

## LEGISLATIVE COUNCIL

THURSDAY, 21st DECEMBER, 1950.

The Council met at 2.00 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., President, in the Chair.

### PRESENT:

The President, His Excellency the Governor, Sir Charles Campbell Woolley, K.C.M.G., O.B.E., M.C.

The Hon. the Colonial Secretary, Mr. J. Gutch, O.B.E.

The Hon. the Attorney-General, Mr. F. W. Holder, K.C.

The Hon. the Financial Secretary and Treasurer, Mr. E. F. McDavid, C.M.G., C.B.E.

The Hon. Dr. J. B. Singh, O.B.E. (Demerara-Essequibo).

The Hon. Dr. J. A. Nicholson (Georgetown North).

The Hon. T. Lee (Essequibo River).

The Hon. V. Roth, (Nominated).

The Hon. C. P. Ferreira (Berbice)

The Hon. T. T. Thompson (Nominated).

The Hon. G. A. C. Farnum, O.B.E. (Nominated).

The Hon. Capt J. P. Coghlan (Demerara River)

The Hon. D. P. Debidin (Eastern Demerara).

The Hon. Dr. G. M. Gonsalves (Eastern Berbice).

The Hon. Dr. C. Jagan (Central Demerara).

The Hon. W. O. R. Kendall (New Amsterdam).

The Hon. A. T. Peters (Western Berbice).

The Hon. W. A. Phang (North Western District).

The Hon. G. H. Smellie (Nominated).

The Hon. J. Carter (Georgetown South)

The Hon. F. E. Morrish (Nominated).

The Hon. L. A. Luckhoo (Nominated).

The Clerk read prayers.

The minutes of the meetings of the Council held on Thursday, the 14th of December, and Friday, the 15th of December, as printed and circulated, were taken as read and confirmed.

### PAPERS LAID

The FINANCIAL SECRETARY & TREASURER laid on the table the following:—

The draft Estimates of Expenditure for the year 1951.

The minutes of the Meeting of Finance Committee of the Legislative Council held on the 8th of December 1950.

Statement of Supplementary Expenditure for 1949 to be admitted as a charge to public funds under Colonial Regulation 265 (2).

Supplementary Estimate for the quarter ending 30th September, 1950.

### GOVERNMENT NOTICES.

CO-OPERATIVE CREDIT BANKS (SPECIAL PROVISIONS) ORDINANCE.

The COLONIAL SECRETARY gave notice of the following motion and of his intention at a later stage to move the suspension of the Standing Rules and Orders to enable him to proceed with it:—

“That, in accordance with the provisions of section 9 (a) of the Co-operative Credit Banks (Special Provisions)

Ordinance, 1948, (No. 22), this Council approves of that Ordinance being continued in force throughout the year 1951."

#### 1951 DRAFT ESTIMATES.

The FINANCIAL SECRETARY & TREASURER gave notice of the following motions and of his intention at a later stage to move the suspension of the Standing Rules and Orders to enable him to proceed with the first motion:—

"That, this Council approves of the Estimates of Expenditure for the service of the Civil Government of the Colony for the year ending 31st December, 1951, to be defrayed from the annual revenue of the year and other resources of the Colony and from loan funds."

#### 1949 SUPPLEMENTARY ESTIMATES.

"That this Council approves of the Statement of Supplementary Expenditure for the year 1949, which has been laid on the table, being admitted as a charge to public funds under Colonial Regulations 265 (2):

#### 3RD. QUARTER SUPPLEMENTARY ESTIMATES, 1950.

"That, this Council approves of the Supplementary Estimates for the Quarter ended 30th September, 1950, which has been laid on the table."

#### NOTICE OF QUESTIONS

##### ASSISTANCE TO SMALL TIMBER OPERATORS.

Mr. PHANG on behalf of Mr. LEE gave notice of the following questions:—

1. Will Government state to whom assistance has been given in the Government's policy of assisting small timber operators to purchase mechanical machinery, to what extent, and where such machinery is operating?
2. Will Government state whether any assistance has been given to any person operating in the Essequibo River or its tributaries, to whom, to what extent and what sort of machinery, if any?
3. Will Government state how many more applications are awaiting attention, by whom, and what kind of machinery is applied for?
4. Will Government speed up this assistance policy in order to obtain a greater output of timber?

#### ORDER OF THE DAY

##### BUDGET STATEMENT.

The FINANCIAL SECRETARY & TREASURER: Sir, I move that the relevant Standing Rules and Orders be suspended in order to enable me to take at once the first of the three motions of which I have just given notice. I shall also crave the indulgence of the Council as usual to speak to Members from a prepared statement.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Relevant Standing Rules and Orders suspended.

The FINANCIAL SECRETARY & TREASURER addressed the Council as follows:—

In proposing this annual motion relative to the budget for the coming financial year I shall as usual begin by making a few brief observations on matters which have a bearing on the general economic situation.

The year 1950 has been one of many disappointments and setbacks for this Colony and, as it draws to its close, we in common with the other members of the Commonwealth share in the apprehensions to which the present grave international situation gives rise. It seems quite unrealistic to be concentrating on our own localized tasks and problems amidst the universal uncertainty and doubt as to what the immediate future may have in store. But we must carry on in the hope that some solution of the perilous problems that confront mankind may be found and that 1951 may yet prove to be a year free of major war, even if there is no prospect of release from strain and anxiety.

Notwithstanding the adverse effect of sterling revaluation in September, 1949, we were approaching a point early this year where we had reason to expect that conditions would improve and the cost of living be gradually brought down. But the sharp business recovery in the U.S.A.,

th events in Korea, the initiation of re-  
-mament programmes and the con-  
-sequential rise in price levels abroad  
shattered these hopes. The freeing of the  
Canadian dollar from control in October  
last added to our troubles.

The cost of living has continued to  
rise and no one can be unsympathetic with  
those for whom this results in hardship  
and distress. The Government, and this  
Council also, I am sure, will do every-  
-thing possible and practicable to minimize  
i.s effects. But the problem is difficult  
and intractable because its main causes  
are rooted in world conditions beyond  
our control. Nevertheless there are some  
features of the situation which it would  
be well that we should bear in mind. For  
example, the Fletcher Cost of Living  
Advisory Committee has pointed to the  
fact that of the rise of 14 points in the  
cost of living index which has taken place  
between October, 1949, and October, 1950,  
only 4.1 points are due to the increased  
prices of imported items, while 9.9 points  
are due to the rise in the prices of local  
products. Demands for further increases  
in prices are as insistent as the pressure  
for increased wages. And it must never  
be overlooked that this dangerous race  
between wages and internal prices is one  
in which, to those concerned on either  
side, the prize is likely to be a snare and  
the benefit a delusion. The surest means  
of securing improvement is greater pro-  
-duction—by those who actually produce  
as well as by those who work and serve  
the community in other ways—so that the  
common pool of wealth thereby generated  
and made available for distribution and  
consumption may increase and allow of  
larger shares to one and all.

In the industrial sphere our major  
disappointment was, of course, the aban-  
-donment of the large scale exploratory  
gold mining operation by Anaconda, pre-  
-ceded as this was last year by the with-  
-drawal of the Axel—Johnson interests  
who were engaged in similar activities.  
The retardation of efforts to attain our  
sugar production target owing to some  
extent to labour troubles is also most re-  
-grettable. Fortunately, there is a bright  
side to the picture. The recent announce-  
-ment by the Demerara Bauxite Company

regarding their projected intensive de-  
-velopment of the production of calcined  
and special purpose ores is most welcome.  
So also is the accelerating progress of the  
Colonial Development Corporation in the  
development of their timber project. The  
information just received, that the former  
concern is about to increase its authorised  
share capital by \$6,000,000 and that the  
Colonial Development Corporation will  
shortly register a local company with the  
name of British Guiana Timbers Limited  
with an initial share capital of \$8,400,000  
to take over its timber operations here,  
will most certainly serve to enhance the  
Colony's financial standing. Immediately  
after the enactment in September last of  
the Rice Marketing (Amendment) Ordin-  
-ance a formal invitation in the form of  
a document with supporting memoranda,  
setting out the outline of a proposal for  
the establishment of a Rice Development  
Company in which the Government  
and the Colonial Development Corpora-  
-tion would participate, was presented to  
the Regional Director of the Corporation  
as a basis for future negotiations, and  
it is hoped that a working party  
will shortly be sent out to examine the  
position on the spot and prepare a detailed  
project. Our application for Marshall aid  
towards the financing of the cost of the  
two central rice factories, which form part  
of this project, is now before the authori-  
-ties at Washington.

In agriculture, one disappointment  
has been an unfavourable report presented  
by the expert Ecologist, who examined the  
soils and other characteristics of the  
Mazaruni area and expressed the view  
that it is generally unsuitable for the large  
scale cultivation of cocoa—thus negating  
one of the propositions put forward in the  
report of the Evans Commission. On the  
other hand, the experimental lacatan  
banana cultivation on West Bank, Dem-  
-erara, is progressing favourably although  
it is still much too early to count on a  
successful outcome of the venture.

I spoke last year of the urgent  
necessity for a comprehensive review of  
the Development Plan. That review,  
completed in August by Col. Spencer  
lately Economic Adviser and Development  
Commissioner, was the subject of our

informal discussions in September. As was then agreed upon, departmental reports have been prepared in collaboration with the respective Legislative Council Advisory Committees and are being collated with a view to the submission of a revised Plan within the limits of our available financial resources. What is now very clear is that the character of the Plan, as originally conceived, must of necessity be radically altered, and even its description as a "Ten Year Development Plan" is not in keeping with the realities of the situation. I myself would prefer to regard it as a limited programme of capital works and projects leading to economic advancement and improvement of the social condition of the people from which items would be selected for execution from time to time in suitable priorities as the necessary funds, materials and technical direction become available. The most suitable order of priority for such works and projects will always be most difficult to determine. For example, notwithstanding the strongest reasons that undoubtedly now exist for the selection of purely productive economic schemes, few will disagree that housing should have the highest priority at the present time. But it is also very clear that what British Guiana needs is a much more comprehensive economic development programme, embodying among other things the major drainage and irrigation schemes advocated by the Consulting Engineer, Mr. Hutchinson, as well as the ancillary schemes required to bring the lands that would thereby be made available into beneficial occupation and production. Such a programme can be devised only if and when we are able to secure some assurance as to the availability of the necessary finance which is altogether beyond the Colony's present or prospective resources. This is a matter which the Government is actively exploring.

Before concluding these preliminary observations I should like to refer to two matters which have some bearing on the general financial situation. The first is the interesting fact that the Government currency note circulation, with a more than complete sterling backing through the investments of the Note Security Fund, now stands at \$9,166,000 having

risen progressively from a pre-war figure of \$767,000. This of course, is to some extent due to the almost complete withdrawal of Bank notes but nevertheless there has been a substantial rise in the note circulation the precise significance of which can only be assessed after a close analysis of several other related factors. The other matter is the remarkable fact that deposits in the Post Office Savings Bank totalled nearly \$13½ million held in over 90,000 separate accounts with a maximum deposit limit of \$8,000 and with no depositor, save in a few exceptional cases, being permitted more than one account. This, for a Colony with a population of about 400,000 is, indeed, an indication of financial stability more particularly as the Bank's investments are almost wholly in the form of sterling securities of the United Kingdom, Dominion and other colonial Governments. It can therefore be assumed that a local loan issue on reasonably attractive terms would be successful.

#### EXTERNAL TRADE AND STATISTICS.

The estimated volume of external trade for 1950 is \$108 million, comprising \$58½ million of imports and \$51½ million of exports. The completed returns for 1949 showed imports at \$50,928,000 and exports at \$46,256,000 — a total of \$97,184,000 of trade. Thus our exports will have increased by \$5¼ million approximately and our imports by \$5½ million.

It is estimated that for 1950, exports of sugar, rice, molasses and timber will show increases; diamonds will maintain their quantity and value, and bauxite though less in quantity, will be of higher value due to the prevailing better price. Rum exports will, it is estimated, suffer a disappointing decrease in quantity which fortunately will be partly off-set by a higher price, and gold exports will be less than in 1949 by approximately 4,000 ounces. Coconut oil at a value of approximately \$120,000 is a new item in the schedule of exports.

