

## LEGISLATIVE COUNCIL.

—  
Tuesday, 30th December, 1947.  
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The Council met at 2 p.m., His Excellency the Governor, Sir Charles Woolley, K.C.M.G., O.B.E., M.C., President, in the Chair.

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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. D. J. Parkinson (acting)..

The Hon. the Attorney-General, Mr. E. M. Duke (acting).

The Hon. the Colonial Treasurer, Mr. E. F. McDavid, C.B.E.

The Hon. F. J. Seaford, C.B.E., (Nominated).

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

The Hon. H. N. Critchlow (Georgetown South).

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

The Hon. T. Lee (Essequibo River).

The Hon. V. Roth (Nominated).

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

The Hon. W. J. Raatgever, (Nominated).

The Hon. G. A. C. Farnum (Nominated).

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

The Hon. J. Fernandes (Georgetown Central).

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

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

The Hon. C. A. McDoom (Nominated).

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

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

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

The Clerk read prayers.

The minutes of the meeting of the Council held on the 22nd of December, as printed and circulated, were taken as read and confirmed.

### PAPERS LAID.

The COLONIAL TREASURER (Mr. E. F. McDavid) laid on the table the following documents:—

Minutes of a meeting of the Finance Committee held on the 23rd December, 1947.

Schedule of additional Provision for the month of December, 1947.

Estimates of Expenditure for the year 1948.

### GOVERNMENT NOTICES.

#### SUPPLEMENTARY ESTIMATE FOR DECEMBER, 1947.

The COLONIAL TREASURER gave notice of the following motions:—

“That, this Council approves of the Schedule of Additional Provision for December, 1947, which was laid on the table.”

#### DRAFT ESTIMATES, 1948.

That, this Council approves the Estimates of Expenditure to be defrayed from Revenue during the year ending 31st December, 1948, which have been laid on the table.

## NOTICE OF QUESTIONS.

## COMMISSION OF THE PEACE.

Mr. ROTH gave notice of the following question:—

In view of seeming anomalies in recent provisional appointments to the Commission of the Peace, will Government define its policy by which the making of and/or refusal to make such appointments is governed?

## ORDER OF THE DAY.

SUPPLEMENTARY ESTIMATES FOR  
DECEMBER, 1947.

THE COLONIAL TREASURER: I ask leave that the relevant Standing Rule and Order be suspended in order to enable me to take the motion which stands as (a) in the Second Schedule of the Order Paper to wit:—

“That, this Council approves of the Schedule of Additional Provision for December, 1947, which has been laid on the table.”

THE COLONIAL SECRETARY seconded.

Mr. LEE: I do not know whether you will be taking the expenditure item by item or not—

The PRESIDENT: It is a motion for the suspension of the Standing Rules and Orders!

Question put, and agreed to.

Relevant Standing Rule and Order suspended.

The COLONIAL TREASURER: I now move the motion standing in my name. Hon. Members will recall that we considered this Schedule rather fully at the first Finance Committee meeting of this present Council. As I said then, the Schedule has the very formidable total of \$1,028,098.30, but only \$59,000 relates to Colony expenditure proper, and of that about \$35,000 relates to extra money required for Cost of Living Allowances to Pensioners which was approved by resolution in this Council. The balance of the money is in respect of Development

and Welfare Schemes, the reimbursements of which come from His Majesty's Government. As I said, the Finance Committee exercised its privilege fully in criticism and enquiry. It very fully investigated this Schedule and, therefore, I do not propose that we go into Committee at the moment on the motion unless any Member has any point to raise on it, but ask that you put the substantive motion at once.

THE COLONIAL SECRETARY seconded.

Mr. LEE: I do object to that. I would like it to be moved that we go into Committee because I desire to move the deletion of one item and to make comment on another item. At page 2 under the Head “Interior Department” I shall move the deletion of the item for an additional provision of \$256. I desire also to make comment at page 6 under the Head XXXV—Public Works Annually Recurrent—on the item “Mackenzie Airport Expenses, \$300” and at page 7 under Head XLVI—Colonial Development & Welfare Schemes—on the item “Rice Production Development, \$1,598.40”. I cannot move the deletion of the first item unless the Council is in Committee.

The PRESIDENT: Is that agreeable to the Council?

Council resolved itself into Committee to consider the Schedule item by item.

## INTERIOR DEPARTMENT

*Item 11—Miscellaneous, \$256.00.*

Mr. LEE: First of all I object to the Head “Interior Department”. That envisages, as I see it, the division of the coastlands from the interior, and I would like to enter protest here to this being a separate Head. The Crown Lands are under the control and management and supervision of the Lands and Mines Department and all expenditure in respect of the management and control and supervision of the Interior should be under the Lands and Mines Department and not under a separate Head. The previous Member for Central Demerara took objection on more than one occasion to

this Head, and I desire to take objection now to it also and to ask Government that in future all expenditure and all expenses in connection with lands in the interior should be under the Head "Lands and Mines Department", which controls the Crown Lands on the coastlands and all the lands in the interior are Crown Lands. To separate them is to create the thin edge of the wedge in dividing the Colony into two—coastlands and interior. I do not know what is the intention of the Government, but I would never be satisfied with the creation of a new Head for the interior.

When the sum of \$525 was voted it was remarked here by the Commissioner for the District that it was for the bringing together and entertainment of the Aboriginal Indians in the Interior once a year. The Commissioner should have known and must have given to the Government the amount required, and to allow him to spend more than what he had estimated would be giving him a free hand to spend the Colony's money as he jolly well likes. That is what I object to. The Heads of certain Departments should know that when they send in an estimate it should be within a reasonable amount after making all allowances, and to ask for an additional sum later is in my opinion asking too much of the inhabitants of the Colony. I feel that this item should be struck out, and I move that it be struck out. If this District Commissioner or Commissioner of Interior desires to entertain the Aboriginal Indians, let him do so out of his pocket and not at the expense of the Colony. I therefore move that this item be deleted from this Supplementary Estimate.

Mr. ROTH: Had the hon. Member who has just taken his seat been present at the Finance Committee meeting when fourteen Members attended, he would not have had the idea he has now expressed, which is undoubtedly based on lack of knowledge of the true position, and so would now have saved the time of the Council. I notice that the hon. Member has been asked to be a member of the newly appointed Advisory Committee for the Interior. I trust that after he has served there for some time he would be

in a position to know the details of the subject on which he speaks and not waste the time of the Council. The criticism by the hon. Member amounts to a desire for the abolition of the Interior Department. Surely the hon. Member has been in this Council long enough to know the reasons which led to the formation of the Department some three years ago. Are we going to go back on that decision and have no definite control of the administration of the interior? Your Excellency's predecessor made it very plain that he was unable to give the attention due to it and that the Departments concerned were also not in a position to give the necessary amount of attention which changing circumstances demand for the interior, and he expressed the opinion that there should be a Government to look after the interest of the interior if it is to progress and the Colony is to progress as well.

There are fourteen hon. Members here who agreed to this item last week. I trust they will not allow themselves to be persuaded to change their minds on this point. With regard to the amount for entertainment expenditure by the District Commissioner, Rupununi, it was plainly explained that part of the expenses—and a very important part as possibly the hon. Member is unaware that it is a political necessity that the officer should be civil and polite to an official of the neighbouring Republic of Brazil—is in that respect. As things are, our officers feel very embarrassed when these official visitors come over on account of the meagre pittance allowed them for entertainment. In the interest of the administration I think the very least we can do is to keep up the same pittance we do allow. I can assure hon. Members that the money is not wasted. I did make a suggestion last week for the sake of local officers visiting there—most of these officers take their own food up there and it is embarrassing to take one's food to the house of one's host—that Government consider the advisability of erecting a Rest House up there. There is a Canteen up there already. In that official entertainment there are the visits of officials from Brazil, and I again ask those fourteen

Members who supported the item last week not to change their minds now.

