1941 for the existing tenancy.

6. Protection is afforded by the provision in paragraph 6 of Article 5 (added by Proclamation No. 25) which provides that no tenant should be liable to eviction save under and in accordance with Proclamation No. 15 or any amendment thereof. This Article has now been amended by order of the Governor in Council made under Ordinance No. 2 of 1946 and the amendment saves the right of magistrates under the Protection of Women and Girls Ordinance, 1938, and the Dangerous Drugs Ordinance, 1935, to exercise the respective powers conferred upon them by these Ordinances and also permits the Governor in Council to exempt in any particular case any premises from the operation of the Proclamation.

7. The Tribunals themselves are constituted by virtue of regulations made under Article 7 of Proclamation No. 15, each Tribunal consisting of a Chairman and two members appointed in the first place by the President of the Military Courts, and, after the restoration of civil government, by the Chief Justice. Appointment is made from a panel of persons selected by the Governor.

8. The practice and procedure of these Tribunals is prescribed by regulations also made under Article 7 and modified on the restoration of Civil Government by Ordinance No. 2 of 1946. Owing to the difficulty of providing Tribunals for Kowloon and the New Territories, a Magistrate sitting alone has latterly been constituted a Tenancy Tribunal.

9. Appeal formerly lay on questions of fact, as well as on questions of law, to the President of the Standing Military Court and now lies to the Supreme Court in its Summary Jurisdiction and ultimately to the Full Court.

10. By Article 3 of Proclamation No. 15 as amended by Proclamation No. 25, every principal tenant is under a duty to fix or to keep affixed on a conspicuous part of the premises a declaration of the rent payable by him to his landlord and also to serve a notice on every sub-tenant specifying the part of such rent which he attributes to the part of the premises occupied by the sub-tenant.

11. Penal sanctions against receiving or demanding excess rent, whether by way of rental or otherwise and for various other offences are provided for by Article 8 of Proclamation No. 15 as amended by Proclamation No. 25, but no provision is made for the recovery by civil action of any funds unlawfully received, either by a landlord or by any tenant, transferring or sub-letting.

12. The construction of the Proclamation has been the subject of judicial decision. It has, for instance, been decided that despite the use of word 'may' in Article 5 of Proclamation No. 15, it is the duty of the Tribunal to grant eviction if one of the grounds specified in that Article as amended by Proclamation No. 25 is proved and that the Tribunal cannot consider relative hardship. It has also been held that a tenant is liable to eviction if he has obtained a tenancy rent-free from his employer and the employment is determined.

13. Proclamation No. 15 was introduced as a purely temporary measure to keep down the cost of living and to prevent landlords from profiteering as a result of the shortage of accommodation in the Colony. Although the working of the Proclamation has been kept under fairly constant review it was not until the last quarter of 1946 that an exhaustive study of the subject was made by a Committee appointed by the Governor. It is not surprising therefore that despite amendments effected during the period of Military Administration, (also on a temporary basis) there are still many aspects of the existing law which require amendment.

14. Most of the matters requiring attention have been dealt with in the report and recommendations of the Committee. These recommendations have in the main been accepted by Government. Apart from cases where Government has been unable to accept the recommendations of the Committee there are other cases in which it seems desirable to amend or clarify the law. In these circumstances, it is considered that the recommendation of the Committee that the existing law should be repealed and re-enacted with the incorporation of the changes desired should be accepted.

Changes affecting the quality of the tenant.

15. A. In the Proclamation the expression ‘principal tenant’ means a tenant holding direct from a landlord. Although intermediate holdings are rare in the Colony, they do exist and it is considered that a distinction should be drawn between a landlord who is himself a tenant but is not in occupation and a tenant who has sub-let but remains in occupation. The expression ‘derivative landlord’ is accordingly used in the Bill to refer to the former and he is not protected from eviction. See Clause 5(3). The latter is referred to as the principal tenant (whether or not the premises are dependent premises) and in his case he receives the protection of a tenant in respect only of that part of the premises which he has retained for his own occupation. (See paragraph 5.1(*a*) of the Committee's recommendations and Clause 12 of the Bill).

B. The result of the change in the description of principal tenant would work injustice to a derivative landlord who is now providing services which he was not liable to provide at the time by reference to which standard rent is ascertained. (Clause 6(4) of the Bill accordingly enables the Tribunal to sanction a reasonable charge for such services).