It is worthy of mention that the value of new machinery (including agricultural machinery) imported in 1950 will be in the vicinity of \$6½ million



compared with \$7 million in 1949. This item more than covers the so-called adverse balance of trade.

As regards the direction of external trade, approximately 56% of our exports in 1950 will have gone to Canada, 29% to the United Kingdom and 5% to the United States of America: the corresponding figures for 1949 were 48%, 36% and 5%. Of our total imports, 48% will have come from the United Kingdom and 13% each from both Canada and the United States of America. The corresponding figures in 1949 were 48% and 15% each.

#### GOVERNMENT ACCOUNTS.

I shall now endeavour to review the estimated financial results of the year now closing and to represent the financial position of the Government as concisely as possible. Nevertheless, in a survey of this nature and of so complex a subject, it is difficult to avoid some prolixity and the tiresome recital and repetition of a great many figures. This is the principal if not the only opportunity at which a comprehensive statement of this character can be presented in Council and, bearing in mind also that a Constitution Commission is now with us, Honourable Members will, I feel sure, wish to be made fully aware of the financial situation in all its aspects.

#### ESTIMATES, 1950

##### EXPENDITURE IN 1950 TO BE MET FROM REVENUE.

The estimates of expenditure for the year 1950, as approved by the Council, provided for an expenditure of \$20,584,892 exclusive of expenditure on works and services financed as approved schemes by grants or loans under the Colonial Development and Welfare Act and of expenditure authorized to be met from loan funds, both of which are treated as separate budgets.

Quarterly supplementary estimates passed by the Council together with monthly schedules of additional provision approved by the Finance Committee up to 30th November but not yet presented to Council for confirmation total

\$4,417,938. The total expenditure formally authorized to that date for 1950 is thus \$25,002,830.

The supplementary provision so authorized can be analysed as follows:—

Development Plan Services (Financed from Colony Revenue)	\$ 1,946,359
Flood Relief and Rehabilitation Measures	918,016
New items and excesses	1,107,117
Arrears of Teachers' Salaries for 1949 paid in 1950	165,500
Revotes of unexpended balances of votes in previous years	280,946
	<hr/> \$ 4,417,938

In presenting the original estimates it was explained that, as the year proceeded, it would be necessary to include from time to time on supplementary estimates provision for expenditure on such works and services embodied in the Development Plan or ancillary thereto which it may be decided to commence. Actually, the original estimates already included one specific vote of \$55,000 for an item in the Development Plan, and allocations out of the general vote for Public Works (Extraordinary) to the extent of \$81,343 for other such items were made during the year.

The items of supplementary provision for Development Plan Services comprising the total of \$1,946,359 (together with those totalling \$136,243 drawn from votes in the original approved estimates) classified into main groupings are:—

Health (mainly Hospitals)	\$ 605,516
Education (including Technical Institute)	257,198
Drainage & Irrigation (Investigational Surveys)	68,255
Agriculture (including equipment for Settlement Schemes)	192,717
Forests (quarters for officers and assistance to small operators)	59,627
Housing (mainly for land settlement)	156,981
Railway & Steamer Services — Rehabilitation Programme	740,436
Miscellaneous	2,472
	<hr/> \$ 2,083,202

Under the head "Flood Relief and Rehabilitation Measures" the tentative

estimate of expenditure approved by Finance Committee was \$960,500. So far, departmental requisitions to a total of \$918,016 have issued and have been provided on schedules of additional provision although, as will later be shown, the full amount has been allowed for in the forecast of actual expenditure for the year. The Council is already aware that a substantial portion of this expenditure does in fact represent arrears and deficiencies of maintenance of drainage facilities and roads which in any event, quite apart from flood damage, it would have been necessary sooner or later to make good.

The new items and excess votes to the substantial total of \$1,107,117 are accounted for by —

Loans from Public Funds (including food production loans)	\$ 281,605
Pensions and Gratuities	134,022
Sea Defences — new works, etc.	136,000
Refunds of Revenue — income tax	75,000
Medical Department—excesses including dietary	81,869
British Guiana Airways (Deficiency grants)	91,750
Miscellaneous items .	306,871
	\$ 1,107,117

As regards Teachers' Salaries, it will be recalled that authorization of the revised salary scales for teachers was not made until May this year. As the revision, in common with that of the salaries of public officers, was applied retroactively to 1st January, 1949, the arrears which became due in respect of the year 1949 fell to be paid in 1950.

Revotes at \$280,946 due to incomplete indents and outstanding charges at year's end are still fairly heavy although much reduced from the previous year's figure of approximately \$500,000.

Thus far I have spoken of voted and approved provision. But in order to assess the final results of the year it is, of course, necessary to prepare a forecast of the actual expenditure (technically known as the revised estimates) and this forecast compiled on the basis of the latest

Departmental reports, totals \$23,866,815. On the expenditure side in particular, Departments always find it extremely difficult to estimate the payments which will actually be made in the Colony (and through the Crown Agents) by the close of the year and in many cases their revised estimates are often wide of the mark. In the present instance the revised estimates do include the full amounts of voted provision for all the items of Development Plan Services — except in the case of the Railways Rehabilitation Programme the actual expenditure in respect of which is known to be \$390,310 less than the amount of \$740,436 provided for the year.

It will be noted that the total of the revised estimates of expenditure is less by \$1,136,015 than the total provision which will have been authorized, and it is expected that the total of actual expenditure on the final closing of the Treasury accounts will show a further reduction.

To sum up, therefore, the total revised estimate of expenditure for 1950 to be met from revenue is shown as \$23,866,815 (including some \$446,000 relating to outstanding liabilities of previous years). Of this total, however, \$960,500 relates to the exceptional and unforeseen cost of flood damage, while \$1,692,892 is in respect of provision for items intended to be met out of the allocation of the accumulated surplus revenue balance earmarked towards the financing of the Development Plan. In assessing the results for 1950 on current revenue and expenditure account the amount chargeable against the revenue of the year can therefore be stated to be \$22,173,923, although, if it is conceded that the flood damage costs represent emergency expenditure of a character that reasonably justifies a call on reserves, the appropriate amount would be \$21,213,423.

Since the preparation of the draft of this statement and the revised estimates (as summarized in the printed volume of the 1951 Estimates) the report of the Fletcher Cost of Living Advisory Committee has come in. As Honourable Members are aware, Finance Committee has approved of the grants to certain categories of Government employees of

immediate relief in the form of a lump sum cash payment equivalent to the temporary cost of living allowance for three months (or thirteen weeks as the case may be) on the scale recommended by the majority report of the Committee. These lump sum cash payments estimated at \$170,000 would, of course, constitute an additional charge against current revenue of the year and would increase the total to be so charged from \$21,213,423 to \$21,383,423.

I must here call attention to two "extra-budgetary" charges that must be taken into account and will appear as expenditure items in the final accounts of the Treasury for 1950, although they are in effect withdrawals from the accumulated surplus revenue balance. These items are, firstly, a charge of approximately \$350,000 to make good the depreciation in the market value of the investments of the Post Office Savings Bank together with an ascertained discrepancy between the capital fund and the total of the depositors' balances in the accounts as reconstituted since the destruction of the Bank's ledgers in the great fire of 1945. These matters have already been considered in Finance Committee and I need not refer to them in any detail here. The other item relates to the "write-off" of the purchase price of the capital assets acquired in 1949 at Atkinson Field to secure its use as the Colony's airport. The payments to the U.S.A. military authorities totalled \$378,392 of which an amount of \$204,402 represents the book value of assets held for disposal, part of which has already been sold for cash or allotted to Government Departments or agencies for use subject to reimbursement. The amount to be written off is accordingly \$673,990. These two items amounting together to \$1,023,990 therefore constitute a further substantial drawing down of our surplus balance, the effect of which will be seen when I deal with the financial position.

#### EXPENDITURE IN 1950 ON COLONIAL DEVELOPMENT AND WELFARE SCHEMES.

As the Council is aware, the transaction with respect to current works and services financed as approved schemes under the Colonial Development and

Welfare Act form part of the Colonial Estimates but are treated as a separate self-balancing budget, the amounts brought to account as revenue being precisely equivalent to the actual expenditure incurred during each year. The items included under Colonial Development and Welfare Schemes in the original estimates for 1950 totalled \$1,606,661, on both the expenditure and revenue sides of the account. Supplementary provision has been approved to a total of \$522,988. The total revised estimate of actual expenditure for the year (and corresponding receipts) has, however, been placed at \$1,600,000.

It will be appreciated that the majority of these schemes also form part of the Development Plan Services, and in order to complete the picture these items may be classified into appropriate groupings as follows:—

Drainage and Irrigation	\$ 750,000
Agriculture (including Rice Production Development)	104,013
Education (including School Building Programme)	299,600
Health ..	24,000
Geological Survey ..	133,343
Miscellaneous (including Aerial Surveys) ..	289,044
	\$1,600,000

This is a convenient point to give some indication of the extent of the financial assistance which we have received under the Development and Welfare Acts of 1940 and 1945. The Treasury accounts show that up to end of 1949 the expenditure on approved schemes financed by grants and loans under the Acts was \$10,183,535 so that, by the end of the current year, this total should have increased to \$11,783,535. The sum still available for issue against the British Guiana allocation under the 1945 Act is just over \$5 million of which some \$2 million is held against approved works and schemes in progress leaving about \$3 million for appropriation towards new schemes in our Development Plan.

#### EXPENDITURE IN 1950 FROM LOAN FUNDS.

Expenditure has continued during the year on certain capital works in progress

the cost of which has been authorized as a charge against loan funds in hand from the proceeds of the 1945 loan of \$5,000,000. The revised estimate of actual expenditure for the year in this category is \$865,500 comprising the following items:—

New General Post Office and Telecommunications — Building and Site	\$505,200
New Queen's College . .	183,100
Georgetown Pure Water Supply Scheme	21,600
Georgetown Replanning Scheme (Town Planning) (Georgetown Fire Area) Ordinance, 1945)	5,000
Royal Agricultural & Commercial Society—New Building (Georgetown Cultural Centre Ordinance, 1950)	143,200
Vergenoegen Estates—Purchase and replanning	7,400
	<hr/>
	\$865,500

In addition expenditure has been incurred during the year on the reconstruction of the Courentyne road, the purchase of additional roadmaking equipment, the new stone crushing plant and on the completion of the New Queen's College to an estimated total of \$915,800, which has been authorized to be charged as an advance pending the raising of a new loan.

#### GROSS EXPENDITURE IN 1950.

To recapitulate, therefore, the gross expenditure of the Government for 1950 on the basis of the forecasts I have made will be:—

From Colony Revenue of the year	\$21,383,423
From Surplus Revenue	
Balance — Flood Relief and Rehabilitation . . \$	960,500
Development Plan Services	1,692,892
Capital Adjustments	1,023,990
From Colonial Development and Welfare Receipts	1,600,000
From Loans Funds . .	865,500
From Advances (from Surplus) in anticipation of the raising of a Loan	915,800
	<hr/>
	\$28,442,105

#### REVENUE, 1950.

The original estimate of Colony revenue for 1950 totalled \$20,881,728 while

the revised estimate has been placed at \$21,534,473 — an increase of \$652,745 or just over 3%.

Customs duties are expected to yield \$9,020,000 compared with an estimate of \$8,880,000 and collections in the previous year of \$8,245,791. Rum duty is shown at \$2,300,000 compared with the estimate of \$2,350,000 and actual receipts of \$2,267,724 in 1949. Income Tax is expected to produce \$5,825,000 against an estimate of \$5,300,000, the receipts in the previous year having been \$5,068,677.

The receipts in 1950 from taxation represent approximately 84% of the total Colony revenue, the produce of indirect taxes being 57% and direct taxes 27%.

The notable feature on the revenue side is the continued buoyancy of both direct and indirect taxes, although it is evident that the steep upward movement which characterized the immediate post-war years has ceased.

#### FINANCIAL RESULTS FOR 1950.

The approved Estimates for 1950 as passed by the Council forecast a revenue surplus of \$296,836. If, however, account is taken of the allocation of \$136,843 (to which I have already referred) made from voted provision within those estimates towards items in the Development Plan, the original estimated budget surplus on the year's working could have been placed at \$433,679.