Mr. LEE: I desire to say that I am glad to be on the Advisory Committee for the Interior and to repeat that I endorse the remarks of the previous hon. Member for Central Demerara disapproving at all times of a separate Head being made for the interior. That is in the Hansard. We were in the minority then, but this being a newly constituted Council I am appealing to Members not to support the Head.

THE COLONIAL TREASURER: I do not want to interrupt the hon. Member, but we have a lot of business to get through and perhaps a short explanation would meet the point. I think it is rather late in the day to bring such a vital criticism of the administration on a tiny item appearing on a supplementary estimate. It is a fact that the Head does appear in the Annual Estimates. It was inserted as a new Head in the 1947 Estimates with the concurrence of this Council.

Mr. LEE: I differ there with you!

THE COLONIAL TREASURER: Possibly there were objections, but nevertheless it was with the concurrence of the Legislative Council that this Department was instituted and appears in the Estimates now. So it is out of place to bring this particular criticism on an item for \$256 on a supplementary estimate under that Head at the end of the year. The proper time is when the Estimates for 1948 are being considered. The last point I want to make is, if the hon. Member look at the Draft Estimates for 1948 he would see a note which reads:

“The future of the administration of the Interior is under consideration and a decision will be taken before the expiration of the scheme.”

That scheme relates to the Colonial Development and Welfare Scheme under which the Commissioner of Interior has been appointed to this Colony. So that particular matter is something under consideration by Government itself. The point I wish to make is that the Council

will have ample opportunity to discuss that major question in connection with the Estimates for 1948, and it is quite out of place to talk on it on this quite a minor item on Supplementary Estimates.

THE CHAIRMAN: Does the hon. Member wish to press the question?

Mr. LEE: I do wish this new Council with its new Members to understand what was the feeling of certain Members with respect to certain Heads that were put in the 1947 Estimates. Therefore I feel justified in saying that the hon. Nominated Member is creating more trouble in saying that we must allow the Commissioner of Interior to spend the Colony's money to entertain other Officers from neighbouring Colonies; we must give him a free hand to do that. Your Excellency's predecessor, Sir Gordon, created the precedent of visiting the Brazilian Governor and entertaining the Brazilian Governor here. He did the same also in respect of the neighbouring Colonies of French and Dutch Guiana. Your Excellency, as Head of the Administration, you are to create that brotherly feeling between us and the neighbouring countries and colonies, but to allow our Officers to spend our money as they jolly well like on entertainment I certainly object to it. I could not have been present at the meeting of the Finance Committee; other duties kept me away. But here I am in Council to-day and I am appealing to my brother Councillors, even if they pass the item as it is already expended, do not allow it to be passed another time. I am bringing it to their knowledge now. I do not agree that it should be passed and I will record my dissenting vote against it being a charge on the Colony's funds. I move its deletion.

Dr. JAGAN: In Finance Committee I accepted the explanation that this sum is a deserving expenditure, but I want to make it known now—and I think certain other Members of the Committee wanted to have a specific sum stated—that in future only a certain sum is to be spent for the purpose of entertainment. While speaking on this Head I think I can make known the fact that there is another expenditure of \$50

per month for the Fire Brigade Superintendent in the Estimates which Members agreed to pass at the present time, but in future we must prevent leakages of this sort because I am being bombarded by people in all walks of life asking that their salaries—people earning \$30, \$40, \$50 per month—be increased. If we permit leakages like these to continue, I feel we will never be able to put money in essential services. Whereas I am in agreement with the hon. Member for Essequibo River I will allow this expenditure to be passed, but I feel that in future we should keep a very watchful eye on the expenditure of public funds.

Dr. NICHOLSON: I was present at the meeting of the Finance Committee and I think, we are making a mountain out of a mole hill. The item in question was questioned, but we were all quite satisfied as to the expenditure, and I do think that if the hon. Member for Essequibo River was present at the meeting he would have accepted the explanation. I am certain that he would have done so and the item would have been passed and we would not have wasted 20 to 25 minutes of valuable time to-day.

Mr. LEE: I regret that the hon. Member for Georgetown North should say it is a waste of time. He should know better. My time is very precious, and this is the place where we should get the explanation whether we are present at any Committee meeting or not. I am asking Government to give an explanation here, and I am not satisfied with the explanation given by the hon. the Colonial Treasurer. I feel, as has been said time and again by the hon. Nominated Member on my right, (Mr. Raatgever), that no other supplementary expenditure should be made unless the Council approves of it. This item was not approved by this Council before it was expended.

Mr. ROTH: I move that the question be now put.

The CHAIRMAN: I put the amendment that the item be deleted.

Question put, and not agreed to.

Item passed.

## PUBLIC WORKS (ANNUALLY RECURRENT)

*Item — Mackenzie Airport Expenses, \$300.*

Mr. LEE: This has a long history and deserves some comment although the item will have to be passed. Perhaps you have not had time since your arrival, Sir, to peruse it. When it was considered necessary and the commercial interests were clamouring for an airport to be made in this Colony experts were sent for.

The COLONIA TREASURER: I think I must ask for indulgence to say this is a small item of \$300, and we do not want to initiate a debate on the Mackenzie Airport, the reason for its construction and its use. We hardly have time for it. The motion will come before this Council some time in January or February which will deal with the Mackenzie Airport and Members will have full opportunity to go into all that. We are here for a specific purpose and we should not indulge in a debate of such a very large question on a small item of \$300 for a payment which really relates to something due many months ago and only now comes to be voted.

The CHAIRMAN: Is the Hon. Member satisfied?

Mr. LEE: I could be satisfied only with this remark that these sums from the Colonial Development and Welfare Scheme are charged against this Colony as being monies expended usefully for the Colony's benefit. That is what I would like to see Members of this Council to realize. As the hon. the Colonial Treasurer has said that a motion will be brought I shall await that occasion.

## COLONIAL DEVELOPMENT AND WELFARE SCHEMES.

### RICE PRODUCTION DEVELOPMENT

*Item 2—Visit of General Superintendent, Mahaicony-Abary Rice Development Scheme to U.S.A. to study method of bulk harvesting, \$1,598.40.*

Mr. LEE: Under Rice Production Development the Remarks Column states:

"A free grant of £333 has been approved by the Comptroller to cover return air passages, subsistence and travelling allowances of Mr. Gadd, General Superintendent, Mahaicony-Abary Rice development Scheme on a visit to the U.S.A."

Again I desire to remark that hon. Members must please take note that these sums of money are charged not only against the Colony's quota.

The COLONIAL TREASURER: No, Sir. May I just explain that? This particular item is a very free grant and does not come out of the Colony's allocation but comes out of a special fund for research which is under the control of the Comptroller. I would suggest to the hon. Member that he should not look a very good gift horse in the mouth.

Mr. LEE: It is free money and therefore we should see that it is properly spent. Here you have this Superintendent carrying on a scheme on which he has sent a report showing a profit of \$5,000 on the working. If he had to be sent to the U.S.A., why should this money come out of a free grant instead of being charged against the scheme itself?

The CHAIRMAN: Does the hon. Member wish to oppose the item? He may move its deletion if he chooses.

