

# SECOND LEGISLATIVE COUNCIL

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

Thursday, 8th January, 1959

The Council met at 2 p.m.

## PRESENT :

**Speaker**, His Honour Sir Donald Jackson

**Chief Secretary**, Hon. M. S. Porcher (acting)

**Attorney-General**, Hon. A. M. I. Austin, Q.C.

*ex officio*

**Financial Secretary**, Hon. F. W. Essex.

The Honourable **B. H. Benn** *Member for Essequibo River*  
(Minister of Community Development and Education)

„ „ **E. B. Beharry** — *Member for Eastern Demerara*  
(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).

Mr. **R. B. Gajraj** *Nominated Member*

„ **W. O. R. Kendall** *Member for New Amsterdam*

**R. C. Tello** *Nominated Member*

**F. Bowman** *Member for Demerara River*

„ **L. F. S. Burnham** *Member for Georgetown Central*

„ **S. Campbell** *Member for North Western District*

**A. L. Jackson** *Member for Georgetown North*

„ **B. S. Rai** *Member for Central Demerara*

„ **S. M. Saffee** *Member for Western Berbice*

„ **Ajodha Singh** *Member for Berbice River*

**J. N. Singh** *Member for Georgetown South*

„ **R. E. Davis** *Nominated Member*

„ **A. M. Fredericks** *Nominated Member*

„ **A. G. Tasker, O.B.E.** *Nominated Member.*

Mr. I. Crum Ewing—Clerk of the Legislature

Mr. E. V. Viapree—Assistant Clerk of the Legislature.

## ABSENT :

Hon. Dr. C. B. Jagan, Minister of Trade and Industry—on leave.

Mr. H. J. M. Hubbard—on leave.

The Clerk read prayers.

## MINUTES

**Mr. Speaker:** The Minutes of the meeting of the Council held on 29th December, 1958 have been printed and circulated. The question is, that those Minutes be confirmed.

Agreed to.

Minutes confirmed.

Leave to Member.

**Mr. Speaker:** I have to announce that the hon. the Minister of Trade and Industry, Dr. Jagan, will be away from the 4th — which is already gone — to the 15th of this month on leave, on duty.

## PAPERS LAID

**The Financial Secretary:** (Mr. Essex): I beg to lay on the Table the Draft Estimates, 1959 and the

Draft Estimates (Development) 1959.

**The Minister of Community Development and Education** (Mr. Benn): On behalf of the Minister of Communications and Works, I beg to lay on the Table the

Post and Telegraph (Late Fee) Regulations, 1958, (No. 25) made on the 14th of November, 1958, under section 97 of the Post and Telegraph Ordinance, (Chapter 132) and published in the Gazette on the 29th of November, 1958.

## PETITION

## INCORPORATION OF B.G. PRESS ASSOCIATION

**The Clerk** read the following Petition:

"His Honour the Speaker and Honourable Members of the Legislative Council.

The Humble Petition of:

Cyril Percy Wight

and

Jake Augustus Croker

in their capacity as the accredited representatives of the British Guiana Press Association.

Respectfully Sheweth:

1. That the British Guiana Press Association, a cultural organisation operating on a non-profit basis and catering for safeguarding and advancing the best interests of Journalists, Journalism and the Press, has been functioning as an unincorporated body from 1944.

2. That the enrolled membership of this organization stands at 60 Full Members, 12 Associate Members and 10 Honorary Members.

3. That in keeping with modern trends it is proposed to strengthen the foundations of the organization and widen its scope by establishing a Training Institute, securing affiliation to the Institute of Journalists (of the United Kingdom) and other allied bodies: and acquiring its own property.

4. That at the general meeting of the organization held on September 2, 1958, members were firmly of the view that neither our present state of unincorporation nor any other was conducive to the best pursuit of our objectives, and accordingly they unanimously decided to seek incorporation by statute.

Your Petitioners respectfully request permission to have introduced by Mr. Antony G. Tasker, a nominated Member of the Legislative Council, a Bill intitled An Ordinance to Incorporate the British Guiana Press Association and for purposes connected therewith.

And as in duty bound will ever pray.

Cyril P. Wight

Patron

Jake Augustus Croker

Honorary Secretary

Petitioners.

Demerara, Monday January 5, 1959."

