

SECOND LEGISLATIVE COUNCIL

(Constituted under the British Guiana (Constitution) (Temporary Provisions) Orders in Council, 1953 and 1956)

Friday, 19th June, 1969

The Council met at 3.30 p.m.

PRESENT

Speaker, His Honour Sir Donald Jackson

Chief Secretary, Hon. D. M. Hedges

Attorney-General, Hon. G. M. Farnum, acting

Financial Secretary, Hon. F. W. Essex, C.M.G.

} *ex officio*

The Honourable **Dr. C. B. Jagan**

— *Member for Eastern Berbice*
(Minister of Trade and Industry)

„ **B. H. Benn**

— *Member for Essequibo River*
(Minister of Natural Resources)

Janet Jagan

— *Member for Western Essequibo*
(Minister of Labour, Health and Housing)

„ „ **Ram Karran**

— *Member for Demerara—Essequibo*
(Minister of Communications and Works).

„ „ **B. S. Rai**

— *Member for Central Demerara*
(Minister of Community Development and Education).

Mr. W. O. R. Kendall

— *Member for New Amsterdam*

L. F. S. Burnham

— *Member for Georgetown Central*

S. M. Saffee

— *Member for Western Berbice*

„ **J. N. Singh**

— *Member for Georgetown South*

„ **R. E. Davis**

— *Nominated Member*

„ **A. M. Fredericks**

— *Nominated Member*

„ **H. J. M. Hubbard**

— *Nominated Member*

„ **A. G. Tasker, O.B.E.**

— *Nominated Member.*

Mr. I. Crum Ewing—Clerk of the Legislature

Mr. F. A. Narain — Assistant Clerk of the Legislature, acting.

ABSENT:

Mr. Ajodha Singh

Mr. S. Campbell—on leave

Mr. A. L. Jackson—on leave

Mr. E. B. Beharry

Mr. F. Bowman

Mr. R. B. Gajraj

Mr. R. C. Tello.

The Clerk read prayers.

MINUTES

The Minutes of the meeting held on Thursday, 18th June, 1959, as printed and circulated, were taken as read and confirmed.

ANNOUNCEMENTS

Mr. Speaker: The hon. Member for Georgetown North, Mr. Andrew Jackson, has asked to be excused from this afternoon's meeting.

PAPERS LAID

The Financial Secretary (Mr. Essex): I beg to lay on the Table the Report of the meeting of the Finance Committee held on the 25th March, 1959, covering the Supplementary Schedules of Expenditure for January—March 1959, (Recurrent and Development).

Mr. Speaker: The question is, that the Report be adopted.

Agreed to.

Report adopted.

ORAL ASKING AND ANSWERING OF QUESTIONS

Mr. Speaker: There is a question standing in Mr. Bowman's name, but he is not here. I do not know whether he is aware of it.

ORDER OF THE DAY

ACQUISITION OF D.E.C. PROPOSED

Mr. Speaker: There is a Motion standing in the name of the Member for Georgetown Central and the question to be debated is:

"That this Council recommends to Government the purchase and taking over of the assets, machinery and equipment of the Demerara Electric Company, Limited."

Mr. Burnham: Perhaps, without justification I may at this stage assume that this Motion is not controversial. Within recent months, and more especially weeks, electricity has become a rather important topic, and I think there is no Guianese who has not been parti-

cularly perturbed by the situation—a situation in which load shedding takes place at all unusual and inconvenient times of the day. It is known that the undertakers or suppliers of electricity in British Guiana to the municipal areas of Georgetown and its environs is the Demerara Electric Company which, in 1927, was granted a franchise to supply electricity over those areas by the Georgetown Electric Supply (Control) Order. This Company has been operating since then more or less satisfactorily until recent years.

In 1954, so far as I am aware, a notice was served on the Demerara Electric Company, Limited, by the Government requesting them to carry out certain reconstructional works for the improvement and increased efficiency of the service. This reasonable request the Company refused, and if I have read aright, this was stated in a *communiqué* issued by the hon. Minister of Communications and Works. Since then we understood that there have been negotiations between Government and the Company as to whether or not Government would acquire the assets, machinery and equipment of the Company. Up to the present moment I am not aware what the real difference is between the Government and the Company, but who is to be blamed I am not prepared to say at this stage. I believe that whatever is being done, the public is being considerably inconvenienced or blackmailed.