Mr. LEE: No, Sir. I desire to bring to the notice of the Council and the Government that this item should not have been charged against a free grant but should have been charged against the working of the scheme, so that the public would know \$5,000 was not made as profit because this gentleman had to be sent to the U.S.A. to learn something.

Mr. SEAFORD: I happened to be at the meeting of the Mahaicony-Abary Rice Development Scheme when the Agricultural Officer attached to the Colonial Development and Welfare Scheme was present. The proposal that this officer should be sent to the U.S.A.

to learn what he could and get all the information he could come from him entirely. He said that he thought that this Colony and the other Colonies would benefit considerably by the experience gained there, and he offered to put up the money.

The COLONIAL TREASURER: One final point about Mr. Gadd's visit. It is not only for the Mahaicony-Abary Scheme, because he has gone to learn about agricultural machinery and rice cultivation for the whole Colony. His visit is not only for that scheme but for the general benefit of the rice industry as a whole. I am utterly surprised to find the slightest criticism of money spent in that way.

Mr. Mc DOOM: I would not have spoken on this matter but I must support what has been said by the hon. Mr. Seaford. As the hon. the Colonial Treasurer has rightly said, the money has been spent not only for the benefit of the Mahaicony-Abary scheme but, as far as I know, and I know a good deal, it has been spent in the interest of the rice industry of the Colony as a whole. I certainly felt, and still feel that the action taken was not only very commendable but very timely, because the experience which Mr. Gadd has gained—and I am very anxious to get his report—will be extremely valuable to the rice industry, not only of this Colony but perhaps other Colonies which may be interested in rice. I heartily congratulate Government on the action it has taken in the matter.

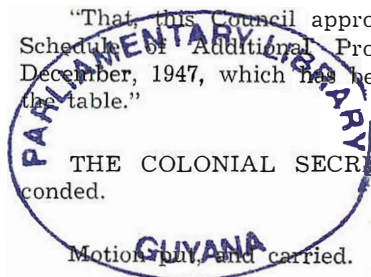
The Council resumed.

The COLONIAL TREASURER: I now formally move:

"That, this Council approves of the Schedule of Additional Provision for December, 1947, which has been laid on the table."

THE COLONIAL SECRETARY seconded.

Motion put, and carried.



## BUDGET STATEMENT.

The COLONIAL TREASURER: Sir, in order to enable me to address the Council on the Budget, I think it is proper procedure that I should again move the suspension of the relevant Standing Rule so that I can take (b) in the Second Schedule, because it is on that substantive motion I will address the Council:

"That this Council approves the Estimates of Expenditure to be defrayed from Revenue during the year ending 31st December, 1948, which has been passed by the Committee."

THE COLONIAL SECRETARY seconded.

Question put, and agreed to.

Standing Rule suspended.

The COLONIAL TREASURER: AS usual I propose to read the Budget Statement with the permission of the Council. As it is a document which requires precision it is necessary that I should read it, but before I do so I shall invite the Clerk of the Council to distribute copies in order that hon. Members of the Council may be able to follow it more readily. I am afraid it is somewhat lengthy, and I will probably take three-quarters of an hour to read it. The gentlemen of the Press will get copies later.

The reasons for the delay in the presentation of the draft estimates for 1948 which have just been laid on the Table, only one day before the close of the current financial year, will be readily appreciated by Honourable Members. Many difficulties, aggravated by the uncertainties regarding the full implications of the present economic crisis, arose in connection with their preparation and occasioned delay. Apart from this, however, it was obviously most desirable and proper that the duty of considering and approving the 1948 estimates and budget should be undertaken, not by the old Council in the last few weeks of its existence, but by this, the newly constituted Legislature. As His Excellency has already indicated, this is the first and most important major task

to which the Council's time and attention must be devoted.

2. In presenting the estimates of the year 1942, when first the duty of introducing the budget devolved on the Colonial Treasurer, I intimated that opportunity would be taken on these annual occasions to refer to the more important features of the Colony's economic situation. But, because of the highly artificial and uncertain conditions which have prevailed up to the present time, and the lack of readily available factual information of the nature required, it has never been possible to do more than make passing reference to these matters or to draw and submit conclusions of any real value. Now, as then, we live, in an economic sense, more or less from day to day and under the influence of external factors over which we have no control. However, in 1942 (as on each subsequent occasion thereafter) emphasis was laid in the Budget Statement on the urgent necessity for production and still more production, both for domestic consumption and for export, as the guiding principle for the coming year; and in 1944, the Statement also emphasized that the statistics of external trade do not necessarily reflect any faithful picture of lasting achievement and progress. Both these observations are equally relevant to-day. Nevertheless, without in any way adopting the role of a prophet, it can be said that there are now, more than ever before, clearer signs of the possibility of real economic development in the not too distant future.

3. The very lively interest in the Colony which is being evinced by reputable organizations abroad and the activities already in progress hold out, for the first time, definite promise of organized exploitation of our hinterland physical resources while the investigations recently concluded by the Settlement Commission under the chairmanship of Sir Geoffrey Evans may indeed lead to developments that would have a far-reaching effect on the Colony's economic fortunes. The great improvement which has taken place in the health conditions of the coastal areas is leading to a rapid natural increase of population — a sociological change that come about so relatively suddenly that its profound significance for the future has almost escaped notice. Then too, there

is the fact that a basic Development Plan has been formulated on which we can proceed on an ordered and co-ordinated programme. These things are very heartening notwithstanding our immediate pre-occupation with the "Dollar Crisis" and the action which we must take, in common with the other countries of the Sterling group, to overcome the serious difficulties and dangers which that situation presents. While this particular problem is necessarily the dominating issue for the moment, it cannot be permitted to become an insuperable obstacle to the fruition of these developments.

4. I referred a moment ago to the somewhat unreal picture presented by the statistics of external trade. In this respect, 1947 will prove to be exceptional inasmuch as the volume of total trade (i.e. the combined import and export) will reach approximately \$73 million with imports at \$40 million and exports at \$33 million. The corresponding figures for 1946 were, imports \$26,221,966 and exports \$26,702,908. This tremendous expansion of imports, mainly of consumer goods, has been a wholly unexpected development. It is understood that some of these shipments related to orders placed years previously and must, in some cases, have been a temporary embarrassment to the consignees. This situation has its parallel in almost all the West Indian Colonies. And, it is significant that the increased supplies came principally from North America, imports from Canada having risen by about 50% and from the United States of America by more than 100% compared with those of the previous year. This unbalance in trade would doubtless have corrected itself in due course but, for reasons which have already been made very clear, it cannot be allowed to continue.

5. As regards exports the complaint, which is not without some justification, continues to be made that the prices at which the Colony must sell its produce (and this includes not only agricultural products but also bauxite) have not increased proportionately to the rise in the prices which it is compelled to pay for imported commodities. This is a situation not easily corrected. However, Honourable Members will no doubt have been glad to learn a few days ago of the advance in

the price of sugar to be purchased in 1948 which has been offered by the Ministry of Food in the United Kingdom.

6. I make no pretence that these casual preliminary observations provide any material information which is either entirely new or particularly valuable. Nevertheless, I trust that they are not an inappropriate preface to a survey of the Colony's financial situation such as must now be made.

