

19th September, 1951.

PRESENT:

HIS EXCELLENCY THE GOVERNOR

SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, G.C.M.G.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT GENERAL SIR ERIC CARDEN ROBERT

MANSERGH, K.B.E., C.B., M.C.

THE HONOURABLE THE COLONIAL SECRETARY

MR. JOHN FEARNIS NICOLL, C.M.G.

THE HONOURABLE THE ATTORNEY GENERAL

MR. G. E. STRICKLAND, *Acting.*

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. RONALD RUSKIN TODD.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE, *Acting.*

THE HONOURABLE THEODORE LOUIS BOWRING, O.B.E.

(Director of Public Works).

THE HONOURABLE DOUGLAS JAMES SMYTH CROZIER.

(Director of Education).

THE HONOURABLE KENNETH MYER ARTHUR BARNETT

(Chairman, Urban Council).

THE HONOURABLE CHAU TSUN-NIN, C.B.E.

DR. THE HONOURABLE CHAU SIK-NIN, C.B.E.

THE HONOURABLE LEO D'ALMADA E CASTRO, K.C.

THE HONOURABLE PHILIP STANLEY CASSIDY.

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.

THE HONOURABLE LO MAN WAI, O.B.E.

THE HONOURABLE LAWRENCE KADOORIE.

THE HONOURABLE NGAN SHING KWAN

MR. ROBERT WILLIAM PRIMROSE *(Deputy Clerk of Councils).*

ABSENT:

DR. THE HONOURABLE YEO KOK CHEANG

(Acting Director of Medical and Health Services).

MINUTES.

The Minutes of the meeting of the Council held on 5th September, 1951, were confirmed.

PAPERS.

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

<i>Subject</i>	<i>G.N. No.</i>
Sessional Papers, 1951: —	
No. 14—Annual Report of the Custodian of Property for the year 1950-51.	
No. 15—Annual Report of the Postmaster General for the year 1950-51.	
No. 16—Annual Report of the Quartering Authority for the year 1950-51.	
No. 17—Annual Report of the Royal Observatory for the year 1950-51.	
No. 18—Annual Report of the Department of Statistics for the year 1950-51.	
No. 10—Annual Report of the Government Stores and Sand Monopoly for the year 1950-51.	
Pensions Ordinance, 1949.	
Pensions (Amendment) (No. 2) Regulations, 1951	A.144
British Nationality (Miscellaneous Provisions) Ordinance, 1949.	
British Nationality (Miscellaneous Provisions) Order, 1951	A.145
Defence (Finance) Regulations, 1940.	
Possession of Gold (Goldsmiths) (Amendment) (No. 8) Order, 1951	A.146
Proclamation No. 9 of 1951.	
Under section 25 of the Compulsory Service Ordinance, 1951. (Ordinance No. 24 of 1951)	A.149

<i>Subject</i>	<i>G.N. No.</i>
Proclamation No. 10 of 1951.	
Under section 39 of the Royal Hong Kong Defence Force Ordinance, 1951. (Ordinance No. 25 of 1951)	A.150
Proclamation No. 11 of 1951.	
Under section 7 of the Essential Services Corps (Amendment) Ordinance, 1951. (Ordinance No. 27 of 1951)	A.151
Compulsory Service Ordinance, 1951.	
Compulsory Service (Prescribed Forms) Regulations, 1951	A.152
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Defence Force (Amendment) Regulations, 1951	A.153
Royal Hong Kong Defence Force Ordinance, 1951.	
Force Headquarters (Amendment) Regulations, 1951	A.154
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Royal Naval Volunteer Reserve Regulations, 1951	A.155
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Women's Naval Volunteer Reserve Regulations, 1951	A.156
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Regiment (Amendment) Regulations, 1951.....	A.157
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Women's Auxiliary Army Corps Regulations, 1951	A.158
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Air Force (Amendment) Regulations, 1951	A.159
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Women's Auxiliary Air Force Regulations, 1951	A.160
Royal Hong Kong Defence Force Ordinance, 1951.	
Hong Kong Home Guard Regulations, 1951	A.161

