

*13th March, 1930.*

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**FINANCE COMMITTEE.**

A meeting of the Finance Committee was held in the Council Chamber, the Colonial Secretary (Hon. Mr. E. R. Hallifax, C.M.G., C.B.E.) presiding.

Votes totalling \$1,584 (1929 Estimates) and \$188,341 (1930 Estimates) contained in Message No. 3 from H.E. The Officer Administering the Government, were considered.

Item No. 19: Public Works Extraordinary:—Hong Kong, Building: To complete new Workshops in Praya East Reclamation commenced in 1929, \$37,200.

HON. SIR HENRY POLLOCK.—I should like to enquire what the sentence "additional sum required to meet increased contract rates for 1930, \$2,100" means. Why is it that the contract rate has been increased?

THE DIRECTOR OF PUBLIC WORKS.—The tenders for 1930 were higher than those for 1929. Rates have gone up. The work was being done on a maintenance contract and the rates for the maintenance contract this year were higher.

HON. SIR HENRY POLLOCK.—Has the cost of building gone up?

THE DIRECTOR OF PUBLIC WORKS.—In that particular item, under the maintenance contract, it has.

HON. SIR HENRY POLLOCK.—Do we have a general maintenance contract and a different contract each year?

THE DIRECTOR OF PUBLIC WORKS.—Yes, it was more economical to do it at the rates in force in 1929 than it would have been if we had called for new tenders.

HON. MR. J. OWEN HUGHES.—Do you, in a case of that kind, give the contract to another tenderer or to the original tenderer.

THE DIRECTOR OF PUBLIC WORKS.—We give it to the successful tenderer for maintenance for next year. It may not be the same man.

Item No. 20: Kowloon-Canton Railway:—Printing, Stationery and Tickets, \$920.

HON. MR. J. OWEN HUGHES.—This is a very small thing, but I do not understand why 500 copies should cost \$1.50 each and another 200 copies 85 cents each.

THE CHAIRMAN.—The printing would be done very much cheaper if it could be carried out in the gaol printery.

HON. MR. J. OWEN HUGHES.—\$1.50 a copy seems to me to be very high.

THE COLONIAL TREASURER.—These are staff rules and general rules.

Item No. 22: Public Works Extraordinary:—New Kowloon— Port Works, Shamshui Ferry Pier, to complete work commenced in 1929, \$46,000.

HON. SIR HENRY POLLOCK.—With reference to this item and the next item, No. 23, I notice we have to pay more because of the unfavourable rate of exchange. Does the Government never fix exchange beforehand? What is the rule?

THE COLONIAL TREASURER.—We have found it does not pay us to do so.

HON. SIR HENRY POLLOCK.—It would have paid the Government to do so last September or November.

THE COLONIAL TREASURER.—We tried to fix the rate of exchange once and the Government would have lost a good deal of money on it.

THE CHAIRMAN.—It has never been the practice to fix the exchange.

HON. SIR HENRY POLLOCK.—If there is a reasonable expectation, as there was a few months ago, of exchange falling, I do not see why the Government should stick to any hard and fast rule.

THE CHAIRMAN.—Do you recommend that the Government fix the rate of exchange?

HON. SIR HENRY POLLOCK.—I say they should not go by any hard and fast rule, but the circumstances prevailing at the moment. The Government is in a position to get a certain amount of expert advice.

THE CHAIRMAN.—Your advice will be remembered. Meanwhile, I take it that you pass this particular vote?

HON. MR. W. E. L. SHENTON.—Do you never, when you enter into a contract with the Crown Agents, fix your exchange until the goods arrive?

THE COLONIAL TREASURER.—No, I don't think so.

HON. MR. W. E. L. SHENTON.—I can see the difficulty and objection to fixing the rates for the coming year, but when you have actually entered into an obligation, which becomes a commitment, it seems to me there might be an advantage in fixing a rate because you then know what you have to pay.

THE COLONIAL TREASURER.—We remit a lot of money Home and this is paid for from the money sent Home. Very often we get very favourable rates in sending money Home. It might appear in our accounts as quite another rate to that remitted.

HON. SIR HENRY POLLOCK.—Do you ever fix the rates ahead in regard to Government servants' salaries?

THE COLONIAL TREASURER.—No, we should have lost heavily if we did.

HON. MR. W. E. L. SHENTON.—Take, for instance, the water scheme. When you actually ordered the materials from Home, would it be an advantage to fix your exchange then or wait until the goods arrive?

THE COLONIAL TREASURER.—Oh no. We have plenty of money at Home.

Item No. 24: Public Works Extraordinary:—Kowloon, Miscellaneous: Children's Playground, \$12,700.

HON. SIR HENRY POLLOCK.—Does that sum include the whole of the items recommended by the Kowloon Residents' Association?

THE DIRECTOR OF PUBLIC WORKS.—Yes.