#### FINANCIAL POSITION — 1947

##### EXPENDITURE

7. The estimates of expenditure for the current year, as approved by the Legislative Council provided for an expenditure of \$14,233,311 and supplementary estimates passed by the Council during the year provided for additional expenditure of \$3,264,795. The total authorised expenditure for 1947 was thus \$17,498,106. The revised estimates of expenditure for 1947, as represented in the draft estimates for 1948, total \$16,718,665 indicating an increase of \$2,485,354 on the original appropriations. These figures are, of course, by no means final. They do not, for instance take account of certain items of expenditure which will be incurred under the schedule of additional provision amounting to \$59,687 approved by the Finance Committee last week. On the other hand, while great care was taken by Departments to prepare as accurate a revision of the approved estimates as possible on the basis of all known and foreseeable factors bearing on the actual expenditure of the year, it is likely that on the final closing of the accounts a number of "savings" on departmental votes will be found to have occurred which, though individually small, may amount in the aggregate to a considerable sum. Some of these so-called savings, where they arise from unfilled indents for supplies of a special character or from uncompleted works specifically provided for, will occasion supplementary provision by re-vote in the following year. This is a situation inevitable under present conditions when it is so extremely difficult to plan expenditure within a given appropriation tied to a prescribed time limit. Consequently there must be some over-lapping and carry-forward of expenditure appropriations from year to year.



8. It would be most unusual, if not alarming, in normal circumstances to find the actual expenditure of a year exceeding by well over \$2,000,000 the original budget appropriations. Two items alone, however, account for more than three-quarters of the total excess. I refer, of course, firstly to subsidization which, notwithstanding its reduced scope, during the last quarter added \$1,350,000 to the original budget and, secondly, to the increased scale of cost of living allowances adopted for Government employees which added approximately another \$550,000. Re-votes of provision lapsed from 1946 and previous years — a circumstance to which I have already alluded — totalled no less than \$328,000.

9. I have not embodied in the revised estimates of expenditure certain commitments of an extraordinary character previously incurred which should now properly be included in the Colonial accounts as final expenditure. If the action which is proposed with respect to them is approved by the Council a further substantial addition of \$575,000 will be made to the expenditure total of the year 1947. I shall refer in detail to these items later.

#### REVENUE

10. The revised estimates of revenue for 1947 have been placed at \$17,379,677 — an increase of \$3,093,957 on the original estimates. In his recent address to the Council His Excellency spoke of the gratifying, if adventitious, buoyancy in revenue collections which persisted during the year, and I have already in this Statement given an indication of the extraordinary development in our import trade in 1947 from which it mainly derives. The figures for Customs duties bear this out for the receipts under this head in 1947 will exceed those of the previous year by approximately \$2,000,000. During consideration of the 1947 budget proposals the Government was pressed by some Members of Council (very rightly as it has turned out) to accept the view that the estimate of revenue from Customs duties could be appropriately increased by \$500,000. But no one — not even the most optimistic and prophetically endowed of the merchantile community — anticipated the degree of expansion of imports

which caused this substantial accretion to Customs revenue. The combined receipts under Income Tax and Excess Profits Tax (the latter being arrears) will exceed the original estimate by approximately \$350,000 while increases are also shown from several of the less important sources of revenue. A satisfactory increase of \$160,000 is shown under Net Harbour Revenue and there also appear three special items under the head Extraordinary Revenue which may be of some interest to Honourable Members. These are—Salvage of Wrecks, \$102,625 derived mainly from the proceeds of a cargo of wax salvaged around our coasts; Crown Agents Office Fund—Surplus Balance, \$8,160 representing a distribution to the Colonies by the Crown Agents of the surplus to 1946 on their office working account; and finally, Elections \$2,880 representing certain deposits that have, fortunately or unfortunately, depending on the point of view, come into the Treasury coffers since the 24th of November.

11. A substantial receipt which was expected will not come to hand in 1947. I refer to the contribution of \$800,000 promised by H.M. Government as assistance towards the cost of subsidization in British Guiana. It appears that it will not be possible to secure the necessary formal financial authorizations covering this payment before the close of the calendar year but I am authorized to state that this sum will be duly forthcoming in 1948. For reasons which will subsequently appear this may indeed be regarded as a not unfavourable circumstance in the light of our prospective financial situation in 1948.

12. The increases in Colony revenue receipts, fortuitous in many respects though they may be, have therefore more than counterbalanced the heavy increases in expenditure imposed on us during the year and, as I shall later show, will have enabled us to maintain, wholly from our own resources, a balanced budget and consequently to retain intact the accumulated surplus balance with which the year opened. Thus the objective, so rightly accepted and pursued by the last Council, will have been fulfilled.

COLONIAL DEVELOPMENT AND  
WELFARE SCHEMES  
SEPARATE BUDGET

13. I should interpose here a brief statement regarding the transactions with respect to current works and services financed as approved schemes under the Colonial Development and Welfare Act. As customary these transactions, though they do form part of the Colonial Estimates, have been treated as a separate and completely self-balancing budget. The services included under Colonial Development and Welfare Schemes were shown in the original Estimates for 1947 at a total of \$1,610,907 on both sides of the Account. Supplementary provision, where required, has been approved during the year in respect of these schemes and the total revised estimated expenditure (and corresponding receipts) for 1947 under this budget has been placed at \$2,262,893 — an increase of \$651,986. A substantial part of this additional provision represents charges allocated for machinery and equipment against works in progress the cost of which had initially been carried on a composite unallocated equipment suspense account.

SURPLUS FOR 1947

14. To recapitulate, the revised estimates which I have quoted are, Revenue \$17,379,677 and Expenditure \$16,718,665. On this basis the transactions of the year 1947 would result in a surplus of \$661,012 as set out in the summary statement pre-facing the volume of the draft estimates for 1948. I have, however, alluded to certain commitments of an extraordinary character previously incurred which would reduce that amount by a substantial sum. It is proposed to seek the Council's approval to treat as final expenditure the following items, stated in approximate amounts, which are now carried as suspense or advance accounts:—

**Mackenzie Airport:—**

The amount by which the capital expenditure incurred on its construction exceeded the grant of \$666,720 provided by H.M. Government under the Colonial Development and Welfare Act for this purpose — \$172,000

**Seba Quarry:—**

The amount expended on renewals and repairs of equipment to enable stone to con-

tinue to be produced at the quarry which could not be recovered by an increase in the issue price of stone to works—\$60,000

**Unallocated Equipment:**

**Suspense Account:—**

The balance of this account (after allocation of charges against Colonial Development and Welfare Schemes in progress) representing equipment chargeable against service and maintenance votes of the Public Works Department or retained in the Department's Unallocated Stores — 123,000

**British Guiana Airways Ltd:—**

Capital advances for the purchase of aircraft as recommended in the report of the British Guiana Airways Committee — 220,000

TOTAL \$575,000

It will be appreciated that the first of these items, Mackenzie Airport, is in fact final expenditure which, moreover, unfortunately now represents practically a dead loss to the Colony. The second item, Seba Quarry, may have some asset value but is nevertheless expenditure of a character which should properly not continue to be carried on a suspense account. The last two items are actual assets but, in accordance with the prescriptions of Colonial accounting and financial procedure, should be charged as final expenditure. Disposal of these items in the manner indicated would, if approved by the Council, fall to be borne as a charge in the expenditure accounts of the year 1947 and would accordingly reduce the surplus on the year's working to \$86,012.