This is a country where we have been seeking to encourage the expansion of our industries which are already in existence, where we have been seeking to attract new industries and where we have been considering the question of rural electrification. It seems to me that a guaranteed and regular supply of electricity is a pre-requisite, a *sine qua non*. When would-be investors and industrialists come to British Guiana they will ask, as they generally do, what facilities are there for an electric supply here in British Guiana? The supply of electric current from such a source as now exists

is certainly uncertain and will fail the the would-be investors and/or, industrialists, and at the same time cause them to have to make provisions for their own generating plant for the supply of electricity. The desirability of having a guaranteed supply of electricity is not limited to the consideration with respect to the investors and industrialists. We must also think of the convenience of other citizens, more especially the housewife who, in this 20th century, when using her electric plate and refrigerator, realises without notice, that she is not being supplied with sufficient current. She may even be further inconvenienced when the meat is on the electric stove in preparation for her meals, or she wants the immediate use of her electric iron when she finds that there is not the sufficient supply of electric current.

Of course, as I see it, there is the difficulty that if the undertakers are a separate and distinct body from the Government, the Government may, with the best intentions, be guaranteed a supply of electricity, but that supply may be subjected to the undertakers' control. It is my conviction that a public utility such as electricity should be Government-owned either directly or through a public corporation. It seems only reasonable in this age that an important thing like the supply of electricity should not be under casual control but the direct control of the Government.

The most important question which should be asked is, where will the money come from to facilitate such a scheme? Well, it is not my duty to suggest to Government what it should do to raise the money. This seems to be quite a difficult question in recent times. However, Government seemed to have been able to raise \$6 million, \$3 million of which came from the Currency Board, to carry out other projects. I feel that with the taking over of such a concern from the Demerara Electric Company, the money can be raised by the floating of a loan. There is also another superficial difficulty which I can anticipate, and that is that

the Demerara Electric Company may want more money for its equipment than the fair value. I do not really see any difficulty forthcoming at all, because, in the first place there are provisions in the Law for arbitration and if those provisions for arbitration were not sufficient I feel that this Legislature is the place to decide on the amount to be paid on the taking over of the assets of the Demerara Electric Company, Limited.

I have heard that many people say a great part of the machinery is derelict. I do not know, because I am not the Controller, an expert, or a technician, but if Government were to go to arbitration to determine a fair value it would have to accept advice on this matter. Under the circumstances, I do not propose to go into the failings of the Demerara Electric Company. What should be discussed now are: (1) whether or not Government would take over this public utility; (2) whether or not the money for this project can be raised by this Government; and (3) whether or not Government will be called upon to pay a fair price. The Government is legislatively all-powerful and I cannot see what excuse there can be for not wanting to take over this Company.

Some of the uninformed have also said that it would be a waste of time to acquire the Company's machinery because we have in view the establishment of an atomic plant for the generation and supply of electricity. I do not know whether we will have an atomic reactor for that purpose. Even assuming that we did get an atomic reactor, the consensus of opinion compels us to agree that it will take some time to set up that equipment. "While the grass is growing, the horse will be starving". The electricity problem is an urgent one, and one which must be tackled immediately. The appointment of a Controller will not improve the situation materially when the very nature of his duties, as defined in the legislation which we passed in Council last week, is considered. The Controller will not really

[MR. BURNHAM]

control the Demerara Electric Company, he will merely be empowered to give directions; and in this age sabotage is not a new technique, so the Controller will be controlling what is really the prevention of sabotage — and I do not put sabotage beyond the realm of possibility in this country. As I said in my opening remarks, I think that this controlling may be based on a false assumption, therefore I see no reason why I should dwell any longer on this question at this stage.

Mr. Kendall: I beg to second the Motion.