<i>Subject</i>	<i>G.N. No.</i>
Essential Services Corps Ordinance, 1949.	
Essential Services Corps (General) (Amendment) Regulations, 1951	A.162
Hong Kong Police Reserve Ordinance, 1927.	
Hong Kong Police Reserve (Amendment) Regulations, 1951	A.163
Emergency Regulations Ordinance, 1922.	
Emergency (Special Constabulary) (Amendment) Regulations, 1951	A.164
Pensions Ordinance, 1949.	
Notification under section 2(1) of the Ordinance	A.165
Removal of quarantine restrictions imposed against Baria (Vietnam) on account of plague	A.166
Removal of quarantine restrictions imposed against Cape St. Jacques (Vietnam) on account of plague	A.167
Dogs and Cats Ordinance, 1950.	
Notification under Regulation 6(2)	A.168

**VERANDAHS AND BALCONIES (INCLOSURE FOR OFFICE
ACCOMMODATION) (AMENDMENT) BILL, 1951.**

THE ACTING ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Verandahs and Balconies (Inclosure for Office Accommodation) Ordinance, 1947." He said: Sir, the principal Ordinance which was enacted in July of 1947 empowered the Director of Public Works to authorize by writing under his hand the inclosure of verandahs and balconies for the sole purpose of office accommodation. This accommodation is still scarce and the principal Ordinance expires on the 31st December of this year. The effect of the Bill is to delay expiry until the 31st December, 1953.

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 principal Ordinance, No. 34 of 1947 was originally enacted as a temporary measure to meet the then existing shortage

of office accommodation. Under the Ordinance, the Director of Public Works was authorized to permit the inclosure of verandahs and balconies for use as office accommodation.

2. Under section 4 of the principal Ordinance, the Ordinance expires on the 31st December, 1951, but as office accommodation is still extremely scarce, it is considered necessary in the public interest to extend the duration of the Ordinance for a further period of two years.

3. Accordingly, the object of this Bill is to meet existing conditions by extending the validity of the principal Ordinance until the end of 1953 and clause 2 so provides.

VAGRANCY (AMENDMENT) BILL, 1951.

THE ACTING ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance further to amend the Vagrancy Ordinance, 1897."

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 ACTING ATTORNEY GENERAL reported that the Vagrancy (Amendment) Bill, 1951, 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.

DEPORTATION OF ALIENS (AMENDMENT) BILL, 1951.

THE ACTING ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance further to amend the Deportation of Aliens Ordinance, 1935."

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 ACTING ATTORNEY GENERAL reported that the Deportation of Aliens (Amendment) Bill, 1951, 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.

**REGISTRAR GENERAL (ESTABLISHMENT)
(AMENDMENT) BILL, 1951.**

THE ACTING ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Registrar General (Establishment) Ordinance, 1949."

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

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

Clause 2.

THE ACTING ATTORNEY GENERAL: —Sir, I beg to move an amendment. I have already circulated to members of the Council the full text of the amendment which is the repeal and replacement of section 3 of the principal Ordinance.

The reason for the amendment is to improve the form of subsection (1) of the new subsection 3 which in its present form suggests that the Registrar General is being appointed to assist himself.

I move the amendment circulated to Honourable Members.

This was agreed to.

Clause 3.

THE ACTING ATTORNEY GENERAL: —Sir, I beg to move that in clause 3 of the Bill there shall be substituted for the marginal note the following—

"Amendment of section 4 of the principal Ordinance."

The amendment is moved to correct an error and clarify that section 4 is being amended and not replaced.

This was agreed to.

Council then resumed.

THE ACTING ATTORNEY GENERAL reported that the Registrar General (Establishment) (Amendment) Bill, 1951, had passed through Committee without material amendment, and moved the Third reading.

THE COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed into law.

HOTELS (REPEAL) BILL, 1951.

THE ACTING FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to repeal the Hotels Ordinance, 1949."

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 ACTING FINANCIAL SECRETARY reported that the Hotels (Repeal) Bill, 1951, 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.

DEVELOPMENT FUND.

THE ACTING FINANCIAL SECRETARY moved the following resolution: —

RESOLVED

That there shall be established a fund styled the Development Fund;

That the Fund or any part of it may be held in Hong Kong dollars or in sterling and shall be administered by the Financial Secretary and may be invested by the Financial Secretary in such securities as may be approved by the Secretary of State;

That all profits which have accrued up to the the 31st March, 1950, from the trading and financing operations of the Department of Commerce & Industry in excess of the sum of thirty million dollars shall be appropriated to the Development Fund;

That all profits accruing after the 31st March, 1950, from the trading and financing operations of the Department of Commerce & Industry shall be appropriated to the Development Fund so soon as may be practicable after the close of each financial year;

That the Financial Secretary with the approval of the Finance Committee of this Council may from time to time appropriate from the Fund monies for the purpose of financing, whether by way of grant or loan, such schemes of development within the Colony as may be approved by the Governor in Council and by the Secretary of State.