ACCUMULATED SURPLUS BALANCE

15. We ended the year 1946 with an accumulated surplus of \$5,531,885 which would be increased to \$5,617,897 by the addition of the surplus for 1947, arrived at as I have just indicated. Now as Honourable Members will be aware from the report of the Development Committee, a definite allocation of this surplus balance has been agreed on by which a sum of \$3,312,000 is to be earmarked towards expenditure to be incurred under the Development Plan with \$2,000,000 to be retained in reserve, partly as "working capital" and partly as a fund to be drawn upon as required to meet any expenditure of a very special character on the rehabili-

tation of public works which cannot be provided out of current revenue. The working capital requirements of the Government are at present heavy. They include for example, items such as the financing of the padi crop and padi purchases and stores at Mahaicony-Abary Rice Development Scheme and the Anna Regina Settlement. The Transport and Harbours Department also draws heavily on the Treasury for advances against its unallocated stores and outstanding traffic accounts apart from the fixed working capital originally provided for it and charged as final expenditure. Where these special departmental working capital requirements represent a more or less permanent Treasury commitment the appropriate procedure is that they should be dealt with as final voted expenditure, and this may have to be done later on with respect to these particular advance accounts I have named. It will be appreciated therefore that unless recourse is to be had to temporary borrowing by means of Treasury Bills or Bank overdraft, a substantial portion of the surplus must be reserved and used for working capital. Put in another way, it may be said that a part of the surplus is always locked up in the form of current advances of one kind or another, while part is held as Treasury working cash balances both in the Colony and in London. I have perhaps laboured this point unduly but I considered it desirable to make quite clear why the whole of the accumulated surplus balance is not held in the form of liquid funds or readily realizable assets and why it has been necessary to limit the sum which can properly be allocated to the Development Plan to the amount stated. I should like to add that, as some Honourable Members will recollect, part of the surplus has been invested in the form of an interest free loan of \$2,000,000 to H.M. Government which, however, can be realized as required upon giving due notice.

#### DEVELOPMENT TRUST FUND

16. Mention should be made of the local Development Trust Fund established under Ordinance No. 7 of 1937 as the inheritor of the former Colonization Fund. This Trust Fund will shortly be extinguished the final appropriation therefrom being the cost of acquiring and reconditioning (in part) Plantations Cane Grove

and La Bonne Mere in terms of Legislative Council Resolution No. XVII of 1st November, 1946.

#### LOAN ACCOUNT

17. In order to complete this brief survey of the financial position it is also necessary to mention the Loan Account. Disposal of the proceeds of the \$5,000,000 3½% Loan raised under Ordinance No. 5 of 1945 is now complete because the report of the Development Committee takes into account for the financing of the Development Plan the whole of the unappropriated balance of this loan amounting to \$734,000. One project in the Plan already authorized and now commenced is the new Queens' College Building for which \$400,000 has been tentatively allocated from this balance.

#### BUDGET FOR 1948

##### Expenditure Estimates

18. I turn now to the estimates for 1948. The draft estimates for 1948, as laid before Council, provide for a total expenditure of \$16,277,835, exclusive of works and services in progress financed under the Colonial Development and Welfare Act.

19. These estimates include provision for Annually Recurrent Services at \$11,692,618 and for Extraordinary works and services at \$1,290,612. Provision of \$300,000 has also been made for "Emergency Measures" including \$120,000 for Food Production loans and administration. However, since the estimates were printed a report has been received from the Director of Agriculture on the measures proposed in regard to the food production programme which calls for a total provision of \$250,000 and, if these proposals are adopted, it will be necessary to increase this vote by \$130,000. A sum of \$1,500,000 has been included for subsidization during 1948. His Excellency has already announced the Government's views and policy on this matter. Lt. Colonel Spencer, Economic Adviser, left the Colony yesterday *en route* to Canada where he will be chairman of the delegation from the British West Indies and this Colony which is to discuss with representatives of the Canadian Government the question of the excessively high cost of flour in the endeavour to secure some relief. We can but hope for a successful outcome to the delegation's mission. And lastly, while in accordance with an under-

taking, given to the Council in July last no provision has been made under the individual departmental estimates (except in the case of the Transport and Harbours Department) for cost of living allowances to Government employees, in anticipation of the Council's approval of the continuation in 1948 of these allowances on the basis now in force, an item of \$1,494,605 has been included as a lump sum to cover this charge.

20. Annual recurrent charges have considerably increased in these draft estimates by reason of the inclusion of provision for a number of new services and staff posts. Some of these were originally instituted as schemes financed by grants under the Colonial Development and Welfare Act that have now expired, or are about to expire, while others are in pursuance of proposals previously accepted by the Council or recommended in the report of the Development Committee. I do not wish to weary the Council at this stage by going into too much detail but it will, I think, assist Honourable Members to form a true picture of the budget in their minds if I here summarize briefly the more important additions on the expenditure side:—

#### **Agriculture—**

There is added to the established departmental staff 1 Veterinary Surgeon, 1 Livestock Officer, 1 Marketing Officer, 1 Agricultural Superintendent, 2 Agricultural Instructors, 1 Economic Botanist (in substitution for the post of Rice Officer), and provision is made for the balance of capital expenditure and for the maintenance expenses of the new Livestock breeding station at Karasabai, Rupununi.

#### **Education—**

There is added to the institutional teaching staff 3 Masters for Queen's College and 1 Graduate Mistress for the Bishops' High School.

#### **Lands and Mines—**

There is added to the established departmental staff 1 Mining Inspector and 3 Sub-Wardens.

#### **Local Government—**

The District staff is increased by the addition of 2 Assistant District Commissioners. Provision is also made for the maintenance of the estates acquired by the Government during 1946-1947 namely, Vergenoege (with its new Rice Factory), La Bonne Mere, Cane Grove, and Amazon-Charity. Some of this expenditure will be offset by new revenue.

#### **Local Government (Central Housing and Planning Authority)—**

Provision for the administration of the Authority created by the Housing Ordinance, No. 24 of 1946 was made by a lump sum vote in the supplementary estimates of the current year. Provision is now made in the draft estimates for an established departmental staff in relation to the Authority and for the expenses involved in its operation.

#### **Local Government (Social Welfare Organization)—**

Provision has been made for the continuation of the Social Welfare Organization previously met by grants under the Development and Welfare Act which expire in June 1948.

#### **Medical—**

Provision is made for additional professional staff comprising 3 Supernumerary Medical Officers, 1 Specialist Anaesthetist and 1 Assistant Radiographer.

The whole cost of the Mosquito Control Organization is now provided for in the departmental estimates as the related Colonial Development and Welfare grants expire on 31st December, 1947.

This important and valuable service must now be regarded as permanent and the posts of the senior supervisory and technical staff are accordingly shown on the Fixed Establishment.

#### **Militia—**

Provision is made for the establishment of a Volunteer Corps in terms of Legislative Council Resolution No. XLVII. of the 26th of September, 1947.

#### **Police—**

The status of 3 Assistant Superintendents is advanced to that of Superintendent and provision is made for one new post of Assistant Superintendent.

#### **Public Works—**

Initial provision is made for the setting up of three new departmental districts involving the creation of two new posts of District Engineer.

#### **Public Works—Drainage, Irrigation and Sea Defences Branch—**

It has been decided to abandon the Colonial Development and Welfare Scheme under which a free grant was provided towards a portion of the cost of the branch for a period of years. The full cost accordingly falls to be met from local resources but the Development and Welfare grant so released can be re-allocated for other purposes.

#### **Legislature—**

One new post of Official Reporter and Librarian has been added.

#### **Publicity and Information Bureau—**

The post of Assistant Public Information Officer which was abolished as from 30th June, 1947 has been restored.

**Development Commissioner and Economic Adviser—**

In accord with the recommendation of the Development Committee, provision has been made for the creation of a permanent and pensionable post (to which Lieut.-Colonel Spencer will be appointed) and for the necessary staffing of his office.

**Treasury—**

Provision is made for the addition of one senior staff post.