Now the gross totals of the revised estimates which I have stated (exclusive of the self-balancing transactions relating to services financed under the Colonial Development and Welfare Act) are — Revenue \$21,534,473 and Expenditure \$23,866,815 resulting in a deficiency of \$2,332,342. By eliminating the items in respect of Development Plan Services properly chargeable against surplus, Expenditure is reduced to \$22,173,923 and the deficiency to \$639,450. If the cost of flood damage is also excluded the deficiency would be converted into a surplus of \$321,050—a figure only \$112,629 less than the budget estimate of \$433,679 calculated as previously described. But the admission of the charge of \$170,000



for relief cash payments to Government employees would now reduce this surplus to \$151,050.

Admittedly this analysis can be criticized as being a somewhat over-favourable representation of the outcome of the year which may serve to obscure the less favourable features of the position. If the financial transactions of the current year are viewed from a different angle, it will be seen that in broad outline the Government's intake of revenue will have been some \$21.5 million but its gross expenditure will have been \$28.4 million. The deficiency of \$6.9 million will have been met by drawing on accumulated revenue surpluses to the extent of \$3.5 million, by grants and loans of \$1.6 million from H.M. Government in the U.K. (under the Development and Welfare Act) and by appropriations of money already borrowed or to be borrowed to the extent of \$1.8 million.

#### ACCUMULATED SURPLUS REVENUE BALANCE.

We began the year with an accumulated surplus revenue balance of \$7,760,645 and, having regard to what I have just said, would end it with one of only \$4,234,313.

In last year's Budget Statement I referred to two important points with respect to this balance. I spoke firstly of the imperative necessity to maintain an adequate reserve owing more particularly to the greater present risk of a sudden and unforeseen shortfall in revenue and to take care of an emergency (such as actually occurred in the case of the December-January floods). I also explained that while up to the end of 1948 the surplus was almost wholly liquid, being held partly in cash and partly in investments (including a direct loan of \$2,000,000 to H.M. Government), it no longer had this character as a substantial part was being used for financing purposes. I further explained that pending the raising of the proposed new loan we intended to use extensively the device of financing by temporary advances out of the accumulated revenue surplus balance the programme of road reconstruction and other capital works (to be met by Loan) on which we were embarking.

As to the first point, prudence dictates that in the uncertainties of the present time we should maintain a reserve of not less than \$3,000,000—including the amount of \$500,000 which it is customary to set aside as cover for outstanding liabilities. Thus, we should now have left little more than \$1,000,000 for further appropriation towards the Development Plan.

As regards the use of the funds representing the surplus balance for current financing purposes, our working capital requirements have greatly expanded with the ever increasing commercial activities of the Government. Demands for working capital from the Mahaicony-Abary, Vergenoegen, Cane Grove and Anna Regina rice undertakings (covering mainly padi purchases and stores) entail Treasury cash advances of over \$960,000, while supplementary working capital for the Transport and Harbours Department requires another \$360,000. The Commodity Control Organization also makes substantial calls for finance and the debit balance on its account with the Treasury is now \$500,000. Apart from these current demands, as already indicated, advances out of the surplus balance so far authorized as "advances pending the raising of the proposed Development Loan" and expected to be fully expended by 31st December, 1950, amount to \$915,800. We could, of course, adopt other means for providing current finance of this nature, for example by the issue of Treasury Bills or by bank overdraft, but this would involve heavy interest charges. These various financing commitments add up to nearly \$2¾ million. In the circumstances it was necessary to recall this year the \$2,000,000 advanced to H.M. Government as an interest free loan in 1943-44, and the whole amount of this advance has now been repaid to us. I take this opportunity to state that the Secretary of State has conveyed to His Excellency an expression of the thanks of H.M. Government for the assistance thus given by the Colony during the dark days of the war.

The obvious conclusion to be drawn from all that I have just said is that if we are to continue with even our current programme of capital works in progress it is essential that the proposed new loan

should be raised during the coming year. Nevertheless, as we still have in hand about \$1,000,000 out of the proceeds of the \$5,000,000 loan raised in 1945 (which though fully allocated for projects in progress will not be completely appropriated before 1952), the actual cash position of the Treasury for the time being is not unsatisfactory and no financing difficulty is envisaged in the immediate future.

#### PUBLIC DEBT.

The Public Debt of the Colony (inclusive of Colonial Development and Welfare loans totalling \$1,123,000) will stand at \$23,747,000 on 31st December, 1950, against which are held Redemption Sinking Funds of an estimated value of \$2,713,000. The net Debt accordingly is now a little less than the equivalent of one year's revenue at its present level.

Reference was made in my last Budget Statement to the conversion operation with respect to the 1929 loan of \$10,032,000 which took place in 1949, and to the consequential relief in the burden of the annual charges in respect of the Sewerage and Water Supply system of Georgetown, the capital cost of which was met from the proceeds of this loan. The necessary enabling legislation—Ordinance No. 9|1950—reducing the annuity payment by the Georgetown Town Council from \$177,638 to \$118,202 was passed by the Legislative Council on 2nd June, 1950, and this saving of \$59,436 is reflected in the Municipality's estimates for 1951.

A Bill to provide for the issue in the Colony of bonds to a total not exceeding \$1,500,000 was published in November and will shortly be introduced in Council. As Honourable Members are aware, the purpose of this issue is to cover the purchase consideration and expenditure in respect of land to be acquired or resumed for urban housing development and to finance a small scheme for loans to public officers to enable them to acquire their own houses. The loan will not be offered for public subscription. A portion will be reserved for investment by the Public Officers Widows' & Orphans' Fund and bonds will be issued as and when necessary to the vendors of land to the

equivalent of the agreed consideration in respect of any purchase or resumption approved by the Council. One purchase—that of the Campbellville estate — has already received general approval in Finance Committee and it is expected that the net income from this property will at least cover the annual charges on the bonds to be issued to the vendors.

The financing requirements of the Development Plan call for the raising of a loan of \$10,000,000 and, at the request of the Government, the Secretary of State has secured the necessary preliminary approval of the appropriate authorities in the United Kingdom for the placing of such a loan on the London market in 1951. It is proposed to introduce the necessary enabling legislation in Council as soon as possible.

During this year consideration was given to the offer of Cable and Wireless Ltd., now owned by H.M. Government in the U.K., to take over the Colony's Telecommunications services and carry out the necessary rehabilitation and improvement of the whole system. The special attractiveness of this offer lay in the fact that Government would not have to find the capital to do so. A special committee which included all the members of the Legislative Council Advisory Committee for Communications having conferred with representatives of Cable and Wireless, had agreed to recommend acceptance in principle of the offer together with the schedule of increased rates proposed by Cable and Wireless on the understanding that ownership of the system by Government could be resumed after a period of years on certain conditions to be specified in an agreement; and the point was reached where the terms of a draft agreement and franchise were being studied. Subsequent indications are, however, that public sentiment and a majority of the Members of this Council (including some of those on the committee who had previously been in favour) are opposed to the projected transfer and alternatives are being examined. The possibility of carrying out improvements and extensions progressively over a period of years has been suggested and is being studied, but it appears most desirable that the scheme of comprehensive renovation as planned

on the recommendation of the Consulting Engineers should be proceeded with. Accordingly, the question of raising a separate loan either locally or in London for this purpose is also being considered. In either case the receipts from telecommunications charges must be substantially increased though not necessarily to the same extent as proposed by Cable & Wireless, and the additional revenue from this source must be specially earmarked to cover the annual expenditure involved. The raising of a further separate loan of \$2,400,000 is therefore a measure which should also be envisaged in the event that the offer by Cable & Wireless is definitely rejected.

#### BUDGET FOR 1951

##### POLICY AND GENERAL CONSIDERATIONS.

From time to time there appear in the Press expressions of view by individuals to the effect that in times of difficulty, or when development expenditure is contemplated, as at present, the Government ought boldly "to budget for a deficit"—as if this were some new and untried idea. It is obvious that those who tender this advice have no knowledge of the meaning of this phrase as applied to budgetary procedures under the colonial system of finance and accounts. In British Guiana we frequently "budget for a deficit" and in fact are doing so whenever the total authorized public expenditures exceed the Government's estimated revenue receipts and the difference is to be met from accumulated surpluses or from grants from external sources, or by appropriating money already borrowed or to be raised by the issue of a loan. This process is well illustrated by the financial transactions of the current year when, as I have already indicated, the Government's gross expenditure will have exceeded its own income from revenue by some \$5.9 million. This is indeed deficit financing to a degree which should satisfy even those critics who consider the Government to be over-cautions and lacking in 'boldness'.

The rules of the colonial accounting and financial system provide for separate "revenue expenditure" and "loan expenditure" budgets. The latter should properly contain only items of capital works

and services, the cost of which can appropriately be spread over a period of years more or less equal to the currency of the loan from which the expenditure is met. When we speak of a balanced budget we refer to the former and imply that the annual working expenditure (including the annual charges for interest and redemption of debt) is fully covered by income from revenue. This must once again be our primary objective. Unless we succeed in this aim we shall find it impossible to raise a loan on the London market as we propose to and must do next year if our present programme and plans are to be continued. And we must moreover so arrange our budget as to establish and satisfy those from whom the money will be borrowed that we are willing and able to meet the interest and redemption charges on the loan.

No change in general budgetary policy is proposed. The procedure of remitting in full the customs duties on certain essential items of imported food-stuffs will be continued and extended. It is indeed surprising that the general public appears to be so little aware of the existence of this procedure which was introduced with the approval of the Council in March 1949. I shall refer later in detail to the items which it is proposed that this arrangement shall embrace in 1951, and to its cost.

#### ESTIMATES, 1951.

I turn now to the forecast of expenditure and revenue for 1951, and in doing so I should again remind the Council that forecasts of this nature are in these difficult times beset with uncertainties. Nevertheless, under our legislative procedure programmes of both expenditure and revenue must be presented and approved annually in advance, and such estimates of the future have therefore to be made however unpredictable may be the course of events that will influence the actual results.

#### EXPENDITURE, 1951.

The draft estimates for 1951 as laid before the Council call for an expenditure of \$22,174,662 to be defrayed from revenue. These estimates however include

provision to the extent of \$101,480 for the continuation of certain Development Plan Services previously approved and in progress and to that extent therefore a charge on the revenue surplus balance is justifiable. The amount of \$22,073,182 can therefore be used for budgeting purposes subject to what follows with respect to additional items of expenditure that will have to be considered.

At the outset I should like to invite attention to some notable features of the structure of our public revenue expenditure. Analysis will reveal that expenditure on the "Social Services" is now 30% of the total (with Education standing within it at nearly 13%) while the expenditure on "Economic Development" is under 12%. The expenditure on Postal Services and on Telecommunications is not covered by income even after taking into account the value of "free services" rendered to the Government. A substantial portion of the cost of the marketing organization for local produce is charged to public funds while the extent of the loss on the operation of the Railway and Steamer Services borne by the general taxpayer is notorious. The burden of hidden subsidization of public utility services is clearly far too heavy.

The total of the draft 1951 estimates represents an increase of \$1,589,770 over the total of the original approved estimates for the current year. (It should not, however, be overlooked that the latter have had to be supplemented by well over \$1,000,000 in respect of new items and excesses). The heads which chiefly contribute to the increase are Education \$280,082; Medical \$206,756; Public Works and Sea Defences (Extraordinary) \$500,000 and Loans from Public Funds \$179,000, but there is a wide variety of minor increases representing higher costs due mainly to the rise in price levels.

The increase in the Education vote is mainly due to increased provision of \$238,225 for grants to schools in respect of Teachers' salaries while, under Medical, provision for Hospitals has risen by over \$200,000. Of this latter increase nearly \$100,000 is represented by addi-

tional provision for Nursing and Attendant Staffs, the personnel of which it is proposed to extend by 101. Of this number 31 would be allocated to the Georgetown Hospital and 55 to the new extension at the Tuberculosis Hospital. Notwithstanding the substantial increases under Education and Medical, certain items put forward by these Departments with the concurrence and on the recommendation of their respective Legislative Council Advisory Committees have been omitted from the draft estimates on the understanding that they will be reconsidered in the light of the financial position.