He said: Sir, this resolution, like the one which follows it on the Order of Business, was foreshadowed by my predecessor in his speech in this Council on the 7th March last.

Honourable Members will recollect that the Balance Sheet of the former Department of Supplies & Distribution which was laid before Council on that date showed accumulated profit of \$67 odd millions. It was then indicated that it was proposed to set aside \$30 million as a reserve against future losses, and to appropriate the balance of something over \$37 million to a Development Fund which could be utilized for financing suitable schemes of development within the Colony, schemes which on completion would not thereafter be an ever recurring charge on current revenue. This resolution now seeks to formalize the second of these proposals.

I understand from the Director of Commerce & Industry that he has now finalized his accounts for the financial year 1950/51 and that the Auditors' Report may shortly be expected. I think I can safely say that the overall profit for that year on trading and on financing trade with Japan through the Open Account is in the region of \$21 million, which profit will in due course be appropriated to the Development Fund, if this Resolution is agreed. Thus the available balance in the fund should be about \$58 or \$59 million.

Honourable Members are aware that it has already been agreed that this Fund, when established, shall be drawn upon to pay for the Tai Lam Chung Valley Scheme, which should alleviate the water position in the Colony. That scheme will cost in the neighbourhood of \$40 million. It has also been decided to earmark \$15 million from this Fund for the financing of housing schemes. The Hong Kong Housing Society which was recently incorporated by Ordinance, proposes to go ahead with the construction of a number of blocks of flats for workers. The cost of site formation is to be borne by Colonial Development and Welfare Funds, and Government has agreed that actual construction shall be financed by a loan of \$2 million from the Development Fund at interest. Thus out of the available balance of \$58 million, we are already committed to \$42 million over the next three years, and a possible further \$13 million if the initial pilot scheme of the Housing Society proves sufficiently successful to justify larger scale development in the field of housing. This will not leave very much in the fund, but I think it will be agreed that it is right and proper that the profits which have accrued to Government from its incursion into the fields of trade and finance should be used for the purposes which I have indicated.

I have to point out that the fund may not be drawn upon without the approval of the Finance Committee, and to add that it is hoped to invest a proportion of the Fund. A statement of the position of the fund will appear annually in the Colony's accounts.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

TRADING RESERVE FUND.

THE ACTING FINANCLAL SECRETARY moved the following Resolution: —

RESOLVED

That there shall be established a fund styled the Trading Reserve Fund;

That the Fund or any part of it may be held in Hong Kong dollars or in sterling and shall be administered by the Financial Secretary and may be invested by the Financial Secretary in such securities as may be approved by the Secretary of State;

That there shall be appropriated to the Fund the sum of thirty million dollars from the profits which have accrued from the trading and financing operations of the Department of Commerce & Industry up to the 31st March, 1950;

That in the event of the trading and financing operations of the Department of Commerce & Industry subsequent to the 31st March, 1950 resulting in an overall loss in any financial year, then such loss shall be charged to the Fund.

He said: Sir, in the present state of world affairs, it is, unfortunately, necessary that Government should maintain stocks of certain essential commodities, stocks sufficient to tide over any temporary cessation of supplies which may be occasioned by events elsewhere. We have not only to keep these stocks, but, in view of the fact that certain of the commodities, such as rice and sugar, do not keep indefinitely, we have to turn them over. We try to do this without incurring any financial loss which would have to be borne by the taxpayer. So far this has proved possible mainly by reason of steadily rising prices throughout the world, but it does not follow that the time will never come when the supply position may ease and prices may fall. If and when that situation should arise, then I think it is clear that we must look forward to losses on trading. Accordingly, as foreshadowed by my predecessor in this Council on the 7th March last, it was proposed to set up what was to be known as the Essential Commodities Equalization Fund, and to pay into this fund the sum of \$30 million from the profits made by Government on its trading up to the 31st March, 1950. Possible future losses should then be charged to that fund.