**Treasury (Income Tax)—**

In order to complete the re-organization of this office provision is made for 2 new posts of Senior Inspector of Taxes.

**General Clerical Service—**

The continued growth of office routine work makes it necessary to increase the numerical strength of the clerical staff in several Departments, and provision is made for the addition of 11 new Class II. posts and 16 Typist/Clerical Assistants.

21. As regards "Extraordinary Services" I should mention that under the head "Public Works Extraordinary" a lump sum of \$500,000 (exclusive of \$100,000 for cost of living allowances shown separately) is provided. The total expenditure under this head this year will not exceed \$517,000. The allocation of this composite provision to individual works will be prepared and submitted to the Finance Committee during its consideration of the draft estimates. It is considered that provision to the extent stated should be ample to allow for the institution of a reasonable programme of public works in 1948 that would be within the capacity of the Department to execute effectively.

22. A few items will require to be "moved in" when the draft estimates are under detailed consideration. I have already referred to the additional provision necessary for the Food Production programme. A schedule of these items will be submitted to the Finance Committee later. As Honourable Members are aware, a motion has been tabled by an unofficial Member inviting the Council to approve of a recommendation that Members of the Council should be remunerated for their services. If this motion is accepted, and it is decided to

give effect thereto, the necessary financial provision will, of course, have to be made. These probable additions to the total of \$16,277,835 which I previously quoted must accordingly be borne in mind when considering the equalization of expenditure with revenue for 1948.

23. To complete this brief analysis of the 1948 draft expenditure estimates I should add that Colonial Development and Welfare Schemes are shown separately at a total of \$1,643,637 with a corresponding re-imburement appearing on the revenue side of the account.

**REVENUE ESTIMATES**

24. I come now to Revenue. The draft estimates of revenue for 1948 prepared on the basis of existing taxation (exclusive of re-imburement under the Colonial Development and Welfare Act) now submitted to Council total \$15,660,946.

25. In present circumstances, it has been impossible to frame an estimate of revenue from Customs duties founded on any reasoned or factual basis. The preparation of the import programme for the Colony for 1948 under the conditions imposed upon us by the "Dollar Crisis" cannot be completed for some time, and certainly not until the proposed conference of Supply Officers has reported. This conference will meet in Barbados in January, most likely under the chairmanship of a representative of the Secretary of State. When the import programme is available it will, no doubt, be possible to provide some reasonably accurate forecast of the yield of customs duties. In the meantime, for the purpose of this budget, it has been necessary to use a hypothetical figure. Having regard to the degree of restriction of imports which is contemplated, it has been assumed that Customs revenue in 1948 is unlikely to exceed that of the year 1946 and may be lower. Honourable Members will observe in the detailed revenue estimates that a lump sum of \$4,600,000 has been inserted as a composite total of the Customs revenue under all sub-heads, this figure being approximately the equivalent of the actual collections in 1946. This is not an estimate; it is not even a guess. It is the expression of a not unreasonable hope that the revenue from Customs duties will not fall below this total

which is, as I have previously indicated, some \$2,000,000 less than the revenue derived from Customs in the current year.

26. The 1948 receipts from the other major source of revenue, Income Tax, has been placed at \$5,000,000 (including arrears of Excess Profits Tax). This compares with \$5,250,000 which is the revised estimate under these heads for 1947.

27. I have already explained that the contribution of \$800,000 from H.M. Government towards the cost of subsidization which was expected this year will not be received until some time next year. Consequently, this receipt will form part of the revenue of 1948. The Secretary of State has informed His Excellency that H.M. Government will be unable to make any further contribution.

28. It is proposed to continue in 1948 the existing duty of \$1 per ton on manufactured sugar and also the new export duty of \$1.20 per ton on exported sugar imposed this year, both of which originated as measures designed to provide funds to assist in meeting the cost of subsidization.

29. The other heads of revenue call for no special comment.

#### ESTIMATED DEFICIT FOR 1948

30. To recapitulate again, the estimates of expenditure and those of revenue framed on the basis of existing taxation which I have quoted are—Expenditure \$16,277,835 and Revenue \$15,660,946. On this basis, there would be a deficit of \$616,889. It will, however, be recalled that I mentioned an additional requirement of \$130,000 for the food production programme and that certain other items calling for additional provision will arise during the course of the Council's examination of the draft estimates.

This, then, is the extent of the gap which must be bridged if the budget is to be balanced and the surplus (which, as I have explained is already allocated for specific purposes) is to continue intact. In this connection, His Excellency's words in his address to Council at the

opening of this session bear repetition. I quote—

“The importance of continuing to fulfil this aim cannot be over-estimated. I have already referred to our Development Plan and to the means by which it is to be financed. As I have stated, apart from drawing upon the existing surplus balance (to the extent of some \$3 million) the main basis on which this Plan will rest is the raising of a loan or loans—and this within the near future—of some \$10,000,000. The successful carrying out of a financial operation of this magnitude will demand a status of absolute financial stability and integrity on the part of the Colony and this is an additional reason for ensuring that for the coming year and thereafter, the budget should remain in balance; and this notwithstanding that the initiation of the Plan will itself, even at the commencement, involve additional recurrent expenditure on public services.”

I can only add to these remarks by the Governor the simple observation that if we plan to spend our available surplus for capital purposes on things like agricultural machinery, road construction and so on we cannot, at the same time, expect to use the same money as a buffer against a possible budget deficit. We must therefore make sure, as far as we possibly can, that no such deficit will, in fact, arise.

#### PROPOSED VARIATIONS IN TAXATION

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. As I proceed to outline them Honourable Members will, I am sure, appreciate that certain of the proposals are designed as a beneficial influence on the general economy quite apart from their purely fiscal objective of augmenting Treasury cash incomes.

**Bauxite**—It is proposed to substitute for the existing export duty of 1½% *ad valorem* a duty at the rate of 30 cents per ton. It is considered that the present very favourable situation of the established bauxite industry justifies a larger contribution from it to the Colonial revenues and, particularly so, in the difficult circumstances in which the Colony is now placed. On this basis, the estimated additional yield from export duty on bauxite, (that is

to say, the amount over and above that already included under this sub-head in the draft revenue estimates) would be \$365,500. It should be noted that allowance must be made for a consequential reduction in the yield of income tax from the bauxite industry because export duty is an allowable expense in the assessment of chargeable income and, on the assumption that the company rate of income tax remains at 40%, that reduction would, of course, be 40% of the additional yield derived from export duty.

**Gold**—It is proposed to impose a tax of 25% on the value of gold produced in the Colony which is not exported. The tax would be charged (a) on undertakings using milling or dredging machinery to produce gold and (b) on gold traders who purchase gold from any producer other than those described at (a) : provided that producers at (a) who enter into a bond undertaking that they will export all gold produced and account to the Commissioner of Lands and Mines would be exempted from payment. Gold subsequently exported on which tax has been paid would also be entitled to refund of the tax paid.

It is proposed to abolish the existing export duty on gold. This export duty, as Honourable Members may be aware, is levied at the rate of 1½% *ad valorem* or 25% of the excess in value over \$35 : per ounce whichever may be the higher. Quite frankly, this proposed tax on gold produced and not exported (but retained for domestic use) is designed not so much as a revenue measure but as a means of increasing the quantity of gold exported and sold for U.S.A. dollars. It is assumed that the tax would ultimately be passed on to the domestic user of gold, in other words, that it would be borne by the consumer and not the producer and it therefore has the character of a luxury tax. The abolition of the export duty on gold is one of the measures intended as an encouragement of large scale mining operations in the Colony. (I shall refer to other such measures later under the head of Income Tax). The Government is satisfied that this export duty constitutes a burdensome addition to operating costs, detrimental to the working of low grade or high cost ores, and that it should

therefore be removed. I should add that discussions have been in progress (and are now nearly finalized) between the Secretary of State, the local Government, and the representatives of one of the financial groups now undertaking extensive exploratory activities in the Colony, with the view to arriving at an appropriate agreed rate of royalty on gold, such as would ensure that the Colony shall derive a reasonable share of the net profits of any profitable mine that may be established, quite apart from the normal current charge for income tax.