The principal omitted item in the case of Education is a proposed increase of some \$70,000 in school equipment grants. This Department has also recently reported that the provision in the draft estimates for the operation of the new Technical Institute which it is proposed to open next year is inadequate. As regards the votes for Medical Services, the items omitted are in respect of the proposal to equip and utilize the hospital building at Atkinson Field as an auxiliary public hospital involving capital expenditure of \$25,000 and annually recurrent charges of some \$80,000.

The increase in the vote for Public Works is due to special provision for the re-housing of certain Government Offices so as to provide additional accommodation for the Supreme Court and the Lands & Mines Department involving principally the renovation of the old Queen's College building for the use of the Medical Department and the construction of an extension to the existing building in the Law Courts compound for the accommodation of the Official Receiver and Crown Solicitor's office. The increase under Sea Defences is due to continuation of the programme of the construction of new sea defence works started this year which the Government has been assured by the Sea Defence Board is vitally necessary and inescapable.

The provision under loans from Public Funds does not, in fact, represent an increase because no provision for "food production loans" was included in the original estimates for the current year



and supplementary provision of over \$280,000 was made during the year.

The only major decrease appears under the vote for the Transport and Harbours Department to cover the net deficiency on the operation of the railway and steamer services. Here, the provision for 1951 is shown at \$932,974 being a reduction of \$124,748 on the vote for the current year. But this is due to an increase in the estimated traffic receipts to be secured by amendment of the tariff so as to provide for a general increase in freight rates, a matter to which I shall refer later on.

I should like to refer to one other important head of expenditure namely, "Colonial Emergency Measures" which has been included at a round sum of \$1,000,000 being an increase of \$5,512 over the voted provision for the current year.—this notwithstanding the prospect of a reduction of the activities of the Commodity Control Organization over and above that which has already taken place. Included under this head is the provision to meet the refunds of customs duties on essential items of imported commodities which will have cost some \$600,000 in 1950. Moreover remissions on certain additional items of imported foodstuffs which it is proposed to include in 1951 in the free of duty list will, it is expected, cost another \$130,000, and it is for this reason that this vote is being maintained at its present high figure.

Several items pressed by Departments (other than those to which I have already referred) were also reserved for further consideration, notably a proposal for a desirable expansion of the Social Welfare Service in rural areas and an increase in the subvention for the Berbice High School. The Legislative Council Advisory Committee of the Public Works Department have also recorded that in their view the provision for roads under both the extraordinary and maintenance heads is inadequate and should be increased by \$200,000 in each case.

I must here recall the undertaking given in Council to grant some increase in the rate of cost of living allowance to Government pensioners who retired prior

to the date of the application of the salary revision, together with an adjustment in the basis of pension computation of certain others who, having retired after that date, are ineligible for the allowance and have thereby suffered a loss. Fulfilment of this undertaking will call for an addition to the provision for pension charges.

The Council will also have to consider the recommendations of the Fletcher Advisory Cost of Living Committee for the payment of temporary cost of living allowances to certain categories of Government employees which, in the case of the majority report, will involve an expenditure estimated at \$700,000 and, in the case of the minority report, at \$470,000.

The draft estimates of expenditure to be met from revenue, as presented, must therefore be reviewed with these considerations in mind. If all the various claims and recommendations made to the Government for additional provision were to be admitted in full the total would rise by nearly \$1,400,000.

Finally, I would recall my earlier remarks regarding the charges which must be assumed with respect to the raising in London of the contemplated new loan. And while no actual payment for interest or sinking fund thereon is likely to fall to be met within the coming year a charge will be accruing and, as I have said, it is necessary to demonstrate our ability to meet this liability.

#### EXPENDITURE IN 1951 ON COLONIAL DEVELOPMENT AND WELFARE SCHEMES.

The total of these estimates is \$1,034,538 both on the expenditure and revenue side of the account. Provision is made only for the continuation of authorised schemes in progress and, as usual, expenditure on any new scheme put forward and approved by the Secretary of State and the Legislature will be made on Supplementary Estimates from time to time during the year.

The estimate under this category is printed as Appendix M to the volume of the Estimates. The total expenditure for 1951 on works in progress, the cost of

which is being met from funds in hand out of the 1945 loan, amounts to \$885,509. In addition, expenditure to be met as "advances pending the raising of a new loan" is included at \$1,775,000, the items being Corentyne Road Reconstruction — \$1,770,000 and completion of new Queen's College \$5,000.

#### REVENUE, 1951.

I come now to Revenue. The draft estimates of revenue for the coming year prepared as usual on the basis of existing taxation, (exclusive of re-imbursements under the Colonial Development and Welfare Act) total \$21,755,234. When the estimates had already been in print information became available of a prospective small windfall of some \$75,000 likely to be received under "Fees — Registrar" and this prospective addition can be taken into account for budgeting purposes.

I should like to disclose here the possibility of the receipt in 1951 of a substantial windfall of some \$700,000. This should accrue on the assumption by the newly constituted Board of Commissioners of Currency for the British Caribbean Territories (Eastern Group) of the liability for the existing currency note circulation of the Colony with (as provided by the governing legislation) a transfer to them by the present Currency Board of investments of the existing Note Guarantee Fund of an agreed equivalent value, thus leaving the surplus in the Fund at the disposal of this Government. But the possibility of this extraordinary capital receipt should not, of course, be taken into account as an offset against budgetary expenditure, especially as the annual income from this source will for a time be reduced. It would, however, go to make good part of the exceptional withdrawals from the revenue surplus balance.

I would also mention that there is a fairly large item of outstanding assessments under the defunct excess profits tax law which is the subject of appeal to the Courts. But I think that the appeal is likely to succeed and that the item had better be ignored.

There are no other prospective "windfalls" of revenue of which I am aware.

#### ESTIMATED RESULTS FOR 1951.

On the basis of the draft estimates as presented with expenditure to be met from current revenue standing at \$22,073,182 and revenue at \$21,755,234 there is a deficiency of \$317,948. However, if we add to estimated revenue the prospective increase of \$75,000 of which I have spoken, and also add to expenditure say \$200,000 only to take care of items omitted from the draft estimates (to some of which I have referred) such as may on consideration be found to be unavoidable and essential, the deficit would increase to \$442,948. And if we now add provision for the payment of cost of living allowances to Government employees on the basis of the recommendations in the majority report of the Fletcher Committee the deficit would rise further to \$1,142,948. If also, as we must do, we budget for a reasonable surplus having regard to the contemplated raising during the year of a \$10,000,000 loan on the London market, the additional revenue required, and which would have to be secured by the imposition of increased taxation, would be a sum of the order of \$1,500,000.

#### TAXATION PROPOSALS.

On page 15 of His Excellency's Message No. 4 of 26th September, 1950 it was announced that the abolition of the three specific taxes falling on the sugar industry referred to in recommendation No. 39 of the report of the Venn Commission would be considered in connection with the 1951 budget proposals. In the light of the financial position now disclosed the remission of these duties is considered to be impracticable. It is accordingly proposed to retain the Distillery and Acreage Taxes and to re-impose for another year the duty of \$1.00 per ton on sugar manufactured in the Colony which in the ordinary course would lapse on 31st December on the expiry of the Sugar Duty (Continuance) Ordinance 1949 (No. 31).

I have now to submit the following proposals for the consideration and

approval of the Council as the means by which the necessary additional revenue is to be secured. I shall thereafter outline certain concessions in aid of industry which are also proposed.

**Aerated and Artificial Mineral Waters Duty:** It is proposed to impose a new duty at the rate of 10 cents per dozen bottles (containing not more than 12 fluid ounces each) and 20 cents per dozen bottles (containing more than 12 fluid ounces each) on all aerated and artificial mineral waters manufactured and bottled in the Colony and of \$50 per annum on every "fountain" for the supply of such waters for immediate consumption. It is expected that the retail price of the range of bottled aerated waters in the sizes normally sold in the Colony would rise by 1 cent per bottle. The yield of the new duty is estimated at \$200,000. The enabling legislation will provide that the new duty shall be effective from tomorrow.

This duty is not novel. It is levied in Canada and has recently been introduced in the neighbouring territory of Surinam.

**Rum Duty:** It is proposed to increase with immediate effect the excise duty on rum from \$6.25 per gallon to \$7.25 per gallon. This should result in an increase in the retail price by 14 cents per bottle and 1 cent per schnapp of 1½ fluid oz. The yield of the increased duty is estimated at \$345,000. While the object of the proposal is to augment revenue a reduction in the consumption of rum, should this occur, would be equally welcome and beneficial even if there is a short-fall in the estimated yield.

**Export Duty — Bauxite:** It is proposed to increase with effect from 1st January, 1951 the export duty on non-calcined bauxite from 30 cents per ton to 45 cents per ton, and to introduce a new rate of \$1.00 per ton on calcined bauxite. It is considered that the increase in the sterling value of the ore owing to devaluation of sterling and the recent further advance in the exchange rate of the Canadian dollar now fully justify these new rates of duty. The

yield of the increased duty is estimated at \$330,000.

**Postal charges:** It is proposed to increase with effect from the date prescribed by the necessary amending Order in Council and Regulation all postal rates and charges, internal and foreign, and in respect of both surface and airmail in accordance with a schedule which will be laid on the Table on the completion of this Statement. The principal items in the schedule are the increases of the Inland letter rate from 3 cents to 4 cents, the Empire rate from 4 cents to 5 cents and the Foreign rate from 6 cents to 8 cents with consequential increases in the airmail rates. The yield of the increased rates and charges is estimated at \$77,000.

I have already referred to the loss on the operation of the Postal Services. The increases proposed are fully justifiable more especially as the majority of the Empire and local rates and charges are pre-war and, in the case of overseas foreign postal rates, we have no option in the matter because these rates are controlled by the Universal Postal Union. Similar increases have already been introduced in a number of other British territories.

**Telecommunications Rates and Charges:** It is proposed to increase with effect from 1st January, 1951 the rates and charges for telephone and other telecommunications services in accordance with a schedule which will be laid on the Table on the completion of this Statement. The principal items in the schedule are increases in the Georgetown Business Rate of telephone rental from \$80 to \$110 and in the Georgetown Residential Rate from \$40 to \$55. The yield of the increased rates and charges is estimated at \$137,000.

The existing schedule of rates is far too low and there is a substantial loss on the operation of the services. I have already indicated that the increased receipts must be earmarked towards the cost of carrying out improvements and extensions, and explained the alternative proposals now under consideration.

**Motor Vehicle Licence Duties:** On the recommendation of an *ad hoc* committee appointed to consider the matter it is proposed to abolish the existing system of licence duties on motor vehicles in relation to horse power and to substitute one of duties assessed in relation to weight. Only minor variations in the existing rates of duty on the various types of motor vehicle in use in the Colony are likely to result but it is estimated that the new method will yield an additional \$16,000 in duty. The necessary enabling legislation has already been introduced in Council.

**Queen's College and Bishops' High School:** It is proposed to institute an increase in the fees by 25% thus advancing the rates to \$75 and \$60 per annum for the upper and lower forms respectively in both schools. The estimated yield is \$10,000. In view of the vast improvement in these secondary schools secured at high cost it is considered that this increase is fully warranted.

**Income Tax:** It is proposed to increase the rates of income tax applicable to Companies and Life Insurance Companies. Companies are now charged at 40% and it is proposed that the new rate with effect from the year of assessment 1951 should be 40% on the first \$50,000 of assessable profits and 45% on the remainder. Life Insurance Companies now pay at the rate of 5% and it is proposed to increase this rate to 15%. The estimated yield is \$500,000.