C. In order to remove doubts Clause 5(3) of the Bill provides in effect that protection against eviction is not given to a tenant whose title is bad because his landlord or other person through whom he claimed had a defective title.

D. In accordance with a recommendation of the Tenancy Committee the interpretation of 'tenant' (Clause 2(*r*)) includes the widow of a tenant residing with the tenant at the time of his death or, where the tenant leaves no widow or is a woman, the children or dependent members of the tenant's family with him or her at the time of the tenant's death.

Changes relating to rent.

16. A. "Standard rent" is now interpreted as the rent recoverable from the sitting tenant on or before the 25th December, 1941, in respect of an unfurnished letting or if there was no unfurnished letting until after that date then such rate of rent as a Tenancy Tribunal considers would have been fair for an unfurnished letting immediately before the 1st December, 1941. (See Clause 2 (*n*) (i), (ii) and (iii).)

B. Sub-paragraph A of this paragraph does not apply to dependent domestic premises. The object of Proclamation No. 15 in substituting the rent paid by a principal tenant plus twenty per cent. for the normal standard rent, *i.e.* the rent at which each part of the premises let which was the subject of a separate letting, was to keep down the rents of poorer class dwellings. The wording is however wide enough to include better type flats and business premises. It is considered that in giving effect to the Committee's recommendation for increases of rent it should be made clear by definition that the rent at which the premises were actually let in or before December, 1941, will be the standard rent in all cases in which premises were so let except where premises were not self contained in respect of privy ablution and cooking facilities. (See the interpretation of dependent premises and standard rent in Clause 2 of the Bill).

C. Standard rent is increased by thirty per cent. in the case of domestic premises and by forty-five per cent. in the case of business promises. (See Clause 6). The increase only becomes operative after service of a valid notice demanding it. In giving the reasons for this increase the Committee said "Our reasons for differentiating between dwelling-houses and business premises are (i) whereas the increase in the case of dwelling-houses would affect employees and employers alike, that in the case of business premises will be felt only by employers who, it is considered may more easily bear the

larger increase; (ii) the larger increase in the case of business premises will have no effect, or at worst a negligible one, upon the cost of living. But for the other considerations abovementioned, there would be no ground for the distinction in that an increase by an equal percentage is warranted in both classes of premises." In justifying any increase the Committee stated that the cost of labour, commodities and building material had gone up considerably. In fact it is clear that it would have recommended a greater increase but for its fear that economic consequences very serious to the Colony would follow.

D. If the landlord provides furniture a reasonable charge made therefor after notice has been served on the tenant specifying the charge proposed. See Clause 6 (2).

E. If the services undertaken by the landlord differ from those by reference to which standard rent is ascertained a Tenancy Tribunal may vary the standard rent.

F. In the event of expenditure of one thousand dollars or upwards on additions or improvements by a landlord whereby the rateable value of a tenement has in the opinion of a Tenancy Tribunal been increased, an increase of eight per cent. on the sum expended is permitted. (Clause 6(8)). This is considered more equitable than the recommendation of the Committee relating to the apportionment of the cost of statutory repairs between landlord and tenant, which it is considered would have exposed the poorer class of tenant to exploitation. Where the rateable value is increased the tenant is getting something more than maintenance repairs and it is equitable and in the public interest to sanction an increase in rent.

G. The tenant is entitled to set-off against the thirty per cent. or forty-five per cent. increase half the amount of the sum expended by him since the 16th August, 1945, with the consent of the landlord in making the premises reasonably habitable. See Clause 7. This is considered preferable to the recommendation in paragraph 2 C of the Committee's Report.

H. If the standard rent was (*a*) agreed on in writing before the 1st July, 1937, or (*b*) is not higher than the rent recoverable at that date, a Tenancy Tribunal may on the application of a landlord, fix such other rent as it shall think fit. A Tenancy Tribunal is now given discretion to sanction on the application of a landlord an increase in rent which has been agreed to by a tenant. The object of this provision (Clause 15) is to enable the Tribunal to sanction increases in excess of the permitted increases where the tenant is willing to agree to such increase because of special circumstances, e.g. an agreement to lease after the termination of the Ordinance or expenditure by the landlord. It is thought that some landlords may have resisted the temptation to raise rents afforded by the increase of population from 1937 onwards and that in this ease they should be permitted now Upon application to a Tenancy Tribunal to bring themselves in line with other premises of a similar character the rents of which were raised before the 25th of December, 1941. Provision is made by Clause 16 of the Bill.

