

10th April, 1930.

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 \$2,500 (1929 Estimates) and \$578,473 (1930 Estimates) contained in Message No. 4 from H.E. The Officer Administering the Government, were considered.

THE CHAIRMAN.—Gentlemen, Before we begin the business I have to express regret that these papers which have been circulated have reached members rather later than they should have done. If you will note the various items you will see that the more important ones are items which have already been circulated in the fullest detail to members of the Finance Committee and the others have such full and simple explanations that it seems that the shortness of the notice may perhaps be excused. If members of the Committee desire that this meeting should be postponed no objection will be raised.

The Committee decided to proceed.

Item No. 34: Public Works, Extraordinary:—Hong Kong, Miscellaneous, To provide Broadcasting Receiving Sets in Government Hospitals, \$1,809.

HON. MR. R. H. KOTEWALL.—Sir, Is this amenity intended for patients of all nationality?

THE CHAIRMAN.—The Hospitals are mentioned, and we have allocated headphones as asked for by these hospitals. I am afraid I cannot answer the question as to particular allocation. I can give you the allocations as we have received them.

HON. MR. J. OWEN HUGHES.—May I ask whether this is for non-paying as well as paying patients?

THE CHAIRMAN.—Oh yes, and the scheme is capable of extension, if applied for.

HON. MR. R. H. KOTEWALL.—I hope the non-European patients will participate in it.

THE CHAIRMAN.—Wards 10 and 11 in "A" block of the Government Civil Hospital have four loud speakers each.

HON. MR. R. H. KOTEWALL.—Will the Government give my suggestion consideration?

THE CHAIRMAN.—Yes, certainly.

Item No. 37: Public Works Department:—Other Charges, Special Expenditure. Rent for areas for workshops on Praya East Reclamation, \$5,040.

HON. MR. R. H. KOTEWALL.—Has rent been paid in the past?

THE DIRECTOR OF PUBLIC WORKS.—Rent was due from April of last year. I think the vote for last year was passed but it lapsed.

HON. MR. R. H. KOTEWALL.—Why were not the workshops erected on Crown land in the first instance?

THE DIRECTOR OF PUBLIC WORKS.—The old workshops were on a piece of the reclamation before the Praya East reclamation scheme was started.

Item No. 38: Public Works Extraordinary:—Kowloon, Buildings. Purchase of K.I.L. 1652 and buildings erected thereon, \$182,750.

HON. MR. W. E. L. SHENTON.—I desire to minute the fact that I regard the allocation of the Police Training School on K.I.L. 1652 as a temporary measure because in my opinion the Police Training School must be situated on part of the site ultimately chosen as the site for the new Gaol. I support the vote because I regard the purchase as a favourable one from the Government's point of view and the property can eventually be used for other Government purposes, and if acquired at a later date will in all probability cost the Government more money.

Item No. 40: Colonial Secretary's Office and Legislature:— Personal Emoluments. Allowance for supervising cleaning of offices, \$236.

HON. MR. J. P. BRAGA.—Sir, From the note appended to item No. 40, I figure out that there are fifteen and a half hours for each week and this Committee is asked to vote the princely remuneration of \$3 a week. In other words the payment per hour for overtime works out at less than 20 cents per hour. I should very much like to know, Sir, whether in all conscience the Government considers 20 cents an hour on a Saturday afternoon or a Sunday morning, adequate remuneration for overtime.

The CHAIRMAN.—These rates have been arranged in accordance with the suggestions made in the new Salaries Commission report for overtime generally in the Government service, which is work by the day and not by the hour.

HON. MR. J. P. BRAGA.—It does not follow that the recommendations of the Salaries Commission should be binding on the

members of this Committee. I do not feel that I personally should be under an obligation to vote only 20 cents per hour for overtime for this branch of the clerical service. For a member of that service I think it is wholly inadequate. I should like to see more liberal compensation for overtime.

THE CHAIRMAN.—We will consider what you say, but in the meantime I take it members will approve the vote.

HON. MR. J. P. BRAGA.—Yes, I do, but meanwhile do please consider it.

Item No. 41: Miscellaneous Services:—High Cost of Living Allowance, \$377,400.