Under the British system of income tax which we have adopted in this Colony, every company registered in the Colony is entitled to deduct from the amount of any dividend paid to a shareholder tax at the rate paid or payable by the company on the income out of which the dividend is paid; and any tax which a company has so deducted or is entitled to deduct from a dividend is when that dividend is included in the chargeable income of the shareholder, allowed as a "set-off" against the tax charged on that income or if no tax is charged is refunded to him. It follows therefore that only so much of the tax on a company as is applicable to profits

which are retained by the company and are not distributed in dividends falls to be borne by the company itself; also that the shareholder to whom a dividend is paid does not pay tax at the rate charged on the company but at the appropriate rate in the sliding scale of tax rates on personal incomes applicable in his particular case. I mention this fact firstly in order to emphasize that the proposed increase of 5% in the company rate of tax will fall only on the undistributed profits of a company except in the case of a company, the shares of which are substantially held by individuals abroad or which is the subsidiary of another company resident abroad when the arrangements for "set-off" in respect of dividends become inapplicable. In the second place, I wish to point to the distinction between the British system and that followed in North America where, notwithstanding the existence of a rate of corporate tax not very much lower no such "set-off" arrangements are in force and the company tax is borne in full by the company while the shareholder also bears a personal tax in full on his dividend. The burden of the taxation of company profits is consequently lighter under our system. Admittedly an increase in the company rate of tax would act as a brake on the accumulation of reserves; and the restriction of the application of the increased rate to profits in excess of \$50,000 is intended to allow the small businessman (trading as a company) to retain a larger proportion of his profits for growth. However, in order to confine the benefit to those entitled to receive it, it is proposed to allow only one company in a group of related companies to secure the lower rate.

I should also mention a further important point. The standard rate of tax in the United Kingdom is 9/- in the £ or 45%. By virtue of the new reciprocal arrangements for relief from double taxation instituted in 1947 such relief is given by way of tax credit in the United Kingdom equivalent to the tax suffered in the country in which the profits originate, so long as the amount of tax in the latter is not greater than the amount of tax at the effective rate in the United Kingdom. It follows therefore



that the proposed increase in the local rate to the equivalent of the standard rate in the United Kingdom will not impose any greater burden on companies operating here which are also liable to tax in the United Kingdom.

As regards life insurance companies the reason for the discrimination in the rate of tax in their favour is that these are regarded as organizations for the promotion of thrift, their profits being derived from interest on investments and not from engaging in trade. It is also argued that their surplus profits are largely applied as bonuses to policyholders who are, of course, encouraged to adopt this form of saving by the allowance of insurance premiums as deductions from assessable income. Nevertheless, it is considered that the present rate of 5% is in present circumstances far too low, and that it can appropriately be raised to 15% as proposed.

Finally, I should mention that certain of the new and increased duties and charges now proposed would have the general effect of reducing taxable profits earned in 1951 and consequently the yield of income tax in 1952.

**Tariff of charges: Railway and Steamer Services:** Reference has already been made to the revision of the Tariff of these services which it is proposed should come into force early in the new year; and I merely mention it again here because, although in no sense an element of taxation, the increases represent the imposition of additional charges against the user which ultimately accrue to the benefit of the Colony's revenue and so serve to reduce the extent of the additional taxation that would otherwise fall to be borne by the general taxpayer.

I pass on now to outline certain important taxation concessions which it is proposed should be provided for by special legislation.

Council has already been informed by His Excellency's Message No. 6 of 19th October of the intention to introduce legislation to provide for the waiver of customs duty and bill of entry tax on certain specified items over a stated period

of years in respect of any specific approved development project as an incentive for the establishment of new enterprises and for the expansion of existing industries. In accordance with an earlier announcement by His Excellency in January last, draft legislation has also been prepared to exempt from customs duty (in lieu of the partial remission now conceded) gasoline used in industries presently engaged in the Interior namely, balata and rubber production, gold and diamond mining and woodcutting; this exemption will also apply to food production. The loss of revenue in a full year in respect of duty-free gasoline is estimated at about \$45,000.

Furthermore, it is proposed to invite the Council to enact special legislation to encourage the establishment or development of industries in the Colony by providing special relief from income tax to persons establishing such industries and to provide for relief from income tax in aid of certain industries and in the provision of workmen's homes. Other colonies in the Caribbean area have already done so with the object of attracting new industries, and there appears to be a good deal of competition in the extent and scope of the concessions so offered. I will not attempt to summarize this legislation which is extremely complicated, but the main features of which are generally well known. I need only say that it will provide for what is known as a "tax holiday period" and for generous allowances in respect of the writing off of capital expenditure on machinery, plant and industrial buildings.

We may hope that all these concessions in aid of industry will lead to a greater investment of private capital and to that larger measure of industrialization which is so necessary for the improvement of our economy.

A separate Bill to amend the law relating to income tax in order to provide for the better administration of the tax, to remedy certain defects in some of its existing provisions and to allow certain minor concessions will also be presented.

A minor amendment of the Customs Duties Ordinance will also be proposed to reduce the duty on imported aluminium

sheets in view of the difficulty in obtaining adequate supplies of galvanized iron sheets for building purposes.

Unfortunately it has not been possible to propose any further remissions of taxation. But I would again refer to the procedure, which it is intended to continue and extend, by which the customs duties on certain essential imported commodities are refunded in full where a reduction can thereby be effected in the controlled prices at which they are sold to the consumer. The commodities so dealt with are flour, salted fish, pickled beef, condensed milk and cocoa powder. The duties on coffee and pure lard have also been abated in certain instances. As I have already indicated, provision is made in the draft estimates of expenditure to allow of additions to this list during 1951, and it is expected that it will be found possible to include pickled pork, canned fish, pickled mackerel, cooking butter, margarine and cheese with consequential reductions by 2 cents, 1 cent, 1 cent, 4 cents, 2 cents and 4 cents per pound respectively in the current retail selling prices of these items. Though relatively small, these reductions would no doubt be welcomed to the housewife; they should at least serve to offset to some extent the increase of one penny in the price of a "rum and coke".

Collectively, the net yield of the taxation proposals which I have outlined add up to \$1,570,000. If however a sum of say \$120,000 out of the increased receipts from telecommunications charges is earmarked towards improvement and reconstruction we arrive at a prospective increase in revenue of \$1,450,000. And I invite the Council to accept this as the basis on which the budget for 1951 should be framed.

At the conclusion of this Statement I propose to move the suspension of the relevant Standing Rules and Orders. I shall thereupon ask leave to introduce and take through all its stages today a Bill intituled—An Ordinance to continue in operation for a further period of one year. The Sugar Duty Ordinance, 1942.

I shall further ask leave to introduce

and have read for a first time the following four Bills intituled respectively:—

An Ordinance further to amend the Tax Ordinance, 1932.

An Ordinance to impose a duty on all aerated and artificial mineral waters manufactured and bottled in the Colony.

An Ordinance further to amend the Customs Duties Ordinance, 1935.

An Ordinance further to amend the Income Tax Ordinance, Chapter 38.

The first of the four Bills is intended to give effect to the proposed increase in the excise duty on rum. On the introduction of this Bill an Order in Council will be promulgated under the Provisional Collection of Taxes Ordinance, Chapter 41 bringing into force immediately the excise duty provided for in the Bill.

The object of the second Bill is to make provision for the imposition of the proposed new duty on aerated waters manufactured and bottled in the Colony with effect from tomorrow as provided in the "commencement" clause of the Bill.

The object of the third Bill is to provide for the proposed increase in the export duty on bauxite with effect from 1st January, 1951.

The object of the fourth Bill is to provide for the proposed increase in the rate of income tax on companies and life insurance companies with effect from the year of assessment 1951.

I also now announce that at the next or subsequent meeting of the Council notice will be given of the introduction of the following Bills relevant to the various proposed concessions in taxation which I have outlined:—

The Customs Duties (Amendment) Bill.

The Industries Aid and Encouragement Bill

The Customs (Amendment) Bill.

The Income Tax (In Aid of Industry) Bill.

The Income Tax (Amendment) Bill.

The amending Regulations and Order in Council relevant to the proposed increases in postal and telecommunications rates and charges will be laid before the Council in due course as by law provided

#### CONCLUSION.

As usual, where the estimates of expenditure cannot be approved by the Council before the beginning of the new year, His Excellency the Governor will by warrant authorize the incurrence of expenditure on all essential public services and on works in progress pending the passing of the estimates and the enactment of the Appropriation Law for 1951.

In conclusion, I express the hope that this Statement will serve to acquaint Honourable Members fully with the facts of the situation and that it will assist them in their consideration of the estimates and budget as now presented to the Council.

I trust that I shall also have succeeded in impressing on the Council the imperative need for the imposition of additional taxation however disagreeable this may be — and by the measures proposed which are believed to be the least harmful to the economy. Quite apart from any other considerations that justify taking such a course Honourable Members will doubtless agree that it is of the utmost importance at this particular moment of our constitutional history that the financial integrity and stability of the Government of the Colony should be assured for the immediate future."

Mr. SMELLIE: Sir, in view of the very important and comprehensive nature of the Budget Statement which the hon. the Financial Secretary has read I would express the hope that you fix a day for the debate on it in order to give Members of the Council adequate time to study the proposals.

The PRESIDENT: I most certainly

think that that should be done. It is, as the hon. Member has said, a most comprehensive Statement, and I feel sure that every Member of the Council would like to have some time to consider what the Financial Secretary has said before we begin the debate on the motion. I therefore propose that the debate on the motion should be postponed until Thursday, 4th January. I think that will be generally acceptable to Members of the Council.

#### SUSPENSION OF STANDING RULES.

The FINANCIAL SECRETARY & TREASURER: I ask leave to lay on the table the five Bills to which I have referred in my Budget Statement, and also the Schedule of increased rates and charges in connection with the Postal Service and the Telecommunications system.

I also beg to move that the relevant Standing Rule and Order be suspended in order to enable me to take the first of the five Bills — the Bill to continue in operation the Sugar Duty Ordinance — through all its stages today, and also to enable me to introduce and have read the first time the other four Bills of which I have spoken in my Budget Statement.

Mr. DEBIDIN: Sir, before you put the motion to the vote I think it is an appropriate moment for me to make certain remarks. This is one of several Bills which are being put forward, and while it is true that we will be discussing the Budget Statement on the 4th of January it seems to me that certain of the measures proposed for increasing taxation for 1951 will be already in operation, and I personally have very serious objection particularly to the proposal to increase the inland postal charges. It is true that this Council has no power, except to go into the machinery, to object to Regulations which are laid over within 14 days, but it seems to me to be wrong to proceed with measures which are proposed before Members of this Council have had an opportunity to discuss the Budget. I think the Budget should be brought forward very early so that appropriate steps could be taken before mischief is done with regard to the pro-

posals for increasing taxation. I have no objection to the suspension of the Standing Rules.

Motion put, and agreed to.

Standing Rule suspended.

SUGAR DUTY (CONTINUANCE) BILL,  
1950.

The FINANCIAL SECRETARY & TREASURER: I beg to move the first reading of a Bill intituled:

“An Ordinance to continue in operation for a further period of one year the Sugar Duty Ordinance, 1942.”

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bill read a first time.

The FINANCIAL SECRETARY & TREASURER: It is unfortunate that we are unable to give effect to one of the recommendations of the Venn Commission Report which was, that this particular duty be abrogated. I have to add this to what I have already said in the Budget Statement: This sugar duty was associated, as some hon. Members will recall, with Subsidization. That is to say, when we introduced Subsidization in 1942 we imposed a Duty on manufactured sugar, although in another form with precisely the same effect. One of the reasons for its introduction was to assist in meeting the cost of Subsidization. This particular duty has been revived annually by legislation in this way, as indicative of the fact that it is not part of our established fiscal structure. And I come back to the point that Subsidization, although not existing, does continue in another form. I spoke of the remission of Customs Duties to the extent of a cost of \$600,000 this year. Probably this would be \$700,000 or \$800,000 next year. So we are in fact still maintaining a measure of Subsidization in another form and, I feel sure, this duty associated as it was with this form of financial relief to the community as a whole should be reimposed and should continue for the time being. As I said, Sir, I am very sorry we are unable to give effect to one of the recommendations

of the Venn Commission Report, but we cannot avoid putting this back. I beg to move that the Bill be now read a second time

The COLONIAL SECRETARY seconded.

Mr. MORRISH: I did not hear the hon. the Financial Secretary quite clearly. I would like him to correct me if I am wrong in thinking he said that this particular tax was a form of Subsidization.

The FINANCIAL SECRETARY & TREASURER: No, Sir; I do not wish to be drawn into that issue. I said it was associated with Subsidization at a cost to public revenue. I feel sure that the hon. Member is trying to put forward the view that this is a measure of subsidization of the community by the sugar industry. So it is; the sugar industry shares in that subsidization. Although I say so it is, I do not want any argument as to whether or not the local price of sugar is or is not too low, suffice to say this duty is associated with Subsidization, and a measure of Subsidization is still in being at a substantial cost.