HON. MR. J. P. BRAGA.—The Kowloon Residents' Association have been waiting patiently and long for the completion of the children's playground, and it would be satisfactory if some sort of assurance could be obtained from the Director of Public Works that the work on this playground will be resumed immediately, and also if he could give us some sort of idea as to when the playground will be available.

THE DIRECTOR OF PUBLIC WORKS.—The work will begin as soon as vote has been approved.

HON. SIR HENRY POLLOCK.—Has the contract been made?

THE DIRECTOR OF PUBLIC WORKS.—I believe that tenders have been obtained for various items.

HON. MR. J. P. BRAGA.—If I may make a suggestion, I should like to say that in walking up Salisbury Road or Chatham Road you will see how poorly lighted the children's playground area is at the present time. If the scheme does not include an improvement in the lighting of the playground, may I suggest it might be taken into consideration by the Director of Public Works?

THE CHAIRMAN.—Do children play after nightfall?

HON. MR. J. P. BRAGA.—Not exactly after nightfall, but parents and children may not leave exactly at sunset. Besides, in the summer, we see quite a number of people sitting out and enjoying the fresh cool breezes in the evening, and I think that in the summer the hours might be extended somewhat.

THE CHAIRMAN.—I have no doubt that the Director of Public Works will bear that in mind.

HON. MR. J. P. BRAGA.—The cost will be infinitesimal.

HON. SIR HENRY POLLOCK.—I should like to support the Hon. Mr. Braga's plea that this work be completed as soon as possible. It is years—it must be three or four years—since the playground was first mooted.

THE CHAIRMAN.—The Director of Public Works will take your wishes into consideration and push the work on as fast as it can be done.

Item No. 28: Public Works, Extraordinary:—New Kowloon, Miscellaneous, Kowloon Tong development, \$1,500.

HON. SIR HENRY POLLOCK.—With regard to item No. 28, and also to items Nos. 29 and 30, I notice it is said that owing to the unsatisfactory manner in which the contractor had proceeded, the contracts had been relet. I should like to ask whether any satisfaction has been got out of the old contractor by way of damages?

THE DIRECTOR OF PUBLIC WORKS.—All the three items refer to the same contract. I do not think we fined him. What happened was that we accepted a very low rate, and no one could do the work for that rate.

HON. SIR HENRY POLLOCK.—Was he not guilty of negligence of any kind?

THE DIRECTOR OF PUBLIC WORKS.—Like all contractors who quote very low rates they wait for the next payment before they can proceed. They go on from hand to mouth. It always means delay. We are having the same trouble this year in another case.

HON. SIR HENRY POLLOCK.—I suppose there is some penalty?

THE DIRECTOR OF PUBLIC WORKS.—We could have inflicted a penalty if we had thought it fair to do so.

HON. SIR HENRY POLLOCK.—I should have thought we had lost a good deal by the contractor defaulting.

THE DIRECTOR OF PUBLIC WORKS.—It has been chiefly delay in bringing the work to completion.

HON. MR. A. C. HYNES.—Has the contractor lost anything by it?

THE DIRECTOR OF PUBLIC WORKS.—He has gained by getting out of it, but he has lost considerably by being kept on so long.

HON. MR. J. OWEN HUGHES.—Do they not put up any guarantee?

THE DIRECTOR OF PUBLIC WORKS.—Yes, they do. We are still able to hold that. We can take his security from him. I believe we are recommending that it should not be done in this case.

HON. SIR HENRY POLLOCK.—Do these items in connexion with the development of Kowloon Tong include all the money to be expended?

THE DIRECTOR OF PUBLIC WORKS.—Yes, that completes it.

HON. SIR HENRY POLLOCK.—That is all the Government proposes to do?

THE DIRECTOR OF PUBLIC WORKS.—That is all. It completes the estate.

Item No. 30: Public Works Extraordinary:—New Kowloon— Communications, Kowloon Tong Development Area at Kowloon Tsai, \$6,400.

HON. MR. J. P. BRAGA.—Sir, can you inform us whether the whole of the Kowloon Tsai district has been resumed by Government or whether there are many lots remaining that have not been resumed?

THE DIRECTOR OF PUBLIC WORKS.—There are a good many remaining still.

HON. MR. J. P. BRAGA.—So that this vote for roads is only for part of Kowloon Tsai district?

THE DIRECTOR OF PUBLIC WORKS.—Yes, this is in connexion with the Kowloon Tong development scheme. It does not cross over to the other side where the village is.

HON. MR. J. P. BRAGA.—Is it the intention of the Government to resume the whole of that area and level down all the hills at Kowloon Tong?

THE DIRECTOR OF PUBLIC WORKS.—That has been considered but no decision has been made. Several proposals have been put forward.

HON. MR. J. P. BRAGA.—I am glad, Sir, to get that information from the Director of Public Works because it leads me to the point where I think it would be an enormous advantage for the Government to resume the remaining lots so as to utilise the hill for filling the low-lying areas and bring them to the level of the road.

THE DIRECTOR OF PUBLIC WORKS.—That is being done.

All the votes were approved.