HON. MR. W. E. L. SHENTON.—Sir, I desire to move an amendment to item 41. The amendment is:

"That a sum of \$188,700 be voted under Item 41 for the period 1st January, 1930, to the 30th June, 1930, as a temporary measure and subject to any decision which may be arrived at in regard to the recommendations of the Commission upon Civil Servants' salaries."

The latter part of the first paragraph of the item reads: "A vote is therefore requested for \$377,400 the estimated excess on this item for the whole year on the assumption that the value of the dollar remains at 1s. 6d." This matter was referred to the Unofficial members of the Legislative Council at a meeting at which Sir Henry Pollock was Chairman and a decision was come to which is contained in Sir Henry Pollock's letter to you, Sir, dated 25th March. It is intended that that recommendation should be a temporary measure and should be enforced only pending the consideration and decisions in reference to the Salaries Commission. Sir Henry Pollock's letter reads: "And should be subject to any decision which may be arrived at in regard to the recommendations of the Commission on Civil Servants' salaries." Under those circumstances, Sir, firstly, the recommendation is temporary to bridge over a period, and, secondly, it is only until the recommendations of the Commission are considered. I therefore am of opinion that a vote for the whole year is unnecessary and I therefore move that the vote be for the half year only.

HON. MR. R. H. KOTEWALL.—I beg to second the amendment. I think that an amount sufficient to cover the necessary disbursements up to the end of June is all that should be voted for the present. As pointed out by the Hon. Mr. Shenton, the Finance Committee recommended this extra concession as a temporary measure pending the consideration of the report of the Salaries' Commission by the Legislative Council. As a matter of fact it is so stated in the Message before us. By the end of June the general question of salaries should be disposed of. If by that time it be considered

necessary to continue the concession beyond June, it would not be difficult to have a second supplementary vote taken.

I should like to add that in agreeing to this concession, the Chinese members of Council explicitly reserved to themselves the right of representing the case of the local men for an increase in their salaries by reason of the rise in the cost of living brought about by the fall in the value of the dollar. We consider it proper to state it here publicly that as soon as we have given due consideration to the matter, we will ask the Government to extend to the officers in receipt of dollar salaries some amelioration in their emolument with retrospective effect as in the case of officers on sterling salaries.

HON. MR. J. P. BRAGA.—Sir, On this vote of the rather large sum of \$377,400 to compensate officers in the Government service in receipt of sterling salaries on account of the drop in the exchange value of the dollar, I hope I may be permitted to say a few words. Were I to remain silent on the occasion of a public debate by the Unofficial members of the Council on this question, my silence may lead to a wrong interpretation being put on my attitude in regard to this matter.

I may say at the outset that this all-important question was discussed in the first instance by Unofficial members within closed doors. This secret method of conducting public business in which large sums of public money are concerned does not commend my admiration, and I desire thus publicly to condemn it. When all is said and done, Unofficial members of this Council are but the representatives of the community. As such, they are responsible to the community for the expenditure of public money which, after all, comes out of the pocket of the ratepayers. The people who find the money to meet public expenditure are entitled to know upon what grounds their representatives have decided to vote for or against the sanctioning of any sum in respect of any specific vote.

In this particular instance of the high cost of living allowance, a very important principle is involved. It is the principle of differentiation between the sterling-paid servants of the Government—hence of the ratepayers—and the same servants who receive their salaries in dollars.

Prima facie the Unofficial members, in consenting to the payment of this additional increase of \$377,400 in the dollar equivalent of the sterling-paid branch of the Civil Service—based on the old scheme of percentage increase that had received the sanction of the Secretary of State for the Colonies and brought into force in 1928—might be assumed to have ignored the claims of the dollar-paid employees of Government to any compensation by reason of the depreciated dollar.

My Unofficial colleagues will speak for themselves, as some have already done. So far as I am personally concerned, Sir, I would like to make my attitude perfectly clear so as to
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any misunderstanding of any bias on my part in favour of one section of the public servants of this Colony as against the other.

In the whole course of the private discussions, I have taken the unequivocal attitude that, if sterling men in the public service have been hit by the depreciated dollar, so have the men in the humbler though no less indispensable branches of the service been affected as regards higher living costs in the Colony. The extent, however, is one of varying degree only. None escape the blow dealt by the sudden and sharp fall in the dollar value. To deny this, is a deliberate and a hopeless attempt to refuse admission of facts that are patent to even the least initiated in the vagaries of exchange fluctuations and their influence on living costs in this Colony.