Mr. Hubbard: The question of the taking over of the assets and equipment of the Demerara Electric Company by Government is, in my opinion, strictly one of law, and turns on the point whether the Company's franchise is at this time valid or not. Section 4 of the Georgetown Electric Supply Ordinance states the position very clearly. It says:

"4. On the application of the undertakers the Governor in Council may make an order authorising the undertakers to generate and supply electricity for a period of fifty years from the date thereof, subject to the following conditions—

(a) the Governor in Council may revoke the order at the expiration of thirty years from the date thereof if the undertakers fail to comply with the reasonable requirements of the Governor in Council to improve the undertaking and bring it up to date and to put it in efficient working condition;

(b) notice in writing specifying those requirements shall be served upon the undertakers before the expiration of the twenty-seventh year after the date of the order, and the undertakers shall comply with the requirements before the expiration of the thirtieth year after that date;

(c) if the undertakers comply with the requirements the Governor in Council may, at any time after the compliance, and before one year prior to the expiration of the order, on the application of the undertakers, grant an extension of the order beyond the aforesaid period of fifty years for a period not exceeding twenty years, and if the order is so

extended the Government of British Guiana shall not be under any obligation to purchase the undertaking, lands, works, materials and plant of the undertakers after the expiration of the period of extension;

(d) if an extension of the order so applied for is refused by the Governor in Council, the Government of British Guiana, if the Legislative Council votes the necessary moneys, shall purchase the undertaking, lands, works, materials and plant belonging to the undertakers at their fair value at the time of the purchase under the provisions of section 27 of the Electric Lighting Ordinance, and until the completion of the purchase, the undertakers shall possess and exercise all their rights, powers, privileges and franchises under the order."

The conditions of the Electric Company's franchise are, firstly, that the Company has exclusive authority to generate and supply electricity over the area of its franchise for 50 years. Twenty-seven years after the commencement the Government can require reasonable improvements. If the Company complies with those improvements the Government cannot revoke the order, and after complying the Company can request an extension of its franchise for another 20 years, making it 70 years altogether. If that extension was granted then Government would be relieved of all responsibility to take over the Company's plant, equipment and assets. If, on the other hand, the Company refused to bring its equipment up to date it would forfeit its right to an extension of its franchise, and the Government, at any period after the 30th year, could revoke the Company's franchise, in which case the Government would be bound to purchase the Company's plant and equipment. But, whatever happens, the Company was required to fulfil its franchise until the completion of the purchase.

I submit, very shortly, that as I understand it the Company has failed to meet its obligations under its franchise, and whatever correspondence may have passed between the Government and the Company notwithstanding, it is my view that the Government is not now required

to purchase the Company's plant and equipment. If we were dealing with this matter on strictly moral grounds I might have said that there was some argument in favour of the Company in view of certain communications that have passed and misunderstandings that may have arisen, but as far as the Electric Company is concerned I do not feel that we can approach the matter with a high sense of the Company's moral standing. The Company has neglected to look after the interests of its consumers, and we know that twice the Government has had to appoint a Controller of Electricity because the Company could not meet its obligations.

In 1944 Emergency Regulations were passed which had to be merged into law in 1946. I have not been able to find the date of the expiry of the first Ordinance appointing a Controller of Electricity, but I have here copies of the Colonial Annual Reports (British Guiana) 1946-1949. In the 1946 issue this is what appears under "Public Utilities":

"The war-time difficulty of obtaining machinery prevented the Demerara Electric Company from meeting increased demand in the city for electricity services. During 1946 the high prices of wood fuel in the Colony compelled the Company to begin the process of converting the basis of its power from wood fuel to oil-burning."

In the 1947 issue it is stated:

"The Demerara Electric Company which provides Georgetown with electricity, is at present installing a new 3,500 KVA steam turbine-driven generator, and this unit is expected to be in service shortly. Also on order is a new boiler having a capacity of 60,000 lb. steam per hour. This boiler will be oil fired. Oil fuel is being used primarily because local wood is not always readily available. Oil, imported from Trinidad, is cheaper and gives a higher BTU rating. An oil-storage tank has been ordered, and, when installed, equipment will be on hand to convert one of the present wood burning boilers to oil fuel. When the new unit and boiler are in operation, the Company expects to take in a small amount of additional territory, but this can only be done after all demands for electric service in the area at present served have been met."

The 1948 report states:

"The Company has practically completed the installation of a new additional 3,500 KVA steam turbine-driven generator with associated tanks and boilers, and hopes to be in a position to meet all demands within the environs of Georgetown as soon as more or less minor subsidiary equipment, such as consumers' meters and transformers, arrive."

In the 1949 report it is stated:

"The Company has now completed the installation of a new 3,500 KVA steam turbine-driven generator with associated tanks and boilers, and hopes to be in a position to meet all demands within the environs of Georgetown as soon as minor subsidiary equipment, such as consumers' meters and transformers, arrive."