Mr MORRISH: Thank you!

Dr. JAGAN: While I appreciate the reasons given for the continuance of this Ordinance, I would like to ascertain from the hon. the Financial Secretary what is the extent of the amount which is received at the present time by this Ordinance, because, Sir, I have in mind that we should value the Venn Commission's proposal in giving to the Sugar Producers this tax concession. But on the other hand, we should not be burdened by paying to the people on the sugar estates Old Age Pension, Poor Relief, etc. The sugar industry should see its way to implement the recommendation of the Venn Commission with reference to the Insurance Scheme. If that is done, I feel it would be of benefit to the people as a whole, because we would be getting a certain amount of money by this Ordinance, and on the other hand we would be paying back that money in either Poor Relief or Old Age Pension. I much prefer to give the tax concession now and



assume the burden of Social Welfare, Poor Relief and Old Age Pension as suggested by the Venn Commission Report. I would like to know what is the amount of money received by this Tax Ordinance.

Mr. DEBIDIN: I am in hearty agreement with the last speaker. We had interrupted our debate on the Venn Commission Report and at the very point of the recommendation for a contributory pension scheme in favour of the labourers on the sugar plantations. It seems to me it is not right that we should engage in those measures which would give relief only to Civil Servants in the way of improving their pensions, cost of living allowances on their pensions and also to look after the interests of other subsidiary or semi-Government Departments. We are now considering a very important class of people who are working under more or less far from ideal conditions. The Venn Commission Report must be regarded as a whole, and to delete or remove any one recommendation from operation will dislocate entirely the usefulness of that Report and will render, to my mind, the work of the Commission and its excellent report very nugatory. But the point which has been made by the hon. Member for Central Demerara (Dr. Jagan) is important, and that is this: If we reduce or take away the source from which the Sugar Producers' Association can properly carry out that contributory pension scheme, I feel, they would have every justification in urging more than they have already urged that because the recommendation asking for a special subsidy of 20/- per ton is not granted they cannot therefore implement the recommendation for a contributory pension scheme. I think it is giving them that additional reason and a stronger case for rejecting the foundation of this particular recommendation for a contributory pension scheme.

I am certainly going to ask Government to consider that, and it is regrettable Government finds itself in the position of having indirectly to deprive the sugar plantation workers of that scheme by continuing to impose this tax on the sugar industry for the general revenue of the Colony. That is some-

thing to be regretted at this particular time. I believe the majority of Members of this Council had in mind that this contributory pension scheme must go through, regardless of the fact that Great Britain is not giving that 20/- per ton more, and we feel that by the removal of this tax the Sugar Producers' Association will have no excuse. But it is being imposed again, and when the time comes to do so I shall urge that the pension scheme be accepted and the recommendation of the Venn Commission be implemented. Where the Sugar Producers will get the money is their business, but it seems that Government will have to help them to see where they will find the money.

The FINANCIAL SECRETARY & TREASURER: I am afraid I cannot follow the logic of the argument by the hon. Member for Central Demerara (Dr. Jagan) and the hon. Member for Eastern Demerara (Mr. Debidin). They seem to advance as a reason for not pursuing this particular measure that it will discourage the sugar industry from adopting a scheme for pension benefits to the sugar workers. I understand the Sugar Producers' Association have said that they are financially unable to adopt such a scheme without at least the assistance of the special subsidy of £1 per ton from His Majesty's Government, which the Venn Commission had recommended. Now, as I understand it, hon. Members are suggesting that if the local Government surrenders this tax of 4s. 2d. per ton on the industry, which it badly needs, it would stimulate the Sugar Producers into adopting this procedure which they have already said they are unable to do without financial assistance of the degree and extent which was recommended in the Venn Commission Report.

I do not see for one moment how the remission of this tax would attain the objective which hon. Members are so anxious to pursue. I do not think it lies with the Government to promote the pension scheme compulsorily. I cannot see any means by which that can be done at the moment. It is a matter very much between the sugar industry and the representatives of the Trade Unions. I do not think it is necessary for it to be

connected with this Ordinance. Finally I would remind hon. Members that Government has agreed to it and would like to see the Scheme for the sugar workers. That is as far as we can go. This is far removed from the Bill itself, which is merely a Bill to continue in operation a duty which, if this law is not passed before the end of the current year, would expire automatically.

The PRESIDENT:: I think the hon. Member for Central Demerara (Dr. Jagan) asked what is the yield of the tax. I think it depends on the amount of sugar exported or manufactured.

Question put, and agreed to.

Bill read a second time.

The Council resolved itself into Committee and considered the Bill clause by clause without amendment.

The Council resumed.

The FINANCIAL SECRETARY & TREASURER: I move that this Bill be now read a third time and passed.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bill read a third time and passed.

#### BILLS — FIRST READING.

On motions by the FINANCIAL SECRETARY & TREASURER seconded by the COLONIAL SECRETARY the following Bills were read the first time:—

A Bill intituled "An Ordinance further to amend the Tax Ordinance, 1939."

A Bill intituled "An Ordinance to impose a tax on aerated and artificial mineral waters manufactured and bottled in the Colony."

A Bill intituled "An Ordinance further to amend the Customs Duties Ordinance, 1935".

A Bill intituled "An Ordinance further to amend the Income Tax Ordinance, by increasing in certain respects the rate of tax on companies and for purposes connected therewith."

#### TAX (AMENDMENT) BILL, 1950.

The ATTORNEY-GENERAL: I beg to move the first reading of a Bill intituled —

"An Ordinance further to amend the Tax Ordinance, 1939" be read a first time.

Dr. NICHOLSON seconded.

Question put, and agreed to.

Bill read a first time.

#### MOTOR VEHICLES & ROAD TRAFFIC (AMENDMENT No. 2) BILL.

The ATTORNEY-GENERAL: I beg to move the second reading of a Bill intituled —

"An Ordinance further to amend the Motor Vehicle and Road Traffic Ordinance, 1940."

This Bill seeks to give effect to the recommendations of a Committee appointed by His Excellency the Governor on the 1st June, 1950, to investigate, report and make recommendations on proposals for the alteration of licence fees in respect of various types of motor vehicles and for licensing motor cars by weight instead of by horse power. Hon. Members have had copies of this Committee's Report and I am sure they have studied the report which was laid in this Council some time ago — I think about two weeks now. The members of that Committee were the hon. the Fifth Nominated Member (Mr. Smellie) as Chairman, the hon. Member for Berbice River (Mr. Ferreira), the hon. Member for Eastern Berbice (Dr. Gonsalves), the Commissioner of Police (Col. Orrett), the Deputy Financial Secretary & Treasurer (Mr. W. O. Fraser), the Chief Revenue Officer (Mr. F. W. V. Green) and two representatives of the Georgetown Chamber of Commerce (Messrs. E. S. Evelyn and R. H. Renton). As will be seen from the Report the Committee in paragraph 2 agreed —

"That the present system of licensing vehicles by horse power, which was based on previous United Kingdom legislation, was cumbersome and that alteration would simplify the administration of motor vehicle taxation and on the whole would be more equitable. The United Kingdom Finance Act, 1947, has altered in the United Kingdom their former horse power rating and the amendment, which came into force on the first of January, 1948, has fixed a flat rate of \$48 for all motor cars regis-

tered after that date. The Committee was of the opinion that instead of following this method a preferable one would be to adopt for all motor cars and motor bicycles a system whereby weight would be the basis, and for goods vehicles payload capacity. During the course of their deliberations certain other matters in relation to the taxation of motor vehicles engaged the attention of the Committee and are dealt with under paragraphs 6, 7 and 8.....”.

As will be seen from an examination of the Bill, clause 2 and the Schedule to the Bill seek to fix the licence fees of motor cars according to weight instead of according to horse power, which was based on previous United Kingdom legislation. The United Kingdom Finance Act, 1947, (10 & 11 Geo. 6. Ch. 35) has fixed a flat rate of £10 for all vehicles registered after that date, but it is considered that a system of fixing licence fees according to weight in respect of motor cars and motor cycles, and according to payload capacity in respect of goods vehicles, is more equitable. This Bill seeks to reduce the licence for the 14 passenger buses operating from Georgetown to Rosignol or from Vreed-en-Hoop to Parika from \$250 to \$200, and that of the larger buses from \$500 to \$400. Certain special types of vehicles are included in the Schedule.

It will also be observed that a special fee is sought to be charged in respect of station waggons operating for hire in the Colony; they are paying an average licence of \$32.50 per annum. These vehicles operate along bus routes and, unlike buses, are not confined to a time schedule. As the licence fee in respect of a bus operating between Georgetown and Rosignol or Vreed-en-Hoop and Parika is between \$200 and \$400 per annum it is considered that the proposed fee for station waggons operating for hire is not excessive. Hon. Members are aware that the buses have to operate according to a time schedule and to observe rates. In 1948 consideration was given to this question of permitting vehicles known as station waggons or utility waggons to operate in Georgetown and outside. At that time there were very few of these vehicles, but the numbers have increased until there are now about 80 operating for hire in the Colony.

Clause 3 seeks to enable the Magistrate before whom a person is convicted of using an unlicensed vehicle to pay such sum as is required for a licence in respect of that portion of the year in regard to which there is no licence in force relating to such vehicle.

Clause 4 seeks to make provision for the owner of a hire car to hire his car to a person in possession of a driver's licence, to be used and driven by the hirer for his private purposes. In other words, as the Committee suggests, there may be a visitor to the Colony who wishes to drive a car. He can be permitted to drive a hire car and to pay the prescribed fee for such time as is fixed in the schedule — \$1 for every seven days.

Clause 5 seeks to create certain offences. I think that hon. Members will recollect, as the hon. the Financial Secretary has stated in the course of his Budget Speech just a short time ago, that this new method of assessing licence duties on motor vehicles will yield an additional \$16,000 in duty. Therefore from every point of view I think that this legislation relating to the change-over, which has been recommended by a Committee that has carefully examined the matter and has thought fit that this change is a more equitable method, should commend itself to hon. Members. The question, as I have said, in regard to station waggons is one that must be dealt with. It will be appreciated that they have had benefits without having obligations. Those who travel on the East Coast road know very well that these station waggons are constantly up and down that road, they can make many more trips than the buses, which have to run to schedule, and have to pay very high licence fees apart from the very high first cost and running cost. Accordingly the changes in the rates of licence fees which have been recommended and proposed in this Bill, I am sure, commend themselves to hon. Members. I beg to move that this Bill be now read a second time.

Dr. NICHOLSON seconded.

Mr. ROTH: I would like to congratulate the Committee for recommending

and Government for accepting the principle of taxing cars by weight instead of by horse power, especially in a country like this where our roads are not of the best. But, Sir, with all deference to members of the Committee I cannot agree with certain parts of the schedule, because it cannot be denied that this is a case of making the small man pay and the big man get off. Compare the schedule with the existing rates, and you will see the little man with his 8 horse power car will have to pay in tax \$7.00 a year more and the wealthy man with his big Buick car \$20.00 less. I wonder if Members would agree to that principle.

The ATTORNEY-GENERAL: The answer to that is, he pays indirect taxation in view of the greater gasoline consumption.

Dr. SINGH: I would like one point to be clarified. About twelve owners of these station waggons approached me yesterday. They said under the present licence fee they can go from one point to another all over the Colony. If they are going to pay this \$150 licence fee, what is their position? I think, as far as I understand from the Bill, those who will pay this \$150 licence fee will have the privilege of going from one point to any other point. I would like to have your version of that.

The ATTORNEY-GENERAL: So far as that is concerned, if he wants to travel to other places he would have to pay the higher licence fee, that is \$150. Under the provisions of Ordinance No. 28 of 1948, this aspect of the question is considered. Section 3 of that Ordinance—65A—reads:

- “(1) Notwithstanding any of the provisions of this Ordinance to the contrary, the Prescribed Authority may issue a special licence with respect to any hire car permitting such hire car to—
- (a) ply for hire at separate fares stage by stage, and to stop to pick up or set down passengers along the line of route; or
  - (b) to operate a feeder service.
- (2) In this section “to operate a feeder service” means to convey passengers for reward from any steamer, railway or aircraft

terminus to their respective destinations at separate fares.”