I have been given to understand that on a similar basis of compensation it requires \$300,000 to provide the full allowance for the dollar-paid branch of the Civil Service. The amount is less than we are now called upon to vote. On a commuted basis even less than \$300,000 will be required. I earnestly trust the Government will see the force of the argument on behalf of the clerical and other subordinate departments of the service.

Quite recently the theory of the standard of living has been brought up in order to support the argument against consideration of the local men. This argument was put forward on behalf of the Chamber of Commerce. I have a perfect recollection of the occasion, not so long ago, when Sir Cecil Clementi spoke at a public meeting of the very same Chamber of Commerce advocating a standard of living that would conduce to the greater prosperity of, and happiness in, this Colony. Our late Governor, whose views and considered opinions are entitled to the greatest respect, cited the case of America as one for Hong Kong to follow. His Excellency was loudly applauded on that occasion. The auditorium was either sincere in its applause of Sir Cecil Clementi's speech at the time or, then, the spokesmen for the Chamber of Commerce have since undergone a complete change of opinion on the question of Hong Kong's living standard. On this *volte face* the public can be left to form its own judgment.

My reason for bringing in the Chamber of Commerce in my remarks is because, in the course of the Unofficial members' deliberations, the opinions of a Sub-Committee of that body were brought forward to weigh in the minds of the Unofficial representatives on this particular question of the high cost of living. The deliberations then were held in private. I am glad of this opportunity to declare that an open policy has all to commend itself. It, at any rate, disarms suspicion.

I consistently advocated allowance for both branches of the Civil Service—the sterling and the dollar. In the stand I then took up and take up now in this Committee one of percentage only is the deciding issue. If this Committee passes this vote of nearly four

lakhs of dollars as a further allowance on account of the high cost of living to officers of the Government who, since July 1928, are in receipt of 12½ per cent. increase and are numerically very much smaller in strength than the rest of the Service while the claims of the dollar-paid men are under consideration for nearly a year, I cannot resist the observation that the Finance Committee of the Legislative Council lay themselves open to a charge of partiality. I disclaim guilt of that charge. I am for equality of treatment. Equality of treatment engenders contentment, and contentment ensures a more proficient and efficient public service. We should at any rate be consistent. It would be illogical to grant an allowance to the sterling branch and deny it to the dollar people.

HON. MR. W. E. L. SHENTON.—In the absence, Sir, of Sir Henry Pollock, I really must make one comment so that the matter shall not be misunderstood. This is not a high cost of living allowance; this is a temporary exchange compensation to bridge over a temporary period, and it is so stated in Sir Henry Pollock's letter: "It was also pointed out by myself as chairman in the course of the discussion on this point that it was incorrect to describe the percentages as 'increased high cost allowance.' Such percentages should be described as 'extension of the table of a privilege rate of exchange.'" I want it to be quite clear that what the Finance Committee recommended under Sir Henry Pollock's chairmanship was not a high cost of living allowance but exchange compensation of a temporary nature for a temporary period.

The second point which Mr. Braga makes is the question of secrecy. I can only say this so far as the Unofficial members are concerned, that it is absolutely essential they should meet together unofficially to discuss matters so as to ascertain amongst themselves what their general views are on various questions. There is no secrecy because we are here to-day to discuss openly this very item.

HON. MR. J. P. BRAGA.—My reply to the honourable member is that if you read page 6 of the Message before this Committee, you will find "41—47, Miscellaneous Services:—47, High Cost of Living Allowance," opposite the figures \$377,400. If this vote is not for high cost of living allowance, I do not know on what ground this Committee is called upon to deliberate on a vote of nearly four lakhs of dollars. It is a matter of a quibble to my mind whether to attribute the high cost of living to the fall in the value of the dollar or to call this allowance to sterling paid men an allowance based on the drop in the value of the dollar. There is no denying the fact that but for the cost of living having increased and the disability under which sterling men to-day labour, this vote would never have been brought before the members of the Finance Committee of the Council and no question would have arisen as to the high cost of living. Therefore, I feel perfectly justified in my contention and in the arguments I have submitted for the serious consideration of this Committee and of the Government, that the dollar paid men should be adequately and justly

remunerated for what is obviously a higher cost of living in Hong Kong through the depreciated dollar. On the matter of whether the Unofficial members should or should not deliberate in private I must yield to the honourable member to whom I am replying to the extent that this is entirely a matter of opinion. I for one respect his opinion, but on the other hand I hold to my own that free and public discussion of matters where money votes are concerned are much better brought out and threshed out in the open public. In this way we should, as I said before, disarm all suspicion that the deliberations of this Council or of the Finance Committee of the Council are held by hole and corner methods.