The war ended in 1945, but that is what the records show about the tardiness of the Company in providing the equipment necessary to meet its franchise. But there is something else. During the time when the Company was unable to supply all consumers' demands we had Emergency Regulations ordering a blackout in the City of Georgetown, and the Company was estopped by those Emergency Regulations from supplying the Municipality of Georgetown with electricity for lighting the streets.

The question therefore arose whether or not the Municipality of Georgetown should pay for an electricity supply which it did not enjoy. There were no lights on the streets, but the Company tendered its bill. The question was: did the citizens of Georgetown have to pay? Of course our money was involved, and for the purpose of adjudicating on the question of law under the contract an arbitration tribunal was set up. The tribunal held that through no fault of its own the Company was estopped from supplying the service under its contract, and the Municipality had to pay the bill.

At the same time the question arose that the Company could not meet its obligations under its franchise, and persons seeking electricity supply had to be

[MR. HUBBARD]

refused. That again was a question of contract, but what happened? It was a question whether the Company had to pay us money for failing to meet its contract, but there was no judicial inquiry, no arbitration tribunal. There was legislative intervention, first by Defence Regulations and later by an Ordinance, but the Company did not have to pay one farthing, although in the previous case the Municipality of Georgetown had to pay for service which the Company had not rendered.

We know, as I said yesterday, that when it is a question of contract it is not proper for the Legislature to intervene, but here it is we had it done in the case of the Demerara Electric Company. We have paid when we did not have service. But 1946 was not the first social dislocation the Company caused to the citizens of Georgetown. When the Company took up its new franchise in 1927 it forthwith scrapped the only existing public transport system — the tramway system — leaving Georgetown without any transport service at all. Of course it did that quite legally, because it was entitled to do so under its franchise.

I mention that in order to point out that at no time has the Company considered the convenience of the citizens of Georgetown. I therefore feel that what we ought to recommend to the Government is not what the hon. Member is suggesting. I am of the opinion that what we should recommend is that the purchase of the Demerara Electric Company's equipment and assets is no longer necessary in view of the Company's abdication of its franchise, and that we should protect our community by asking Government to use whatever money it may come by for the development of electric power for use in British Guiana and in Georgetown particularly, to buy new generating equipment to supply electricity outside or inside the Company's franchise area, competing with the Demerara Electric Company even within the franchise area.

It may be said that the Company would close down if Government attempted to do that, but I would refer to Section 30 of the Electric Lighting Ordinance, Chapter, 237, which states;

"30. If at any time, from insolvency or other cause, the undertakers are unable to continue to supply electricity to any area for which they are authorised to do so, the Governor may enter upon and take possession of all the works of the undertakers, together with all wires and electric plant belonging thereto, and may, if he thinks fit, maintain them in working order for the time necessary for their sale or other disposal."

I make reference to that section being fully aware that under Chapter 238 it is stated, at section 12, that

"The Governor may exercise the powers conferred on him by section 30 of the Electric Lighting Ordinance if the undertakers fail to perform any contract with the Council for the supply of electricity."

I feel that the Georgetown Electricity Supply Ordinance does not envisage a situation where a company wilfully neglects to supply electricity, and it is my view that the governing section 30 will apply generally. There is enough law; if there is not enough, then more can be made to ensure that our rights for once are protected *vis-à-vis* this Company.

The Minister of Communications and Works (Mr. Ram Karran): I was wondering if there is any need for this Motion, moved by the hon. Member for Georgetown Central, in view of the fact that a similar Motion was accepted by the Legislature a little over two years ago. However, I think this Motion will serve a useful purpose, in that it would give this Council an opportunity to hear Government's policy on the supply of electricity.

I had promised some time ago to make a statement in connection with electricity but, unfortunately, on account of all the difficulties in the negotiations which have been going on for two years and Government's inability to conclude these negotiations, it was not possible for me to discuss this subject in this Council.

It is unfortunate that the load-shedding undertaken by the Demerara Electric Company should take place, but it is one of the things that have been forced on the Government as a result of the Company's refusal to install generating equipment which this Government ordered. As the hon. mover of the Motion said, these are things which should be studied by the technical people whose advice Government had sought before it brought the plant. In spite of consultations Government had with the Advisers, the Company still refused to install the plant.