Hon. Members will see that so far as the law is concerned provision is made for the Prescribed Authority to allow a hire car to pick up passengers stage by stage for separate fares. If the owner of a station waggon wants to operate up to Rosignol and he lives on the West Bank, Demerara, he will pay \$150 because he is going in amongst those who are in Georgetown or on the East Coast Demerara and are operating in that area.

Mr. LUCKHOO: There are two features of this Bill I would like to make particular reference to. One was mentioned by the hon. Nominated Member (Mr. Roth). There are some 3,000 cars in the Colony presently, and of that number 5 per cent. are cars between 8 and 10 horse power. These cars formerly paid a licence fee as private cars of \$20 for the 8 horse power and \$26 for the 10 horse power cars. Now they will have to pay an increase of \$7 in the former case and \$11 in the latter case. These cars, some 1,500 of them, will be affected. They are owned by people who, perhaps, cannot afford the luxury of a larger vehicle or the larger type of car. They are the ones who will be feeling, despite the explanation given by the hon. the Attorney-General, the effect of this increase, as compared with the case of the Chevrolet, the popular type of large car of 30 horse power, presently. That is the 30 h.p.

At present the owner of a private car pays a licence of \$75, and for a hire car \$97.50. Under the proposed new scale the licence for a private car will be \$55, a reduction of \$20, and for a hire car \$65. Clearly that presents a curious state whereby the owners of smaller cars will be made to pay an increased licence while those who can afford the privilege of larger and more luxurious cars will be granted a remission. It should also be borne in mind that the larger cars do more damage to the roadway than perhaps the smaller cars. It is a small point but it should be considered in conjunction with the other point made in the minority report, that the relative mileage was the determining factor, because the small car might do many more miles and perhaps use as



much gasoline. I wish to voice my strong disapproval of this increase which will be felt by the smaller man who, perhaps, can barely afford the running cost of the small and popular type of runabout vehicle of 8, 9 or 10 h.p.

With regard to the other portion of the Bill I would like to make reference to the point raised by the hon. Nominated Member who referred to certain prohibitions being placed on the owners of station-waggon. On the licence granted to the owner of a station-waggon the Commissioner of Police, by virtue of his powers as Licensing Officer, issues certain restrictions as to the use of that vehicle. Those restrictions may be all right for the present year when the owner of a station-waggon pays a licence of \$32.50 as an ordinary car, but it is now proposed that he should pay a licence of \$150, and except something is done he will be faced with the same restrictions that exist at present. Put very briefly, the restrictions are that a station-waggon is not permitted to stop and take up passengers along any route which is traversed by licensed buses. I feel that the Licensing Authority may be able to waive this particular inhibition in view of the fact that the licence for station-waggon will be increased from \$32.50 to \$150. I do not think the complaint can be made that the buses plying on the East Coast are not obtaining their full complement of passengers. Those who travel along the East Coast can testify to the fact that the buses do a good trade, and that there is enough traffic for both buses and station-waggon. I feel that it is a point which might well be considered by the Licensing Authority. It does not concern the Bill but it arises out of it. Some concession might be granted to the owners of station-waggon.

Mr. DEBIDIN: With regard to the point made that the smaller cars will bear an additional burden, I cannot agree with the argument which has been put forward. One point has been well made and that is that there is a considerable saving in running expenses by owners of the smaller cars which will offset the additional licence fee. I disagree with the point made by the hon. Nominated Member (Mr. Luckhoo) that only the poor

man owns a small car. I believe that if a census were taken it would be found that more persons of the wealthier class, who can well afford it, own small cars. Just a few people who do heavy travelling own the larger cars, and as a matter of fact most of the larger cars are not available because of the restriction on the importation of heavy cars from the U.S.A. and Great Britain. So that if Government is seeking additional revenue to meet an additional sum of \$200,000 required for the improvement of roads, I feel that the imposition of increased licences in this way is very legitimate and reasonable. The owners of smaller cars cannot complain, because they are all high-speed cars which tend to destroy the roads as much as the larger cars do. The smaller cars have been so improved that their length and size are almost the same as the larger cars. All in all I think the owners of small cars have nothing whatever to complain about. I think it is quite wrong that because a person owns a car of a certain horse power he should be made to pay a higher licence, because the work done by his car is almost the same as that of a small car. It has more weight, which perhaps causes a little more destruction of the road, but one has to remember that the heavier car will still have to pay a higher licence. I do not see why Members should want to alter the recommendation of the Committee.

With regard to the station-waggon I wish to say at the outset that I believe I was the strongest advocate on their behalf in 1948 when Ordinance No. 28 was being passed. Today I have definitely changed my view about them, because of a sad incident which this Council cannot overlook. With a view to providing the outlying districts with a proper transportation service a franchise was awarded to bus companies to operate in certain districts, and it has to be decided whether the companies operating the West Bank and West Coast bus services should forfeit the heavy sureties which they entered into. I am very sympathetic with the owners of the station-waggon but in view of the manner in which they operate they have entered into unfair competition with the bus services which have to run to schedule and are likely to go out of

business. I say without fear of contradiction that the station-waggons are veritable road hogs, and I feel that the time has come when they should be taken off the roads. Under Ordinance 28 of 1948 the Competent Authority has adequate power to restrict their operation. They break the law every day, and if they desire to continue operation they should do so at the higher licence.

I will move in Committee that the licence duty for buses operating in Georgetown should be double what is being charged. In view of the width of the vehicles they are a source of danger on those streets where cyclists and cars travel in both directions. In those streets no car can pass a bus for four or five blocks. I feel that the licence duty for those buses should be \$10 more than the duty of \$65 proposed for hire cars.

It is necessary that we should give every possible encouragement to minor industries. In the Mahaica creek there are about 20 men engaged in fishing, and in order to get their fish to Georgetown at the earliest possible opportunity they have resorted to the use of hire cars. The cars were held up by the police who said that the fish was not personal luggage and could not be conveyed in passenger vehicles. The police were technically correct. I made application to the Commissioner of Police to grant some facility to those people to transport their fish to the City quickly, because if they used the railway it would necessitate a good deal of handling and loss of time, but my application was not granted. Those are the things which clog the progress of the Colony. I hope something will be done in the matter next year.

Dr. JAGAN: I would like to support these hon. Members who have suggested that it is unfair to increase the licence duty on low horse power cars and to reduce the licence on the higher powered cars. The roads of this country being what they are, I think it can safely be said that the larger cars break up the roads while the roads break up the smaller cars. In the circumstances, and having regard to the fact that we are attempting to increase revenue, I think the figures in the

Schedule under item 3 should remain as they are in respect of paragraphs (a) and (b) while (c) should be increased to what it is at present. I think the hon. the Seventh Nominated Member (Mr. Luckhoo) pointed out that the licence for the small private car has been increased by \$7 and \$11 in respect of items (a) and (b) respectively, whereas that of the larger car (item (c)) has been reduced from \$75 to \$55. I do not see any necessity for any reduction at the present time.

With reference to the station-waggons I think this Council will have to examine the matter very carefully. In the same way as Government is examining the question of road versus rail so it will have to examine the question of station-waggons versus buses. I am not fully convinced that it is either economic or convenient to operate buses in this Colony in view of the high price of gasoline, the very large buses which have to be used, and consequently the high consumption of gasoline. On the other hand it may be found in the long run that it is more economic to use the small station-waggons. They are easier to manoeuvre, can be run at more frequent intervals, and possibly at cheaper fares to the public. I do not see why we should stick to the buses which are large and cost more in the long run. It is proposed that station-waggons which operate between Georgetown and Rosignol and Vreed-en-Hoop and Parika should pay a licence of \$150, while 14-passenger buses which ply on the same routes will have to pay a licence of \$200, a difference of only \$50. For station-waggons operating elsewhere in the Colony the licence will be \$100, the same as the buses. If the station-waggons are to be penalized in this way it seems to me that they should be allowed the same privilege as the buses as regards taking up passengers on the route.

As regards the point mentioned by the hon. Member for Eastern Demerara (Mr. Debidin) about the buses plying in Georgetown, we find that they are to pay a licence fee of \$75 as against \$100 by those plying elsewhere in the Colony. I really do not understand the discrimination in this case. It may be assumed that

in the case of buses operating between Georgetown and Rosignol and between Vreed-en-Hoop and Parika they are competing against the railways, but I cannot understand why there should be discrimination between those plying in Georgetown and those (a) operating elsewhere in the Colony. I therefore suggest that item 19 (a) should be made the same as item (c), that is \$100, and in the case of buses seating more than 14 passengers those plying in Georgetown should be increased from \$120 to \$200, the same figure as proposed for similar buses operating elsewhere in the Colony. I am glad to see that no licence fee will be charged in respect of any invalid carriage.

Mr SMELLIE: No doubt when the Council goes into Committee to consider the Bill suggestions with regard to alteration of individual items will be dealt with. A great deal has been said about hardship on the poor man who owns a smaller car, and that the man who is able to afford a larger car has got off lightly, but I think hon. Members should take a realistic view of the matter. A small car is just as much a luxury for the poor man or the poorer man as the larger car is for the man who can afford a large car. In this Colony the larger cars, almost without exception, are used in the country districts by the owners for purposes of work, not for pleasure. They cannot be regarded as a luxury. In addition to their contribution to the colonial revenue by means of taxation on gasoline, there is of course the question of spare parts to be considered. More spare parts are required by the larger cars and in that way they also contribute more to the revenue. In addition there is the question of tyres. The larger cars take a large type of tyres which are more expensive and pay higher duty. I do not think there is much in the argument that the new proposal is unfair to the small man with the small car. The Committee went very carefully into all these matters and certainly wished to do no injustice to anybody.

With regard to the station-waggons I think the hon. Member for Eastern Demerara (Mr. Debidin) has spoken on

that subject more effectively than I can. I quite agree with what he said. It should be borne in mind that these station-waggons are pirates, and that we are trying to get good bus services in various parts of the Colony which are granted a franchise. They have to comply with certain rules and regulations which are not applicable to station-waggons, which simply take away the legitimate trade of the buses and, more often than not, cause them to go out of business.

With regard to the licence fee of \$75 for buses plying in Georgetown I would like to point out that it is the figure provided in the existing Schedule, and we could not see any reason to change it. The roads in Georgetown are, of course, much better than those in the country districts, and that is perhaps the reason why those buses are not charged as much as \$100.

Question put and agreed to.

Bill read a second time.

The PRESIDENT: I had wished that we should adjourn for Christmas this afternoon, and if consideration of this Bill can be completed we could do so. but I do not want to rush it if hon. Members would prefer to meet tomorrow. It is imperative that we pass this Bill either today or tomorrow, because licences are due on the 1st of January, and we must come to a decision before that. If hon. Members would agree to go on with the Bill this afternoon and finish it it would not be necessary for the Council to meet tomorrow. I do not want to rush it and I leave the matter in the hands of hon. Members. I think there are only one or two items in the Schedule which have been challenged, and perhaps hon. Members might give their views on the particular items.

#### COUNCIL IN COMMITTEE.

The Council resolved itself into Committee to consider the Bill clause by clause.

Clause 2. — *Schedule A — Item 3(c).*

Dr. JAGAN: I would like to find out from members of the Committee whether



a car such as a Chevrolet exceeds 3,000 lbs, and whether it comes under (b) or (c). I suggest that private cars exceeding 3,000 lbs should pay a licence of \$65 instead of \$55 as proposed. The present licence is \$75.

Mr. DEBIDIN: I assume that this measure is designed not only for the imposition of licence duties but also to equate the duties payable. In other words the duties proposed should bear no relation to the existing duties but should be fixed on the basis of so much per pound.

Dr. JAGAN: The result of basing the duty on weight is that the larger cars will be paying less.

Mr. DEBIDIN: I have an old Plymouth which is rated at 30 h.p. There is a difference in horse power even among the heavy cars. There are certain small cars of 20 h.p. The majority of the small cars are in the hire service on the East Coast, and the owner of a 19 h.p. Vauxhall would have to pay more than the other fellow with a 10 h.p. Austin.

The CHAIRMAN: The question is whether we adopt the system of weight. If we agree to adopt the principle of weight then these rates are equitable. That is the view taken by the Committee and these rates were fixed on that principle.