HON. MR. J. OWEN HUGHES.—Sir, I beg very respectfully to dissociate myself from the view expressed by the Hon. Mr. Braga with regard to the holding of unofficial meetings to discuss various matters to be brought before the Finance Committee or before the Council. Obviously it must be impossible for us, each having our own duties to perform in our daily lives, to be able to arrive at a well considered decision to be brought eventually before either the Chairman of the Finance Committee or before the Council, without meeting together, and as my friend, Mr. Shenton has already stated, there is no secrecy about it at all. Our deliberations are eventually brought to the public view. Mention has also been made on more than one occasion of the remarks our late Governor made at a meeting of the Chamber of Commerce. Whilst I remember the statement made, I venture to think that when he stated that we should endeavour to improve conditions of living in this Colony, Sir Cecil Clementi regarded that as a consummation which was much to be desired, but I feel Sir Cecil and those who hold the same view did not envisage the situation which has arisen in this Colony since that time. Conditions of trade and commerce generally have not been such as to expect any improvement in the conditions of life in this Colony.

THE CHAIRMAN.—I will first shortly answer the points made by Mr. Braga. The methods the Unofficial members adopt in considering any question is, of course, a matter for their own discretion. It is perfectly clear that when these matters are put up formally in the form of a finance minute there is no limit to the freedom of their speech. I think clear evidence of that has been shown this afternoon. Mr. Braga makes the point of the position of Government servants at present on dollar salaries. I need say no more on that point than to remind him that the report of the Salaries Commission does consider their position, and shortly, I hope, that report will be brought before this Committee and then before the Legislative Council for adoption. The Salaries Report covers all the points you raised, Mr. Braga. I do not want to go into the words "high cost of living" which appears in this minute. It is perhaps a misnomer and it is very difficult to get a name which exactly corresponds to the facts.

With regard to the points that Mr. Shenton raised, it will be noticed perhaps, if you will
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minute, that the condition included in the letter from Sir Henry Pollock conveying the decision of the Unofficial members that this is a temporary measure, is very clearly set out there: "In the event of the approval of the recommendations made in the Salaries Report, the sum of \$377,400 now requested with the \$420,000 already voted in the Estimates for 1930 will become part of the provision necessary for putting the new Salaries scheme into force." How that could be more clearly put, I fail to see. The condition asked for by Sir Henry Pollock is included in the formal minute, and the moment the Salaries Report is finally dealt with this has to be reconsidered. In making the finance minute under the terms of this letter, it was impossible for the Government to put any figure there other than that they have put. The reasons for refusing it are rather difficult to grasp. Is it that the Unofficials are suspicious that the Government will try to pay the higher cost of living allowance as well as anything that may be granted under the Salaries Report?

HON. MR. W. E. L. SHENTON.—No, Sir. The position is, we are not prepared to vote more than six months at a time on this particular matter. That is the position in a nutshell.

THE CHAIRMAN.—We can accept that quite readily. It would have been better had it been so put in Sir Henry Pollock's letter.

HON. MR. W. E. L. SHENTON.—What we feel is that to be asked to vote a year ahead is more than we are prepared to do.

THE CHAIRMAN.—This is the correct and only possible interpretation of the letter of the Unofficials received by the Government—to give a full year's estimate in accordance with the usual practice of the Government in such matters. The saving clause at the end is a limitation within the meaning of that letter. Perhaps it would be a simpler matter and reach the same result, if the Government were to promise, as they did in last year's Budget, that no expenditure on this account should be incurred without reference to the Finance Committee after the 30th June. That would save reprinting a good deal of material.

HON. MR. W. E. L. SHENTON.—That will meet our wishes.

THE CHAIRMAN.—The whole vote stands but there must be no expenditure on account of anything later than 30th June without further reference to the Finance Committee.

All the votes were approved, No. 41 with the proviso that all expenditure under this heading after 30th June must be referred to the Finance Committee.
