

6th July, 1949.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K. C. M. G.)

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING IN CHIEF
(LIEUTENANT-GENERAL F. W. FESTING, C. B., C. B. E., D. S. O.)

THE COLONIAL SECRETARY (HON. J. F. NICOLL, C. M. G.)

THE ATTORNEY GENERAL (HON. J. B. GRIFFIN, K. C.)

THE SECRETARY FOR CHINESE AFFAIRS (HON. B. C. K. HAWKINS, O. B. E., *Acting*).

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

DR HON. I. NEWTON (Director of Medical Services).

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

HON. A. NICOL (Acting Director of Public Works).

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

HON. SIR MAN-KAM LO, KT., C. B. E.

HON. M. -M. WATSON.

HON. C. BLAKER, M. C., E. D.

MR. G. C. HAMILTON (Clerk of Councils).

ABSENT:—

HON. D. F. LANDALE.

DR. HON. CHAU SIK-NIN.

HON. LEO D'ALMADA E CASTRO, K. C.

MINUTES.

The Minutes of the meeting of the Council held on 22nd June, 1949, were confirmed.

OATHS.

HIS EXCELLENCY THE GENERAL OFFICER Commanding in Chief (LIEUTENANT-GENERAL F. W. Festing, C.B., C.B.E., D.S.O.) took the Oath of Allegiance and assumed his seat as a Member of the Council.

MOTIONS.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved pursuant to the proviso to section 3 of the Note-issuing Banks Extension of Powers Ordinance, 1939, as modified by the Law Amendment (Transitional Provisions) Ordinance, 1946, that this Legislative Council hereby extends the powers of all the note-issuing banks to make, issue, re-issue and circulate notes until and including the 12th day of July, 1950.

He said: Sir, under section 3 of Ordinance No. 21 of 1939 the note-issuing banks were only authorised to continue to make, issue, re-issue and circulate notes until and including the 12th day of July, 1940, but it was provided that this Council could by resolution extend these powers for any period not exceeding 12 months at a time. By resolution passed on the 30th June, 1948 these powers were extended to the 12th July, 1949, and it is now necessary to extend them for a further period of one year to the 12th July, 1950.

THE COLONIAL SECRETARY seconded, and the motion was carried.

THE FINANCIAL SECRETARY moved that the supplementary provision for the fourth quarter ended 31st March, 1949, Schedule No. 4 of 1948-49, be approved.

He said: The special warrants set out in this Schedule have all been approved by Finance Committee and they do not appear to call for any more detailed explanation than is already set out in the remarks column. I should perhaps point out however that besides the specific savings quoted against certain items, some \$1,300,000 of the expenditure provided for in the Schedule is balanced by corresponding revenue receipts, while the amounts provided under some of the larger special warrants were not fully expended. I should also like to emphasise that this Schedule only deals with special warrants approved up to the 31st March, and that it will be necessary

to submit a supplementary schedule to this Council for approval when all adjustments have been made and the excesses on .all sub-heads have been accurately determined.

The accounts for the financial year 1948/49 have not yet been financial, but Honourable Members will be interested to learn that the surplus on the year's working amounts to approximately \$33,000,000. A number of transfers still have to go through but these are not likely to affect the position materially. The actual surplus has turned out to be higher than the figure I forecast in my budget speech, for while my estimate of actual expenditure was not far cut, revenue came in at an abnormally high rate during the last few weeks of the financial year, the receipts for the last week in March reaching a record figure of slightly over \$8,500,000 as compared with the average weekly figure of about \$3,500,000.

Thus the financial year 1948/49 closed on a very prosperous note, but I should not like Honourable Members to think that they can look forward to a similar result at the close of the present financial year. Unfortunately the indications are that the position will be very different. The revenue estimate was deliberately conservative. Receipts so far are at about the level of that estimate, but there is unfortunately no indication that it will be exceeded.

Indeed, it would not be surprising if revenue receipts were to show a further downward trend as the present developments in the political sphere are bound to have a marked adverse effect on the Colony's trade, though this may not become apparent for some time. Moreover unforeseen expenditure during the first quarter of the year has been extremely high, as a result of ever increasing security commitments. There is very little hope indeed that there will be any surplus on the year's working from which this additional expenditure can be met, and efforts are being made to meet the situation by cutting down normal expenditure as much as possible.

This is always a difficult task, and it is particularly so in this case as there is as yet no general realisation that the period of prosperity which Hong Kong has enjoyed since the liberation appears to be drawing to an end. I know that I am expressing Your Excellency's views when I say that the only safe policy for this Government to pursue in the present circumstances is one of rigid economy, due regard of course being necessarily paid to the provision of adequate funds for essential security measures.

THE COLONIAL SECRETARY seconded, and the motion was carried.

TELECOMMUNICATION AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance further to amend the Telecommunication Ordinance, 1936." He said: Sir, the Bill as in the hands of Honourable Members is accompanied by Objects and Reasons which sufficiently

explain the purposes and objectives of this Bill. I do not feel therefore that I can usefully add anything by remarks upon this first introduction of the Bill.

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 Telephone Ordinance (No. 9 of 1925) which governs the operation of the Hong Kong Telephone Company Limited contains no provision relating to the control of telephone communication in the interests of security.

2. Such provision is made by section 4 of the Telecommunication Ordinance, 1936 (Ordinance No. 18 of 1936). But section 42 of Ordinance No. 18 of 1936 provides that the Ordinance shall not apply to the concession granted by Ordinance to the Hong Kong Telephone Company Limited.

3. The object of this Bill is to amend section 42 of Ordinance No. 18 of 1936 so as to enable the Ordinance to apply to the Hong Kong Telephone Ordinance to the extent of section 4 (giving powers to the Governor) and section 2 (dealing with interpretation of terms).

SUPREME COURT (EMERGENCY) (REPEAL) BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled “An Ordinance to repeal the Supreme Court (Emergency) Ordinance, 1946.”

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the Supreme Court (Emergency) (Repeal) Bill, 1949, 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 into law.

BRITISH NATIONALITY (MISCELLANEOUS PROVISIONS)

BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled “An Ordinance to provide for matters arising in the Colony incidental to the provisions of the British Nationality Act, 1948.”

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the British Nationality (Miscellaneous Provisions) Bill, 1949, 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 into law.

MERCHANT SHIPPING (AMENDMENT) (NO. 2) BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Merchant Shipping Ordinance, 1899."

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the Merchant Shipping (Amendment) (No. 2) Bill, 1949, 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 into law.

ADJOURNMENT.

H.E. THE GOVERNOR:—That concludes the Agenda, Gentlemen. When is it your pleasure that we should meet again?

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

H.E. THE GOVERNOR:—Council will adjourn to this day fortnight.