**Mr. Speaker:** Hon. Members, the papers are in order. The question is, that the promoters be allowed to proceed.

Agreed to.

## ORAL ASKING AND ANSWERING OF QUESTIONS

## CIVIL SERVICE ARBITRATION TRIBUNAL

**Mr. Tello:** Mr. Speaker, I beg to ask the hon. the Chief Secretary the questions standing in my name. Does Government contemplate establishing a Civil Service Arbitration Tribunal as exists in the United Kingdom?

**The Chief Secretary** (Mr. Porcher, acting): Sir, the reply to the hon. Member's Question is as follows: The question of establishing an Arbitration Tribunal for the Civil Service is being examined as part of general proposals for improving the procedure for conciliation and negotiation in the Civil Service.

**Mr. Tello:** If so, is the machinery being worked out in full consultation with the Staff Associations concerned?

**The Chief Secretary:** If it is decided to establish an Arbitration Tribunal for the Civil Service, the necessary machinery will be worked out in consultation with all Staff Associations concerned.

#### INTRODUCTION OF BILLS

**The Minister of Labour, Health and Housing (Mrs. Jagan):** On behalf of the Minister of Trade and Industry, I beg to give notice of the introduction and First Reading of a Bill intituled —

“An Ordinance to amend the Rice Marketing Ordinance.”

**Mr. Benn:** I beg to give notice of the introduction and First Reading of a Bill intituled —

“An Ordinance to provide for valuation of property for rating purposes and for purposes connected therewith.”

#### ORDER OF THE DAY

##### BILLS — FIRST READING

The following Bills were read the First time :

A Bill intituled “An Ordinance to amend the Rice Marketing Ordinance.”

A Bill intituled “An Ordinance to provide for valuation of property for rating purposes and for purposes connected therewith.”

##### APPROPRIATION BILL

**The Financial Secretary:** I beg to move the Second Reading of the Bill intituled

“An Ordinance to appropriate the Supplies granted in the current Session of the Legislative Council.”

##### BUDGET STATEMENT

**The Financial Secretary :** This is the third budget which it has fallen to my lot to present in British Guiana, and on the previous two occasions I have had at the back of my mind the thoughts of the Director in the Prelude to “Faust” who felt his hopes receding that he would be able to give the public what it wanted and expected, and wondered “How can we manage something fresh and new — not only important, yet attractive too”. I am afraid that this year much of what I have to say will not

be attractive, though the situation revealed is certainly important enough. The short-term financial position is a difficult one, but the longer term much more hopeful. The basic difficulties are largely caused by circumstances in the large world outside British Guiana, circumstances which have had a delayed effect as far as we are concerned, and which produce their maximum adverse effect in 1959 so far as public revenues are concerned, though we have weathered them in 1958.

2. The two main external influences in late 1957 and 1958 have been, firstly, the world industrial recession which has had an effect on the demand for calcined bauxite, aluminium and, consequently, metal grade bauxite, and secondly, the shortage of capital for investment, particularly for underdeveloped territories. The first has affected our direct and indirect revenue in 1959, the second, potentially, the steady progress of our 1959 development programme. We have reason to hope, however, that after 1959 the position will be easier. We are told that the outlook for bauxite is brighter this year, and we feel that we shall gradually pull back to the position of the peak production year, 1956, and see the alumina plant come into production with no further postponements of the target date. As regards capital, the outlook for United Kingdom dependent overseas territories as a whole has brightened considerably with the decision of Her Majesty's Government to make them direct exchequer loans in 1959 in place of loans from the London Market. As regards British Guiana itself we have already benefited from the new policy by being granted such a loan, £5½M, in mid-1958, which has enabled us to proceed as planned in 1958. For the Commonwealth as a whole, with which our economy is inextricably bound, there has been successive encouragement with the progressive lowering of the United Kingdom bank rate, and culminating with the recent announcement of the convertibility of transferable account sterling. Another good sign is the decision to augment the capital resources of international lending agencies, particularly the International Bank, and here again we have been especially for-

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tunate in getting a senior representative of the Bank to visit us so shortly after we had asked for assistance. The Government is very grateful for the Bank's ready acceptance of our request, and for the encouraging statements that the Bank's representative made. We await with interest the Bank's report on our economy and the possibility of its lending to us for the development programme.