Premises Decontrolled.

17. A. The following premises will no longer be subject to rent restriction:

(*a*) land which has not been developed by the erection of buildings of a permanent character; or

(*b*) any entirely new building in respect of which the written permit of the Building Authority to occupy the same shall have been granted under the provisions of Section 116 of the Buildings Ordinance, 1935, after the 16th of August, 1945; or

(*c*) any premises which after the 145th August, 1945 have been rendered habitable by extensive repairs effected at the expense of the landlord.

'Extensive Repairs' means repairs wholly necessary for rendering the premises reasonably habitable and in respect of which the expense incurred amounts to not less than the equivalent of the standard rent of the premises for one year; or

(*d*) any business premises which may after the 1st February, 1947, be let for a term of not less than seven years; or

(*e*) any particular portion of any hotel or boarding-house which is let furnished by the keeper of such hotel or boarding-house to a guest of such hotel or boarding-house; and

(*f*) any premises for the time being vested in or in the custody of the Custodian of Property or the Custodian of Enemy Property. Rent restriction is normally restricted to dwellings of the poorer type. In view of the shortage of all forms of accommodation it was originally applied to all forms of lettings except Crown leases. There is however no real justification for its application to premises which are either unfit for occupation or have become fit by such an expenditure on the part of the landlord as would render rent restriction grossly inequitable. Moreover decontrol will encourage rehabilitation and development. As to enemy property, the property of unknown owners must be liquidated and this will be hampered by rent restriction if the premises are not decontrolled.

B. It is not at present considered that any other class of premises should be excluded from the operation of this Ordinance. It may well be however that before the Ordinance ceases to apply a case will be made for excluding other classes of premises from its operation. Clause 32 accordingly gives the Governor in Council power to exclude any class of premises from the operation of this Ordinance. It should be noted that the power also extends to particular premises. In such case however the power can only be exercised on the recommendation of a Tenancy Tribunal and provision is made for the procedure to obtain the decision of a tribunal. The object of these provisions is to enable exemption to be granted in a special case where it is considered that it is in the public interest to grant exemption and

that the equities advanced by the landlord are greater than those advanced by the tenant. It might for instance be desirable to grant exemption to educational bodies who sub-let their premises because they were unable to continue their functions during the Japanese occupation. Other cases might arise in which rebuilding or rehabilitation is impeded by tenants who refuse to quit. It is considered that where exemption relates to particular premises only it is right that the parties should be heard and that a Tenancy Tribunal is the most practical Tribunal for this purpose.

Changes relating to Agreements to vacate.

18. A. In view of the provisions of Article 6 of Proclamation No. 15, that no tenant can be evicted save in accordance with the provisions of the Proclamation and its failure to make an agreement to vacate a ground for eviction, an undertaking to vacate is not legally enforceable. By Clause 13 of the Bill subject to the provisions of Section 10, such an agreement is now valid and can be enforced if the Court is satisfied that the tenant intended to deprive himself of the protection afforded by the Ordinance (See also paragraph (*e*) of Section 18). The Object of the proviso is to ensure that the tenant is not trapped into depriving himself of the protection afforded by the Ordinance by entering into a covenant to vacate at the end of a term certain. The Clause is made subject to the provisions of Section 10 because that Section *inter alia* forbids the demanding of a fine or premium or other consideration for giving up possession of the premises to the landlord or to any other person. In practice therefore this kind of agreement is likely to be confined to new tenancies.

B. A tenant who agreed to vacate upon the return of the pre-Occupation tenant and who fails to vacate upon notice of such return may be evicted by a Tenancy Tribunal. (Paragraph (*f*) of Clause 18).

Changes affecting the Principal Tenant.

19. A. Under Clause 12 of the Bill once the original tenancy has been determined the statutory tenancy of the Principal Tenant can also be determined by one calendar month's notice from the landlord. Under such notice the Principal Tenant has the option to become a tenant of such part of the premises if any as he has retained for his own use. (Sub-section 1.) Rent is determined under Subsection 4. Upon service of such notice the landlord shall immediately serve notice upon the sub-tenants informing them of the notice to the principal tenant calling upon them after the expiration of such notice to pay rent to him. (Sub-section 2.) Upon such expiration, the sub-tenants become tenants of the landlord upon the same conditions save as regards rent under which they held from the Principal Tenant. Rent will be the standard rent with an increase of thirty per cent. (Sub-section 4.) The landlord becomes liable to perform the obligations previously assumed by the Principal Tenant.