But the profits that have been made by the Department of Commerce and Industry have not all been derived from trading in essential commodities. Part of the profit was derived not from trading in commodities, but from financing trade between this Colony and Japan. This system of trade has recently come to an end, and the movement of goods between Hong Kong and Japan is now being financed through banks in the normal manner. The time will shortly come when settlement must be made between this Government and Japan of the balance outstanding on what used to be known as the "Two-way Account". The Director of Commerce & Industry informs me that in his accounts as at 31st March last, he has made provision for a possible loss on liquidation of the present adverse balance on the account, but

it seems to Government only prudent that the \$30 million now being set aside as a reserve against losses on trading should also be available in the event—I trust the very unlikely event—of the liquidation of the Open Account resulting in a loss on exchange greater than that provided for. The wording of the Resolution allows for this, and it has been thought best, therefore, to change the somewhat awkward title of "Essential Commodities Equalization Fund," originally proposed, to the simpler title of "Trading Reserve Fund."

I need hardly say that it is the hope of this Government that it will never be necessary to draw upon the Fund for which it is being set up, but I think that Government would be lacking in foresight if it did not make some such provision.

The Fund cannot be drawn upon except for the purpose set forth, unless further authorization is obtained from this Council. A proportion will be invested and a statement of the position will appear annually in the Colony's accounts.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

BY-LAWS UNDER HAWKERS ORDINANCE No. 22 OF 1935.

HON. K. M. A. BARNETT moved: —

That the by-laws made by the Urban Council on the 11th of September, 1951, under section 2 of the Hawkers Ordinance No. 22 of 1935, be approved.

He said: Sir, this By-law applies to fixed pitch hawkers, namely, hawkers who do not move from place to place selling their wares, but are allotted a fixed site on which they can ply their trade without interfering with traffic or causing a nuisance. It is not unreasonable that these hawkers should be allowed to protect their wares from sun and rain, but up till now the erection of shades has been forbidden for two main reasons, firstly, by reason of obstruction and secondly, because a shade easily becomes filthy and offensive. A design of shade has now been evolved which can be rapidly folded up or taken down and is easily kept clean. It has been approved by the Health Authorities and by the Police, and it is therefore necessary to provide by by-law that fixed pitch hawkers may use shades of this approved design.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

SALVATION ARMY BILL, 1951.

HON. LEO D'ALMADA E CASTRO, K.C., moved the First reading of a Bill intituled "An Ordinance to incorporate The General of The Salvation Army as a corporation sole having perpetual succession." He said: Sir, page 4 of the printed Bill sets out its Objects and Reasons and sufficiently, I think, indicate its purposes without my adding anything further

HON. P. S. CASSIDY seconded, and the Bill was read a First time.

Objects and Reasons.

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

The object of this Bill is to incorporate The General of The Salvation Army as a corporation sole having perpetual succession and is set out in greater detail in the preamble thereto.

2. Clause 9 of the Bill contains the usual provision saving the rights of the Crown in accordance with the requirements of Article XXVII of the Royal Instructions.

DUTCH BANKS (REPEAL) BILL, 1951.

HON. LEO D'ALMADA E CASTRO, K.C., moved the Second reading of a Bill intituled "An Ordinance to repeal the Nederlandsch-Indische Handelsbank Ordinance, 1907, and the Nederlandsche Handel-Maatschappij Ordinance, 1907."

HON. LO MAN WAI, O.B.E., seconded, and the Bill was read a Second time.

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

Council then resumed.

HON. LEO D'ALMADA E CASTRO, K.C., reported that the Dutch Banks (Repeal) Bill, 1951, had passed through Committee without amendment, and moved the Third reading.

HON. LO MAN WAI, O.B.E., seconded, and the Bill was read a Third time and passed into law.

CHILDREN'S PLAYGROUND ASSOCIATION BILL, 1951.

HON. P. S. CASSIDY moved the Second reading of a Bill intituled "An Ordinance to provide for the incorporation of the Children's Playground Association."

HON. LEO D'ALMADA E CASTRO, K.C., seconded, and the Bill was read a Second time.

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

Council then resumed.

HON. P. S. CASSIDY reported that the Children's Playground Association Bill, 1951, had passed through Committee without amendment, and moved the Third reading.

HON. LEO D'ALMADA E CASTRO, K.C., seconded, and the Bill was read a Third time and passed into law.

ADJOURNMENT.

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

THE ACTING ATTORNEY GENERAL: —A fortnight from to-day, Sir.

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