

*17th November, 1937.*

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A meeting of the Finance Committee was held in the Council Chamber, the Colonial Secretary (Hon. Mr. N. L. Smith) presiding.

**ALSO PRESENT:—**

THE FINANCIAL SECRETARY (HON. MR. S. CAINE).

HON. MR. R. M. HENDERSON, (Director of Public Works).

HON. SIR HENRY POLLOCK, Kt., K.C., LL.D.

HON. MR. J. J. PATERSON.

HON. MR. CHAU TSUN-NIN.

HON. MR. LO MAN-KAM.

HON. MR. LEO D'ALMADA E CASTRO, JNR.

HON. DR. LI SHU-FAN.

HON. MR. M. T. JOHNSON.

HON. MR. E. DAVIDSON.

MR. B. C. K. HAWKINS (Deputy Clerk of Councils).

Votes totalling \$683,339, contained in Message No. 9 from H.E. The Governor, were considered.

Item 67.—21, Prisons Department:—20, Subsistence of prisoners, \$62,000.

THE CHAIRMAN.—This vote was referred from the last meeting. Since then certain papers have been circulated in connection with the Prison Department.

HON. SIR HENRY POLLOCK.—I wish to suggest that this vote be further postponed. There has been a report on the prisons, and I think, Sir, that that report should be circulated to all members of this Finance Committee before this vote is passed.

THE FINANCIAL SECRETARY.—The report, so far, is only a recommendation.

THE CHAIRMAN.—Yes, it came to me at 12.30 p.m. to-day, and it is recommended that it should be circulated to the Finance Committee and published as a sessional paper. I see no reason why not; but it has not been formally sanctioned yet.

HON. SIR HENRY POLLOCK.—Can't the vote stand over?

THE CHAIRMAN.—Yes, except that the bills have to be paid.

HON. SIR HENRY POLLOCK.—Mr. Paterson and myself know of certain other things in the report which our colleagues on the Council do not know.

HON. MR. PATERSON.—Perhaps it would not be a hardship if the bills were not paid.

THE CHAIRMAN.—I think it is no secret to say that this Committee has recommended very drastic alterations in the method of supplying rations for prisoners. It recommends that instead of the calling for tenders, which is the usual procedure wherever work of this kind is concerned, a bulk purchase of certain provisions should be made. I see no reason why this should not be done. I imagine the recommendation will be accepted.

HON. SIR HENRY POLLOCK.—It seems to me, I may be wrong, that the Commission really finds fault with method, among other things, and the best thing to do would be to have the report circulated among my Unofficial colleagues on the Committee so that they can decide what shall be done.

THE FINANCIAL SECRETARY.—Whatever the recommendations in the report are, they do not affect the obvious fact that the bills have to be paid.

HON. MR. PATERSON.—I should like to point out that this money is going to the contractor, and, whoever he is, he is making a nice fat thing out of it.

THE CHAIRMAN.—I am in the hands of the Committee, and if the Committee wants it to stand over I have only one vote.

HON. MR. LO.—If the Government is of the opinion that whatever we may do in the future, the existing contract is binding and payments under the contract have to be paid, then whatever our decision as to the future may be I see no reason for not passing the vote to-day.

THE CHAIRMAN.—That is Government's view.

HON. SIR HENRY POLLOCK.—So far as I understand the report—and I think I grasped the essential factors—this contract ought never to have been entered into.

THE CHAIRMAN.—You mean the tender should never have been accepted?

HON. SIR HENRY POLLOCK.—Yes.

THE CHAIRMAN.—The procedure followed was the usual procedure. These tenders were called for, received and solemnly opened by authorised officers and analysed, and the most advantageous tender was accepted.

HON. MR. PATERSON.—Was it the cheapest?

THE CHAIRMAN.—Yes, for the tax-payer.

HON. MR. PATERSON.—I am arguing for the tax-payer that the cheapest is much too expensive.

THE CHAIRMAN.—That is admitted on all sides.

HON. SIR HENRY POLLOCK.—Assuming that is so, why should we pay now?

THE CHAIRMAN.—Because we may be sued otherwise.

HON. MR. PATERSON.—I could make rather a mess for him if I was to cross-examine him—that is without any knowledge of the law.

HON. MR. LO.—Is the man to receive more than he should receive under the contract or is it thought that the contract is too obviously favourable to the contractor.

HON. SIR HENRY POLLOCK.—That is so.

HON. MR. LO.—Well, that is irrelevant. You may criticise Government for entering into it but you cannot hold up payment.

HON. SIR HENRY POLLOCK.—After you have seen the report you will see the reason and probably change your mind.

HON. MR. PATERSON.—That is my reason. The report not having been made public I cannot very well reply.

HON. MR. CHAU.—I do not see how the report can affect the existing contract.

THE CHAIRMAN.—Nor can I. The reason for this supplementary vote is merely because there has been an increase in the number of prisoners since the contract was admitted. If it is bad it should have been criticised in the original Estimates for 1937.

HON. SIR HENRY POLLOCK.—It should have been queried by Government.