This was made clear in reply to the statement by the Company that it was Government's fault that load-shedding had to be inflicted. I think it would be useless to go over all the facts again in view of the statement made by me some time ago which explains the situation quite fully. There is nothing more to add to that, except to say that the Government is pursuing very actively the question of purchasing the Demerara Electric Company. Here again, the negotiations are at such a delicate stage that it would be prejudicial if any further details are disclosed. I am sure hon. Members will appreciate the necessity for withholding information regarding the terms required by the Company and Government's offer except to say that Government is interested in seeing that there is no increase in the price of electricity to the consumers, both domestic and industrial.

As I indicated, the Delegation which is due to leave British Guiana shortly for the United Kingdom proposes to hold discussions with the Colonial Office and with other organisations which have indicated their interest in purchasing for the Government the Demerara Electricity Company; these discussions will possibly include the installation of plant and equipment to take care of the growing needs of industry and domestic consumers, and I feel that Government should be in a position to say exactly what is to be the outcome of

these discussions when the Delegation returns from the United Kingdom.

The hon. Mover made reference to the atomic power plant proposed for British Guiana which was given wide publicity in the Press. We have got a lot of advice from the Press, but even if it were accepted the atomic power plant would not have been able to save us from the load-shedding we now have. The Government will in due course decide, or some one will decide, whether we shall have a boiling water reactor or a diesel plant. These plants are made to order, one does not find them lying around the place. Government has to go very carefully into the various offers made by firms in the United Kingdom before it decides what to do.

I do wish to assure hon. Members that the Government is interested in the purchase of the Demerara Electric Company, and that I feel that a public utility service such as the Demerara Electric Company should be owned by the Government or by a Government corporation, and for this legislation has already been passed.

Government accepts the Motion, and in supporting it I would say that Government is not happy over the Demerara Electric Company question, but it is one of the things that will take some time, even though load-shedding has commenced. It is for that reason that Government has appointed a Controller to see that the quantity of electric power available is distributed in the best manner possible.

Mr. Tasker: I am very glad to have heard the hon. Minister re-affirm his position on this question. I think the Motion is non-controversial, and I understand that the Company has no objection to being taken over by anyone. I think, however, that it is only fair to point out, in the light of some of the remarks made here this afternoon, that following the declared intention of Government to acquire the undertaking in 1957, the Company has done nothing

[MR. TASKER]

to prevent that intention from being carried out. The hon. Member for Georgetown Central has argued that Government control is better than private control, in terms of generating capacity, since it means that new capital coming in has a better guarantee of a sure supply of electricity. That may be true and it may not be true. There are plenty of examples in the United States of America where private enterprise has done an outstanding job in the field of public utilities, including what is generally agreed as being the finest telephone system in the world. Certainly, there is no reason why a Government-owned public utility should not do a perfectly good job in generating electricity in British Guiana; at the same time, I am by no means convinced that an equally satisfactory job cannot be done under a private franchise.

Another aspect of the problem which was mentioned, is the possible introduction of an atomic plant. The obvious trouble with an atomic plant is that ever so often it must be taken out of commission in order that its energy may be renewed or replaced. And on such occasions it is not just a question of load-shedding, but the problem of having no power at all. It seems to me, therefore, that unless we are to duplicate our generating capacity, there is a very strong objection to the proposal for an atomic plant.

I should like to add one other point on a matter to which I referred earlier, when we debated the appointment of the

Controller. The hon. Mover has commented again on his preference for a public utility as against a private franchise, and I do not doubt that others have more detailed information than I on this subject. But if we are to provide for a Controller of electricity, I think we should do everything possible to encourage the generation of electric power by industrial users in this country; and I do not believe that this would cause any serious damage to a public utility system, whether Government-owned or otherwise.

Mr. Burnham: Mr. Speaker, as I anticipated, there has not been any real opposition to the Motion. I am happy to see that Government has accepted this Motion, for legislative pressure is sure to come to the assistance of Government in any circumstance which becomes too difficult.

Mr. Speaker: I shall put the question. The question is:

"That this Council recommends to Government the purchase and taking over of the assets, machinery and equipment of the Demerara Electric Company, Limited."

Question put, and agreed to.

Motion carried.

The Chief Secretary: I beg to move that Council adjourn to a date to be fixed.

Agreed to.

Council adjourned accordingly.