

FIRST LEGISLATIVE ASSEMBLY

Under the

BRITISH GUIANA (CONSTITUTION) ORDER IN COUNCIL, 1961.

FIRST SESSION

1961-1962

BUDGET SPEECH (2)

by

The Honourable the Minister of Finance,
Dr. Charles Jacob, Jr.

22nd May, 1962.

Your Honour,

I rise to move the Second Reading of the Appropriation Bill 1962. There is no need to recount the events which have led up to the introduction of this Bill because they are still fresh in the minds of Honourable Members. It is necessary, however, to recall that an Appropriation Bill, with Estimates of Expenditure for 1962, was fully discussed by the Assembly on previous occasions and passed its most important stages. In these circumstances I do not propose to tire Members by a long discussion of the details of the Estimates.

2. Since this Bill is no different in form or in content from the previous one, which was fully considered and had passed its Second Reading and the Committee stage, the Government trusts that this Assembly will find it possible to consider the matter expeditiously. I know that this Assembly is as anxious as the Government to ensure that proper provision is made as soon as possible for the public services this year.

3. The Bill seeks to provide for expenditure of \$58.9mn. An amount of \$6.6mn. is already chargeable on the revenues of the territory by law and therefore the total provision for recurrent expenditure in 1962 on the public services of the territory will be \$65.5mn. -- the total shown in the Summary of the Estimates.

4. The 1962 Draft Estimates (No. 2) of Expenditure call for provision of \$65.5mn. -- including \$2.6mn. for revised salaries and cost-of-living allowances to pensioners. The proposed provision is \$8.1mn. more than the 1961 Revised Estimates (\$57.4mn.) of which increased rates of salary and debt charges account for nearly one-half. About \$4mn. of this added provision

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falls under "Personal Emoluments" votes -- \$2.6mn. for increased salaries etc.; \$0.9mn. for additional teachers, teachers' salary increments, etc., in the primary schools; and \$0.4mn. for new posts. Under "Other Charges" votes (also increased by about \$4mn.), the public debt accounts for an increase of \$1.4mn.; services for development schemes for \$0.8mn.; the maintenance of roads, buildings and sea defences for \$0.7mn.; and civil aviation for \$0.3mn.

5. The Estimates envisage total revenue of \$58.5mn. for 1962. These figures do not reflect the increases expected to result in 1962 from new taxation some of which, viz. the Tax (Amendment) Bill, the Customs Duties (Amendment No. 4) Order, the Auctioneers (Amendment) Bill, and the Income Tax (Amendment) Bill, have already been accepted by this House and one of which, the net property tax, will be submitted shortly for consideration. The proposed capital gains and gift taxes will not affect 1962 revenue since these taxes will not be collectible until next year.

6. It is estimated that the revenue yield from increased import and export duties will be about \$2.1mn.; the increase in excise duty on alcoholic beverages should yield not less than \$2.5mn.; the amendments under the Tax Ordinance should yield increased revenue of about \$0.2mn.; and in addition, the amendments to the Income Tax Ordinance should result in an increase in revenue of about \$1.3mn. The net property tax is expected to yield \$1mn.

7. As a result of changes in legislation which have either been approved or are to be considered shortly by this Assembly the revenue will therefore be some \$7.1mn. higher than shown in the Estimates. In the result a revised estimated revenue of \$65.6mn. is probable against the recurrent expenditure total of \$65.5mn. The Budget should therefore be in balance at this level.

8. However, there are indications that the revenue may not be as buoyant as was originally expected. It is possible therefore that the actual outturn will be somewhat smaller. Nevertheless the Government is determined that the Budget should at least be kept in balance --- indeed the hope is to produce a surplus. The maximum economy in expenditure will therefore be exercised so as to ensure saving on the provision. Any surplus that is so produced and the yield of the National Development Savings Levy, of which the legislation will be introduced shortly, will supplement the inadequate resources available for development expenditure this year.

9. I should add to complete the picture for Hon. Members that the latest estimates of expenditure and revenue in 1961 are \$57.4mn. and \$60.2mn., so that the budget surplus last year was about \$2.8mn.