THE FINANCIAL SECRETARY.—The original estimate was made on the present charges but on a basis of fewer prisoners and the Council accepted it. The original estimate was just as much per head.

HON. SIR HENRY POLLOCK.—On the facts which are in my possession I should very strongly object to the contractor getting this amount.

THE CHAIRMAN.—It is possible that when a tender is received in due form and appears to be excessive then the Tender Board says it does not like the tender and will call for new tenders. It may be agreed that should have been done in this case.

HON. MR. PATERSON.—I do not think there would have been very much difference but there always remains to be done what the Commission has suggested.

THE CHAIRMAN.—Everyone will agree that that would be much more economical.

HON. MR. PATERSON.—I know a Chinese who was willing to quote for this but he was discouraged.

THE CHAIRMAN.—Not, I hope, by the Tender Board.

HON. MR. PATERSON.—No.

THE CHAIRMAN.—It puts the Government in a very difficult position if the money is not paid. It is according to tender figures and payment cannot be made unless this Committee votes this money.

HON. MR. PATERSON.—I suggest the report should come out first.

THE CHAIRMAN.—Mr. Paterson has suggested that we should penalise the contractor by making him wait.

HON. MR. PATERSON.—I did not suggest penalising him. I said he was getting enough out of it and could afford to wait.

THE CHAIRMAN.—He has waited quite a time already.

HON. MR. LO.—I have not seen the report but if we think some one is at fault there is nothing to prevent us from passing a resolution or taking other steps to remedy it afterwards. As the contract has already been made, how can we urge Government to depart from it?

HON. MR. PATERSON (to the Chairman).—Can you tell me who the contractor is?

THE CHAIRMAN.—Hop Kee is the usual one.

HON. MR. PATERSON.—Can you tell me the real one?

THE CHAIRMAN.—No. That is only my recollection of the time when I was in charge of prisons some years ago.

HON. MR. LO.—I cannot be a party to holding up a contract payment.

HON. MR. JOHNSON.—Does Sir Henry Pollock mean, Sir, that, on what he has seen in the Report, he would recommend Government to break the Contract?

HON. SIR HENRY POLLOCK.—I consider the contract unreasonable.

THE CHAIRMAN.—And therefore we should break it and stand the consequences?

HON. SIR HENRY POLLOCK.—I have certain information which my colleagues have not got. It seems to me to be unreasonable because the tax-payers in this Colony are being asked to pay something like double what they ought to pay. That is the difficulty which Mr. Paterson and myself feel.

THE FINANCIAL SECRETARY.—Does Sir Henry say he would advise Government not to carry out the contract?

HON. SIR HENRY POLLOCK.—I think I should, because I think the contract ought never to have been made. It was quite an unfair one from the tax-payers' point of view. I would like my colleagues to see this report.

THE CHAIRMAN.—Mr. D'Almada, have you any views?

HON. MR. D'Almada.—I have not seen the report but I am prepared to accept Sir Henry's view that we should see the report first because I do not think the contractor will sue the Government.

HON. DR. LI.—After reading the information circulated some time ago on the question of this contract I thought that the conditions were rather exacting. When we worked it out at \$11.50 per head per month we thought it was rather exorbitant but I think some of the conditions were highly dangerous for the contracting party and it is very necessary for his own protection that he should raise the figure. Therefore, after reading the circular, I am much in favour, in the future, of devising some other means. As far as the present contract is concerned I do not see how we can get away from it.

THE CHAIRMAN.—You may rest assured that the whole question of the prisons will be gone into immediately.

HON. MR. D'ALMADA.—Is Sir Henry clear on this point? Does he suggest that what is within his knowledge leads him to believe there are grounds for avoiding this contract?

HON. SIR HENRY POLLOCK.—No, but a strong moral ground. I am not giving a legal opinion.

THE CHAIRMAN.—We have debated this sufficiently now, and I shall take a straight vote.

The vote was approved by six votes to four, Hon. Sir Henry Pollock, Hon. Mr. J. J. Paterson, Hon. Mr. Leo D'Almada and Hon. Mr. E. Davidson voting against.

HON. MR. PATERSON.—I am sorry if I have caused the Government any embarrassment, but I think they deserved it!

HON. SIR HENRY POLLOCK.—Can you say whether this report will be circulated.

THE CHAIRMAN.—I am not sure. I see no reason why it should not be circulated and published in the newspapers.

HON. MR. LO (to the Chairman).—Would you tell His Excellency the Governor that the Unofficials would like to see the report?

THE CHAIRMAN.—Yes.

Item 79.—22, Medical Department:—24, Treatment of Opium addicts, \$124.

HON. MR. PATERSON.—What sort of people are these? People who smoke Government opium and then have to be treated?

THE CHAIRMAN.—I do not think I can be cross-examined on that point!

Item 82.—10A, Harbour Department:—Special Expenditure. Hire of Tugs for Lighthouse Reliefs, \$11,650.

HON. MR. D'ALMADA.—What has happened to the Kau Sing?

THE CHAIRMAN.—She is still lying on Ching Yee Island.

HON. MR. D'ALMADA.—The best place for her, I gather!