HON. MR. J. OWEN HUGHES.—Having closed the agenda, I think it would not be out of place if I were to enquire whether the Government should not consider the advisability before placing orders with the Crown Agents, to enquire in the Colony whether materials required may not be obtained locally. There is, at present in this Colony, considerable stock of materials used by Government which have been bought at rates of exchange very much more favourable than the rates of to-day. I submit that before sending orders the departments concerned should first make sure that certain materials required are not obtainable locally. The Government, naturally, is forced to spend a good deal of money, but with the enormous increase in cost I think it is certainly the duty of the Government to keep special expenses as low as possible. I refer for the moment to the item regarding piers at Shamshuipo. You referred to the cost of materials at Home, and I take it that part of that material consists of re-enforcement bars and rails.

THE DIRECTOR OF PUBLIC WORKS.—A good deal of machinery is required for raising and lowering the platform.

HON. MR. J. OWEN HUGHES.—Notwithstanding that, there is, I am sure, in cases of that kind, a considerable stock of re-enforcement bars in the Colony which could be bought at a favourable exchange, and as far as I can see there is no reason why we should not buy them. If there is a standing rule with regard to purchasing through the Crown Agents, I suggest it should be suspended in view of the present extraordinary situation.

THE CHAIRMAN.—There is a standing rule. A certain amount of discretion is allowed.

THE COLONIAL TREASURER.—We do make local contracts here, but I believe that the Crown Agents can get materials very much cheaper.

HON. MR. J. OWEN HUGHES.—It stands to reason that at the present time, no matter how careful the Crown Agents may be, that they cannot possibly compete at an exchange of 1/6½d. with an exchange of 1/9d. The chances are that bars were ordered last September and October when exchange was about 1/10d. and 1/11d., and surely they are much cheaper than the Crown Agents can supply.

THE COLONIAL TREASURER.—Can you give us a list of such things that are going? I have worked it out, and I find that in most cases it is much cheaper to get the materials from the Crown Agents.

HON. MR. J. OWEN HUGHES.—I think it largely depends on the way in which the Government approaches the market here. If the Government say "we want 50 tons of bars and 500 lengths of pipe", of course dealers at once take advantage of the situation and try and get as much as they can out of it. There is a way of doing these things whereby you can get the proper market price.

THE COLONIAL TREASURER.—In this particular case the girders have to be specially cut to length and some of them are rolled.

HON. MR. J. OWEN HUGHES.—I was only taking that as an illustration.

THE COLONIAL TREASURER.—I have gone into the question of cost very carefully and very often, and if I felt we could really get things lower here I should be only too glad to do so provided that the material is of British manufacture.

HON. MR. J. OWEN HUGHES.—It stands to reason that at the present time merchants in the Colony ought to be able to supply from fifteen to twenty per cent. cheaper, to put it at a conservative estimate.

THE CHAIRMAN.—There is discretion.

HON. MR. J. OWEN HUGHES.—I shall be perfectly satisfied if orders are given to the various spending departments that wherever it is possible to obtain supplies locally, this should be done provided the cost is favourable and less than at the rate of exchange.

THE COLONIAL TREASURER.—We invariably find that the Crown Agents will supply cheaper. I have no objection to securing materials locally provided that the price is all right and that they are of British manufacture.

THE CHAIRMAN.—Will that satisfy you, Mr. Owen Hughes?

HON. MR. J. OWEN HUGHES.—That is all I ask for.

THE COLONIAL TREASURER.—I will make that order in my department and the Director of Public Works will do the same.

THE CHAIRMAN.—I am directed by His Excellency the Officer Administering the Government to ask the Committee to approve certain gratuities I will detail in connexion with the Haiching piracy. The payments recommended are based on the interpretation of certain Government notifications which, I think, you have all seen. The first notice was issued during the currency of the Piracy Regulations and promised that in the event of death in case of piracy, two years pay would be credited to the estate of the deceased and in case of disablement certain other payments would be made. That notice was cancelled by a further notification which said the cancellation was a necessary consequence of alterations in the piracy regulations, but that the Government remained ready to consider and suitably to recognise meritorious service on the part of any person in the face of piratical attacks. The list of gratuities recommended is as follows:

To the estate of the late Mr. Woodward, third officer, who was killed, two years pay, £448.

To Mr. Perry, first officer, wounded, £50.

To the estate of Indian Guard Khial Singh, who was killed, two years pay, \$600.

To Indian guard, Suita Singh, wounded, \$250.

To Indian Guard Bhag Singh and Indian Guard Nakar Singh, in recognition of their devotion to duty in assisting in the defence of the bridge, \$250 each.

To Wireless Operator Cheng Yan-tak, who remained at his post and did his best to communicate with other ships, \$250.

To junk master Lo Ngau, whose attention was directed to the scene of the piracy by the reflection of a fire and who did great work in taking off excess persons from lifeboats and rescuing over ten persons from the water, later transferring them to H.M.S. Sirdar, \$200.

The Committee approved the vote.

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