Dr. JAGAN: Having agreed to adopt the system of weight the Committee should have taken the largest cars first and determined how much licence they were paying and then decide how much the other cars should pay. It has been said that there is more wear and tear in the case of the larger cars, but it must be appreciated that the owners of the larger cars have a certain psychological prestige.

The CHAIRMAN: Are they to pay for that?

Dr. JAGAN: Yes, sir. I move that the licence duty on private cars exceeding 3,000 lbs should be \$65 instead of \$55 as proposed.

The Committee divided on the item as printed and voted:

For—Messrs. Morrish, Smellie, Peters, Debidin, Lee, Dr. Singh, the Financial Secretary and Treasurer, the Attorney-General and the Colonial Secretary—9.

Against—Messrs. Luckhoo, Carter, Kendall, Coghlan, Farnum and Dr. Jagan 6.

Did not vote — Messrs. Phang and Thompson — 2.

Item carried.

Item 4 (i) —

The ATTORNEY-GENERAL: I would suggest a slight drafting change with regard to this item in order to make it clear, because at the present time there is no definition of station-waggon. I therefore move that the item be amended to read as follows:

“(i) where, in the opinion of the Licensing Authority the hire car is similar in construction and design to the vehicle known as the “station waggon” plying for hire —

- (a) between Georgetown and Rosignol or between Vreed-en-Hoop and Parika \$150.00
- (b) elsewhere in the Colony \$100.00.”

Mr. FARNUM: I move that the licence for a station-waggon plying for hire between Georgetown and Rosignol or between Vreed-en-Hoop and Parika should be \$100 instead of \$150 as proposed, and \$75 instead of \$100 plying elsewhere in the Colony. It is quite true that the station-waggon compete with the buses, but there is no doubt that they serve a very useful purpose, especially on the East Coast road. Very often one loses the train and cannot get a bus to catch the Berbice ferry. Because of the convenience of these station-waggon quite a number of people are taking up residence in the country districts as they are able to get to their work in Georgetown.

Mr. DEBIDIN: With all respect to the last speaker I would like to give him the result of my experience. It is the lowest income group who travel in these station-waggon and because those vehicles are not controlled by any regulations they are charged enormous fares.



People are charged as much as 72 cents to Golden Grove. The owners of these station-waggons take full advantage of the fact that they can travel at fast rates. The seats in the station-waggons are too low and they do not provide the same comfort as an ordinary 5-seater car. It should not be urged that they are serving a good purpose in relieving the housing shortage in Georgetown.

Mr. LEE: I am asking Members to consider whether we should permit the station-waggons to break up the organized bus services as they have done on the East Coast. I think there are about 84 station-waggons in the Colony.

Mr. CARTER: I think Members are forgetting that not very long ago we had no proper bus service in any part of the Colony. There were ramshackle buses in Georgetown and the country districts which the owners had to get rid of and many of them combined to form a company. The result was that we got some decent buses. Everything was going well until the station-waggons were introduced. Like the hon. Member for Eastern Demerara (Mr. Debidin) I thought the station-waggons would be of service. The police very rightly introduced certain reservations in their licences in order to protect the bus services, but it was found that the owners of the station-waggons did not respect the reservations which were attached to their licences, and it is very difficult for the police to protect the buses by bringing prosecutions. That has been the experience on the East Bank and on the West Coast. I think the bus owners need protection, and this is one means of protecting them.

Mr. MORRISH: I would like to endorse what the last speaker has said, especially as regards the East Bank road on which I travel up and down most days of the week. The station-waggons are regarded as a menace and as pests. They ignore the rules under which they are supposed to operate, and pick up and put down passengers wherever they like. I see that every day of the week.

Dr. JAGAN: I do not wish to prolong this controversy. I have ridden in station-waggons and buses and I can say

that the station-waggons provide a better service. They can be operated very cheaply, and because of that fact they are able to compete with the buses. The result is that in the long run the public will benefit. Some of the people who operated the old bus services on the East Bank were left out when the company was formed. Some of them have gone into the station-waggon business and are now competing with the bus service. I do not say that the station-waggons should not be controlled, because I appreciate that if they are allowed to operate unbridled they will in the long run put the buses out of operation. But we have to keep in mind the need for an efficient and a cheap service. In the U.S.A., where gasoline is 15 cents per gallon, buses of the type imported into this Colony are cheaper to operate and provide a good service, but conditions are different in this Colony, and in the long run it may be cheaper to use the small station-waggons which can be operated more economically than the buses. That is a matter this Council must consider before we penalize the station-waggons and put them out of operation.

Mr. DEBIDIN: I think that the station-waggons should be given the right to operate as buses and be permitted to ply over limited distances, say up to Buxton on the East Coast where probably the railway is unable to cater sufficiently for the people, especially at certain times of the year. Because the station-waggons are able to run into the villages they are able to compete seriously with the buses. Contrary to what some hon. Members think, the buses are far from being slow, and I feel certain that they can provide all the comfort required by the travelling public.

Mr. LEE: When the buses were run by individuals on the East Bank and East Coast people did not know when they could get a bus and what would be the fare. Now that they are operated by a company and are being run to schedule they should be protected in some way against unfair competition.

Mr. THOMPSON: I am sorry to say I have not studied the Bill but I would certainly support the continuance of the

station-waggons. On the West Coast of Berbice there are buses running, but sometimes you do not see one. They break down frequently and but for the station-waggons people would have no means of conveyance.

The CHAIRMAN: There is no proposal to put the station-waggons out of operation

Mr. THOMPSON: The station-waggons are very useful in cases of emergency when there is no train. Their sphere of operation may be limited to points which can be marked so that the police may be able to exercise some control over them. I agree with the suggestion that the licence be reduced.

Item 4, as amended by the Attorney-General, agreed to.

Item 6 (i) (b).—

The ATTORNEY-GENERAL: I move that "two tons" be substituted for "1 ton" in paragraph (b).

Agreed to.

Item 19. —

Mr. DEBIDIN: I suggest that in the case of a motor bus seating not more than 14 persons and plying for hire in Georgetown the licence should be \$150 instead of \$75 as proposed, and in the case of a bus seating more than 14 persons it should be \$200 instead of \$120.

The CHAIRMAN: I would suggest to the hon. Member that we accept the Committee's recommendation. I do so for the particular reason that the bus company have made representations to Government already. For one reason or another the service is not paying and they are asking for a good many concessions. I do not say that any of their representations for relief are justified, because they have not been examined, but I do want to let hon. Members know that the bus company are not making a lot of money out of the service. I do not think we ought to do anything, at the moment at any rate, to increase their difficulties.

Mr. DEBIDIN: That may be true, but this much I know: that after their initial capital expenditure has been paid off in a certain number of years their profits are going to be immense. Whether we will get some of it in income tax I do not know. The buses are monsters carrying about 45 passengers, and they are certainly most unwieldy for the streets of Georgetown. As a matter of principle, if we make the station-waggons pay a licence of \$150 the buses should be made to pay more and not just a little more than a motor car

The FINANCIAL SECRETARY & TREASURER: I think we have very short memories in this Colony. For years we have been crying out for a properly organized bus service in Georgetown, and after a great deal of difficulty we succeeded in inducing the local industry to import buses with steel bodies. A few were constructed locally before the steel buses arrived, and the Company took the risk of importing those buses from the U.S.A. at large capital expenditure. The hon. Member is right; the capital expenditure was heavy, and I may say in amplification that it is correct to say that the Company has not yet paid a dividend. It has a franchise and it must carry on, but hon. Members know what the position is in Georgetown. We are a bicycle country and I believe it is correct to say that there is one bicycle for every four of the population. I am not criticizing it; it is a good thing, but nevertheless we must have a proper bus service. Do not let us penalize it. We may have to do even more to keep this bus service alive.

Dr. JAGAN: I am sorry to hear that the Company is not making money. As a matter of fact, when the question of a proper bus service was first discussed certain people who had been operating buses offered to organize a service, but their offer was refused. A franchise was given to the big bus Company because they undertook to import large buses.

The FINANCIAL SECRETARY & TREASURER: It was a condition of the franchise that they import buses to our satisfaction. It was not that they desired to do so. They wanted to go ahead build-

ing buses locally like everybody else, but Government insisted that they should import buses.

The CHAIRMAN: It was the Council that insisted

Dr. Jagan: The Company knew beforehand what they were going into. Local people who were operating buses before were thrown out. The big Company came into the picture because of the large capital expenditure involved. It does not follow that because the Company have invested a lot of money that we should make a law to assist them. They came into it with their eyes very much open. There is a principle involved in this matter. In the case of buses which compete with the railways it is understood that they should pay a heavier licence, but with respect to buses plying in Georgetown and elsewhere in the Colony the same argument does not hold. Only recently I moved a motion in this Council for the payment of a subvention to the Kitty Village Council towards the maintenance of the roads in that village which are being ruined by the buses. While appreciating that the residents of Kitty are being provided with a good bus service it is costing them a good deal of money to maintain their roads. I suggest that in the case of 14-passenger buses the licence should be \$100, and \$200 for buses carrying over 14 passengers.

The FINANCIAL SECRETARY & TREASURER: The hon. Member is not going to be the only voice pleading for the poor man. The bus service in Georgetown is a poor man's transportation service and it is not paying because the wealthier people do not use it. I am sorry I have not used it because I have a car, and the middle class people use it only when it suits them. They have bicycles and only use the bus in certain weather. We should do everything to keep the service going. So that when the hon. Member talks about the poor people I am telling him now that if the bus service goes it is the poor people who are going to suffer.

Mr. FARNUM: I agree that the licence should remain as proposed, and

that the bus service should be helped in every way possible. After all the fare is only six cents, and I am sure the Company can hardly pay their expenses. I believe the fare is regulated by the franchise. I feel that all assistance should be given the Company so that the fare might remain at six cents. As the hon. the Financial Secretary has said, it is the poor man who uses the bus. One penny per mile is a very low fare.

The CHAIRMAN: It is true that the fare is regulated and that the Company is operating under difficulties. Somebody mentioned about bicycles. The actual number of bicycles in Georgetown is 27,000 and there are 1,500 cars. A bus service is absolutely essential in Georgetown. It is the only means by which certain people can get about and be sure that a conveyance will be available at a specified time. We should hesitate either to make it more costly or to do anything which might make it an unprofitable service. If we do the franchise would be given up and we would return to the old chaotic condition.

Item as printed agreed to.

The Council resumed.

The ATTORNEY-GENERAL: I move that the Bill be now read a third time and passed.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bill read a third time and passed.

#### EXTENSION OF CO-OPERATIVE CREDIT BANKS (SPECIAL PROVISIONS) ORDINANCE, 1948.

The PRESIDENT: My attention has been drawn to the motion of which the Colonial Secretary gave notice this afternoon, which I am told must be passed before the end of the year. It is to continue in force during 1951 the Co-operative Credit Banks (Special Provisions) Ordinance of 1948 which, hon. Members will remember, was passed in order to enable

the Co-operative Credit Banks to make loans to rice farmers. The law as it then stood did not allow the making of those special loans from funds voted to the Banks by this Council. The object of the motion is to continue those loans next year. It is a matter of some urgency because hon. Members know that there is a Spring crop on, and it is quite probable that we shall have applications for loans, and we want to be able to give them. I take it that the Council will allow the Colonial Secretary to move his motion. I do not think it is contentious.

The COLONIAL SECRETARY: Sir, I beg to move:

“That, in accordance with the provisions of section 9(a) of the Co-operative Credit Banks (Special Provisions) Ordinance, 1948 (No. 22), this Council approves of that Ordinance being continued in force throughout the year 1951.”

The FINANCIAL SECRETARY & TREASURER seconded.

Question put, and agreed to.

Motion carried.

#### CHRISTMAS GREETINGS.

Dr. SINGH: Before we adjourn, Sir, may I on behalf of hon. Members wish you a happy Christmas and a prosperous New Year.

The PRESIDENT: I thank hon. Members very much. Your wish is warmly reciprocated. I hope we will all have a happy Christmas and a very happy New Year. I have a feeling that we all deserve it. Council will adjourn until the 4th of January when we will consider the Budget Statement.

Council was adjourned until Thursday, January 4, 1951, at 2 p.m.