HON. SIR HENRY POLLOCK.—Is she a total wreck?

THE CHAIRMAN.—They hope to salvage her early next year. There has been so much salvage work because of the typhoon that it has been impossible to get anything like a good tender. Ten salvage firms were approached. Most of them had declined up to the latter half of October. Two or three have tendered at figures which are thought to be unreasonable.

HON. SIR HENRY POLLOCK.—Is she badly holed?

THE CHAIRMAN.—No, she is not. The vessel is aground on the south side of Ching Yee Island, dry at low water. The ship is lying quite snugly. All stores and fittings have been removed.

HON. SIR HENRY POLLOCK.—With reference to the typhoon damage generally, is it bigger than was anticipated when the Budget was debated?

THE DIRECTOR OF PUBLIC WORKS.—Yes.

HON. SIR HENRY POLLOCK.—How much?

THE DIRECTOR OF PUBLIC WORKS.—About 50 per cent. The original estimate was \$400,000; it is now \$630,000.

Item 85.—32, Public Works Department:—Special Expenditure. New Submarine Telephone Cables, \$37,000.

HON. SIR HENRY POLLOCK.—Have the old cables been damaged beyond repair? They were not damaged by a ship?

THE DIRECTOR OF PUBLIC WORKS.—No. The cables are worn out. Typhoons have moved them about the bottom.

HON. MR. D'ALMADA.—Are these public telephone cables?

THE DIRECTOR OF PUBLIC WORKS.—No, Government telephones. This item was cut out of the 1937 Estimates. It was then understood that if it became necessary to replace them, as has now happened, the money would be approved later.

HON. MR. PATERSON.—Is it cheaper for Government to have its own service than to go on the general one?

THE DIRECTOR OF PUBLIC WORKS.—That was thrashed out some years ago and it was then decided that Government retain its own service. For what reason I do not know.

THE CHAIRMAN.—It is rather a big question.

Item 87.—32, Public Works Department:—Special Expenditure. Two Dennis Arrow Minor Chassis, \$17,500.

THE CHAIRMAN.—This is merely a formal alteration of a Head and Sub-head. The money was voted under another Head and it is thought more in order to have it in this list in the Estimates.

HON. MR. D'ALMADA.—They seem rather expensive at £550 each!

HON. MR. PATERSON.—They are fairly large vans.

THE DIRECTOR OF PUBLIC WORKS.—These two chassis were bought for buses. Other arrangements were made and the buses were not required. As lorries, they are suitable for my Department and will be taken over by us. As a result we have cut out two new lorries from the 1938 estimates.

HON. MR. D'ALMADA.—Are they 14 feet 6 inch. wheel-base chassis, the same as for 26 passenger buses? I know where I can get chassis of a similar size for H.K.\$4,500. From the Chevrolet works in Canada. I might mention that I have no interest in that company.

THE DIRECTOR OF PUBLIC WORKS.—This has been passed by the Committee which sits on all motor vehicles. They were going to be private buses for the purpose of carrying prison officers and their children to and from Stanley each day.

HON. SIR HENRY POLLOCK.—These are not prison vans?

THE DIRECTOR OF PUBLIC WORKS.—They were to be prison buses but the Public Works Department has taken them over. The bodies were built in the Colony.

Items 89.—27, Defence A.—Volunteer Defence Corps:—3, Ammunition, \$7,273.

Item 90.—27, Defence A.—Volunteer Defence Corps:—Special Expenditure. 26, Steel Helmets, \$1,931.

Item 91.—27, Defence A.—Volunteer Defence Corps:—Special Expenditure. 2 Night Firing Boxes, M.G., \$84.

Item 92.—27, Defence A.—Volunteer Defence Corps:—Special Expenditure. Mobilization Equipment, \$54.

Item 93.—27, Defence A.—Volunteer Defence Corps:—Special Expenditure. Equipment for Machine Gun Battalion Signals, \$1,474.

Item 94.—27, Defence A.—Volunteer Defence Corps:—Special Expenditure. 3, Slide Rules (M.G.) and Cases, \$36.

THE CHAIRMAN.—These are re-votes of 1936 amounts. They have been arranged in this form for convenience.

Item 95.—20, Police Force:—31, Subsistence of Prisoners, \$1,600.

THE CHAIRMAN.—This sum is for before they get convicted, Mr. Paterson!



Item 102.—33, Public Works Recurrent:—Hong Kong. 5, Typhoon and Rainstorm Damages. Item 1, Typhoon and Rainstorm Damages, \$225,000.

HON. MR. LO.—In connection with the Hong Kong damage, I would like to know whether a substantial part of the damage is in connection with the Queen Mary Hospital. If so, I would like to know details. I hear the Queen Mary Hospital was blown up like match-wood.

THE DIRECTOR OF PUBLIC WORKS.—I cannot give details without notice. There was a certain amount of damage, but I think that description has been very much exaggerated.

THE FINANCIAL SECRETARY.—\$13,000 out of the \$150,000 for buildings in Hong Kong was in connection with the Queen Mary Hospital.

All the votes were approved.

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