The net yield from these proposed variations in the taxation of gold, that is to say, the yield from the tax on locally used gold, after allowing for the expected diversion to export and for the amount that would be lost by the abolition of the export duty, is estimated at \$20,000.

**Film Rentals**—It is proposed to impose a tax of 15% on the rentals received by distributors from exhibitors for the hire of films for exhibition in cinematograph theatres. (These rentals are, in practice, always based on a percentage of the gross takings). The tax would be charged on the distributors who would be registered and licensed at a fee payable by every local representative of such distributors. It would, however, be collected by imposing on the exhibitors the liability to pay periodically to the Government 7½% of the gross takings and by empowering exhibitors to deduct the amounts so paid from the rentals paid to the distributors. At the same time, the distributors would be required to submit returns of film rentals and to pay the tax, but would be entitled to claim set-off of amounts deducted by exhibitors and repayment of any excess.

It is possible, although by no means inevitable, that this tax may be passed on to the general public who attend the cinema theatres. This a matter which is, to some extent, in the control of the cinema-going public themselves. The estimated yield of the tax is \$21,000.

**Sweepstakes**—It is proposed to impose a tax of 15% on the gross receipts derived from the sale of sweepstake tickets by the Demerara Turf Club Ltd. This percentage is the equivalent of less than

a tax of 4 cents on every ticket sold at the current price of one shilling. It is further proposed to impose a tax of 5% on the gross takings of those sweepstakes which are operated on the courses by the Demerara Turf Club and other organizations affiliated to that body. These sweepstakes, as members are doubtless aware, include the pari-mutual, the individual race sweepstake and betting forecast. The yield of these taxes is estimated at \$50,000.

**Estate Duty**—It is proposed to introduce slight variations in the existing scale of rates which would increase the contribution from high value estates while giving further relief to low value estates. The average annual yield is estimated at \$10,000.

**Timber Royalties**—The Council will be invited to approve of Crown Lands (Amendment No. 2) Regulations 1947 made under the Crown Lands Ordinance, 1947, the effect of which will be to vary in certain respects the classification and method of measurement of local timbers, and to increase the rate of royalty on certain timbers. These proposals have already been discussed with the interests concerned who, it is understood, accept them as reasonable and proper. The variations are estimated to yield an additional \$30,000 in timber royalty in 1948.

**Customs Duties**—It is proposed to invite the Council to enact legislation to amend the Customs Duties Ordinance by increasing the rates of duty on malt liquors, spirits, tobacco and wines, and to amend the Tax Ordinance by increasing the rate of excise duty on rum. Copies of the proposed new Schedules will be laid on the table immediately. I do not propose to do more at this stage than indicate the effect on retail prices of these commodities to the consumer, that is to say, the price increases which have been adopted as a basis in arriving at the increased rates of duty. Before the schedules are subjected to detailed consideration by the Council the advice of those Members who have expert knowledge of these matters will be sought and the commercial interests concerned will also be consulted; and any amendments of the rates, either upwards or downwards, shown to be proper would

be made. The intended effective price increases are:—

**Items affected by Import Duties**

Beer and Ale . .	4 cents per 12 oz. bottle.
Brandy, Whisky.	} Not to exceed 48 cents per quart bottle.
Gin, Liqueurs,	
Bitters, Sparkling Wines	
Wines, still bottled	Not to exceed 24 cents per quart bottle.
Rum	Not to exceed 36 cents per quart bottle.
Cigars	1 1/3 cents per average sized cigar.
Cigarettes	Not to exceed 4 cents per packet of 20.
Cigarettes (local manufacture)	Not to exceed 2 cents per packet of 12.
Tobacco	Not to exceed 5 cents per ounce.
Tobacco Black fat	Not to exceed 1 1/4 cents per ounce.
<b>Items affected by Excise Duty. —</b>	
Rum (local)	Not to exceed 4 cents per bottle.

The preparation of an estimate of the yield of the proposed increased customs duties is also governed by the import programme in relation to these commodities. The effect on the consumption of local rum, which appears to be falling slightly, cannot also be easily determined. From the Comptroller of Customs' estimate of the total yield, on the basis of existing conditions, I make a guess that we may hope to secure an addition of some \$500,000 to the revenue from these increased duties.

**Income Tax**—It is proposed to make no change in the existing personal allowances and rates of tax on individuals and on companies. The Council will, however, be invited to pass legislation whereby new approved developmental enterprises will be relieved of income tax during the first five years of their productive lives (as determined by the Commissioners of Income Tax in the light of the facts) to the extent that the net rate charged will not exceed 20%, that is, one half of the existing rate applicable to companies. After the first five years the standard company rate will be payable. I may also mention that Regulations to be made by the Gov-



ernor in Council are being drafted to permit **bona fide** gold and diamond mining undertakings to treat the capital investment in a mine (including prospecting, pre-development and development expenditure, plant, machinery etc.) as a single wasting asset to be amortized out of profits at a rate of 20% per annum on a "straight line" basis. It is hoped that these substantial concessions which are undoubtedly necessary in view of the speculative nature of such ventures will serve to attract the investment of capital in them.

32. Collectively, the yield of the taxation proposals which I have outlined add up to a total of \$996,500. But, as I have explained, allowance must be made for a reduction in the estimate of revenue from income tax. We should, I suggest, place the net yield at \$850,000. On this basis, and again assuming the maintenance of the customs revenue at least to hypothetical figure at which it has been included in the draft estimates, the 1948 budget will be balanced. I would invite the Council to accept this estimation of the position and to postpone at least for the time being, any further efforts at raising additional revenue by taxation.

33. On the conclusion of the reading of this statement I propose to move the suspension of the relevant standing Rules and Orders and to ask leave to introduce and take through all its stages to-day the following Bill, notice of which has already been given by the hon. the Attorney-General:—

"A Bill to continue certain expiring laws:"

This measure will continue in operation in 1948 the Sugar Excise Duty and the current rates of Income Tax;

I shall also invite the Council to approve to-day of motions to continue in force during 1948 the Sugar Export Duty and the Crown Lands (Amendment No. 2) Regulations, 1947.

I shall further ask leave to introduce and have read for a first time the following Bills to give effect to the taxation proposals, I have outlined in this statement:—

A Bill further to amend the Customs Duties Ordinance, 1935; and

A Bill further to amend the Tax Ordinance, 1939.

On the introduction in Council of these two Bills, an Order in Council will be promulgated under the Provisional Collection of Taxes Ordinance, Chapter 41, bringing into force immediately the increased rates of customs and excise duties provided for in the Bills.

34. Finally, I should explain that as the 1948 estimates cannot now be approved by the Council before the commencement of the year and all expenditure authorizations expire to-morrow (except in respect of items provided for by special appropriation laws), His Excellency the Governor will by Warrant on his personal responsibility, authorize the incurrence of expenditure on all essential public services pending the passing of the estimates and the enactment of the Appropriation Law for 1948.