B. A principal tenant who elects to quit after notice and fails to do so or attempts to collect rent after the expiration of such notice may be evicted. Para. (*a*) of Clause 18.

C. A principal tenant is now liable to give a receipt for rent paid to him (Section 11(2)) and to give the landlord full particulars of sub-tenants, and sufficient particulars of the premises occupied by each of them and of standard and gross rent. (Section 11(3)). Breach constitutes an offence and upon conviction, a magistrate may order eviction. (Sub-section (4) of Section 11).

Penalties.

20. A. Under the existing law a person commits an offence if he demands or receives whether in money or in kind and whether by way of rent or otherwise more than the rent lawfully due. It is conceivable that the argument might be advanced that by reason of the use of the words "more than the rent lawfully due" it would not be an offence to receive key money or other consideration for the grant or renewal of a tenancy. In order to remove doubts, Clause 8 (1) (*b*) provides that every person who after the commencement of this Ordinance demands or receives any consideration, whether in money, in kind or in any other manner whatsoever and whether by way of rent, fine, premium or otherwise, for the grant, renewal or continuance of any tenancy shall be guilty of an offence against this Ordinance.

B. The law might also be evaded by the landlord by making the purchase at an unreasonable price of furniture, fittings, fixtures or other articles a condition to the grant or renewal of a lease. This is accordingly made an offence by Clause 8(1) (*d*).

C. It is considered that breaches of the law might be more readily disclosed if upon proceedings for an offence the magistrate were empowered to compensate the tenant for the excess rent or consideration directly or indirectly obtained from him. Appropriate provision is made by Clause 8(2). This is without prejudice to the right to recover by civil action which is conferred by Clause 9 and is retrospective to the 1st March, 1946, the date when Proclamation No. 25 came into force.

D. "Key money" might also be demanded or received by a tenant, for giving up possession to the landlord or to a third person. This is made an offence by Clause 10 which contains similar provisions in relation to the purchase of furniture, etc. and payment of compensation to the party who has directly or indirectly paid key money as are contained in Clause 8.

E. In addition to the liability of the principal tenant under Clause 11 to make disclosure, any landlord, whether a principal tenant or not, may be requested in writing by a superior landlord or his tenant to supply a statement as to the standard rent. It is made an offence to fail without reasonable excuse to supply the statement or to supply a statement which is false in any material particular. (See Clause 21).

Changes relating to ejectment.

21. A. In addition to the new grounds of eviction indicated in paragraphs 19 and 20 of these Objects and Reasons, ground (*e*) in paragraph 3 has been extended to make the commission of an offence against the Ordinance a ground of eviction. Other new grounds provided for by Clause 18 are:

(i) written notice by tenant to quit (para. (*g*)).

(ii) tenant guilty of nuisance or annoyance (para. (*h*)).

(iii) tenant ceasing to be employed in work by reason of which he obtained the tenancy. (Para. (*i*)).

(iv) failure to observe and perform any stipulation or condition of the tenancy (other than a condition to vacate) (Para. (*d*)).

B. Grounds (*a*) and (*b*) in paragraph 3 of the Objects and Reasons have been omitted, the former because a remedy now lies in the ordinary Courts and the latter because ample time has elapsed to enable the landlord to take the necessary action.

C. Clause 19 provides that in cases where the landlord is seeking to obtain possession on the ground of requiring the premises for himself or a member of his family the Tribunal must be satisfied that greater hardship would be caused by refusing to grant the order than by granting it.

Changes affecting Appeal.

22. If appeal is from a question of law or on a matter of discretion appeal is by way of case stated at the request of the appellant by the Chairman of the Tribunal. (Clause 26 (3)). This provision is intended to place the issues early before the Court in a convenient form and to save time on appeal. There has been a tendency in the past to appeal merely on the ground that the Tribunal was wrong in law without stating why. The right however of the Court to try the case *de novo* remains unaffected. (Clause 26 (5)).

ADJOURNMENT.

H.E. THE GOVERNOR. —That concludes the business before the Council, and the Council will now adjourn until Thursday, 17th April, 1947.