The PRESIDENT: In accordance with custom the debate on the motion will now be adjourned until a week to-day, that is the 6th January. In other words, the debate on the actual motion moved by the hon. the Colonial Treasurer is adjourned to the 6th January. The adjournment is to give hon. Members time to consider the Budget Statement and the Draft Estimates which have been laid before you this afternoon.

#### CROWN LANDS (AMENDMENT NO. 2) REGULATIONS, 1947.

The ATTORNEY-GENERAL (Mr. E. M. Duke): I beg to move that the relevant Standing Rule and Order be suspended in order to enable me to move the following motion:—

"That, this Council approves of the Crown Lands (Amendment No. 2) Regulations, 1947."

THE COLONIAL SECRETARY seconded.

Question put, and agreed to.

Relevant Standing Rule and Order suspended.

The ATTORNEY-GENERAL: The object of these Regulations is to increase the royalty which is at present payable on timber. This matter has been fully dealt with in the Budget Speech of the hon. the Colonial Treasurer, and these Regulations have been drafted in order to implement the proposals in that Budget Speech. I now beg to move that the Council approves of the Crown Lands (Amendment No. 2) Regulations, 1947.

THE COLONIAL SECRETARY seconded.

Question put, and agreed to.

Motion unanimously passed.

#### SUGAR EXPORT DUTY ORDINANCE, 1947.

The COLONIAL TREASURER: I beg to move that the relevant Standing Rule and Order be suspended in order to enable me to move the following motion:—

“That, with reference to section four of the Sugar Export Duty Ordinance, 1947, (No. 21) this Council hereby declares that the said Ordinance shall continue in force until the thirty-first day of December, nineteen hundred and forty-eight.”

THE COLONIAL SECRETARY seconded.

Question put, and agreed to.

Relevant Standing Rule and Order suspended.

The COLONIAL TREASURER: As some hon. Members know, the duty known as the Sugar Export Duty was imposed for the first time this year. It is an export duty at the rate of \$1.20 per ton on all sugar exported, and at the time I introduced the legislation imposing that duty I explained to the Council that the Sugar Producers had themselves volunteered that this duty should be enacted in order to assist Government in a difficult situation in which it then was in providing funds towards Subsidisation. The Ordinance under which the duty is collected pro-

vides that it should be collected only for the year 1947, but there is provision in the final section of the law that if this Council declares that the Ordinance shall continue for another year and that declaration is duly carried and published, then that is effective as a means of continuing the Ordinance.

The hon. the Colonial Secretary also explained to the Council at the time this legislation was introduced that this action of extending its scope for another year would be taken by the Government only on consultation with the Sugar Interests concerned. That consultation has taken place and, although I have no formal communication from the Sugar Producers which indicates their written consent to this particular measure, yet I have no doubt whatever, that in the financial circumstances of to-day, and also in view of the increase in export price which has recently been given to the industry, their consent can be taken as having been given. Consequently, I move this motion which will allow of this revenue being included in the revenue year of 1948.

The COLONIAL SECRETARY seconded.

Mr SEAFORD: I desire to say something on this motion because the hon. the Colonial Treasurer has rather hinted that the Sugar Producers consented to this. I want to say here now that I am afraid that is not the view taken by the Sugar Producers in this matter. The consultation did take place but the outcome of that was that Government would consult them further as no decision was arrived at. That consultation took place not only as regards the Export Tax, but the Production Tax and also the local price of sugar. The Sugar Producers feel that bringing this forward to-day, due consideration was not given to the promise made by the Colonial Secretary when this was moved. He said then:

“He desired to make it very clear that in conducting the negotiations with the Sugar Producers he, as Chairman and Officer Administering the Government at that time, thoroughly understood that the export duty was to be levied for the year 1947 only. He then quoted from a speech by him in the Legislative Council in Feb-

ruary that the intention was that the Bill should operate in 1947 only. Further, he said he thought that assurance was given the Sugar Producers. Of course, the Sugar Producers might agree later to continue it; that was another matter. But as far as Government were concerned the duty should be levied for 1947 only.

"Mr. Heape added that the negotiations which were undertaken with the Sugar Producers were of vital importance to the Colony and the fact that the Sugar Producers had agreed to contribute this special levy was a means of getting the Colonial Office to obtain consent from H.M. Government to pay in 1947 the generous contribution of \$800,000 towards subsidization. If the Sugar Producers had not agreed the battle which the Colony would have to fight to get the consent of the Imperial Treasury to make this contribution would have been entirely unavailing. He wanted to express personally his sincere and warm appreciation for the generous, constructive and ready co-operation at that meeting which was so important to the future of the Colony and which was so successfully concluded."

That was the bait used—if the Sugar Producers put up \$200,000 it would result in \$800,000 to this Colony in the way of subsidisation. We got that grant that year, but the same reason does not hold good, as far as I see it, now because we are not going to get any more grant from the Colonial Office. So there is no need to put forward that bait now. The Sugar Producers feel that they are giving very considerable assistance to the revenue of this Colony, nearly \$1,000,000 a year—\$200,000 odd from this Export Tax, \$150,000 I think, from the Production Tax, and the difference between the local sales and the export price of sugar is in the neighbourhood of \$600,000 odd at the present time. I am not going to oppose the Tax, as I do not know what the position is in the Colony, but I do think that due consideration has not been given to the undertaking given to the Sugar Producers at the time this measure was brought in.

The PRESIDENT: As regards the decision of the consultation having not been made for the continuation of this Tax, everything that the hon. Member said was perfectly true as far as the consultation was concerned, but I rather gathered myself that the Sugar Industry would not like it and did not like it but,

subject to an increase in the price of sugar being given by H.M. Government to cover the increased cost, the Sugar Producers would not hold out against the reimposition of the Tax for at least another year. As I say, that is only a personal impression. Had His Majesty's Government not agreed to increase the price of sugar Government would certainly have gone back to the Sugar Industry first before bringing forward the matter in Council. It is only because of that increase that Government, I hope not wrongly, assumed that the Sugar Producers would willingly acquiesce to the reimposition of the Tax for another year. I can assure the hon. Member and the Sugar Industry that they will be consulted further before it is reimposed next year, if it is reimposed at all.

Question put, and agreed to.

Motion carried unanimously.

#### EXPIRING LAWS CONTINUANCE BILL, 1947.

The ATTORNEY-GENERAL: I beg to move that the following Bill be read the first time:

A Bill intituled "An Ordinance to continue certain expiring laws."

The COLONIAL SECRETARY seconded

Question put, and agreed to.

Bill read the first time.

The ATTORNEY-GENERAL: I beg to move that the relevant Standing Rule and Order be suspended in order to permit this Bill to be read a second time and taken through its remaining stages to-day.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Relevant Standing Rule and Order suspended.

The ATTORNEY-GENERAL: I beg to move that the Bill be read a second

time. The preamble fully explains the objects and reasons of the Bill.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bill read the second time.

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

The Council resumed.

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

The COLONIAL SECRETARY se-

Question put, and agreed to.

Bill read the third time and passed.

#### TAX (AMENDMENT) BILL, 1948.

The ATTORNEY-GENERAL: I beg to move the suspension of the relevant

Standing Rule and Order to permit Bills further to amend the Tax Ordinance and the Customs Duties Ordinance to be read a first time and taken through all their remaining stages to-day.

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

The ATTORNEY-GENERAL: I beg to move that the following Bills be read a first time:—

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

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

The COLONIAL SECRETARY seconded.

Question put, and agreed to.

Bills read the first time.

The Council adjourned until 2 p.m. on Tuesday, 6th January, 1948.