3. As regards internal adverse factors, the bad rice harvests of 1956 and 1957 have undoubtedly affected the economy in 1958, but here again there is evidence that the exceptionally good harvest of 1958 is pulling the situation round.

4. I shall return to the economic effect of these and other factors later, but I would like to begin by giving a more quantified assessment than usual of the economic state of the territory, past, present and how we feel the future might be.

*National Income Statistics*

5. During the year a considerable effort has been made to put our national income statistics on a firm basis following the excellent earlier work of Percival and D'Andrade on the years 1948 to 1951. We are indebted to the University College of the West Indies for making available for this purpose a skilled research worker in this field, Miss Carleen O'Loughlin. Her study, which we hope will be published early this year, is of the period 1952-1956, but it will be possible with our own statistical bureau to keep the figures up-to-date in future.

6. During the 1952 to 1956 period the total value of home production, or more precisely what the statisticians call "the gross domestic product at factor cost", increased from \$160M to \$208M, and the provisional figure for 1957 is \$223M; the increase between 1952/53 was \$17M, between 1953/54 \$16M, there was no increase between 1954 and 1955 and one of about \$15M in each of the two years between 1955 and 1957. After making provision for replacement of capital consumed in production, that is

for the depreciation of the fixed assets of the producers, adding income from abroad and deducting income paid abroad, this production yielded the people of British Guiana a national income which rose from \$144M in 1952 to \$189M in 1956 and on the provisional figure, to \$199M in 1957,—an increase of 38% in the five-year period. Since the goods and services on which this income was spent increased in price by something like 15% during the period, the real national income in terms of purchasing power had risen by about 20% in five years. The growth in the volume of production was lower—perhaps about 10% over the period—but as imports had cheapened in terms of exports, we were able to enjoy a higher real income than the mere volume growth in production could sustain.

7. I do not wish to burden Hon. Members now with a mass of statistical data, interesting though it might be to study at leisure. As I have said before, it is possible from such figures to draw fallacious conclusions. But there can be no doubt about the first conclusion. The figures we have demonstrate what we have all along known by evidence and instinct, how dependent we are for our income on the two major export industries, bauxite and sugar. In 1957 they produced about 28% of the gross domestic product. The figure, for rice and timber, the main export supporters to sugar and bauxite were about 5% and 2% respectively. When we consider the extent of the effect on all sectors of the economy from variations in the 7% rice and timber industries, the significance of the 28% sugar and bauxite figure becomes apparent. The manufacturing sector, excluding the processing of sugar cane, padi and coconuts, was still disappointingly low in 1957 as the provisional figures show, but it slightly increased from 5% to 4% since the 1952 to 1956 period, and shows an absolute increase of \$1.4M between 1956 and 1957. For the rest, the national income figures show mainly the importance of ancillary services to the main industries, in the distribution, construction, and transport sectors. This reflects the high degree of entrepreneurship commented on by Mr. John Adler of the In-

ternational Bank during his visit last year.

8. For the period 1952 to 1957 there has been a steady but not unduly spectacular development in the economy, but it is worth noting that in 1955 the per capita income was about the same as Jamaica, but lower than that of Trinidad. The present rate of growth, however, in Jamaica particularly, may be faster than ours. It is also interesting to note the comparison with certain Latin American countries, for our 1955 per capita national income was about two-thirds that of Brazil, roughly the same as that of Mexico or Guatemala, and higher than that of Bolivia, Paraguay or Peru.

9. We have developed our national income in the period since 1952 by the heavy investment in the Government and private sectors, and by the substantial rise in the value of bauxite exports up to 1956. And this was done despite the adverse effect of the low rice harvests of 1956 and 1957. The rise in the national income has been matched by a rise in Government revenues from \$30M in 1952 to \$46M in 1957, and the two sets of figures must belie once and for all the often repeated opinion that the country is stagnating.

10. Further evidence of our development is given by the figure for gross fixed capital formation, which consists of expenditure on the replacement and expansion of the Colony's capital equipment in the form of fixed assets. The figure for this rose from \$26M in 1952 to \$48M in 1956, averaging over the period about 20% of the gross domestic product at factor cost. In 1956 total net investment in new assets, fixed and current, totalled \$40M, of which local savings financed \$25M with \$15M financed by capital inflow from abroad. Local savings rose from 8% of the national income in 1952 to 13% in 1956. The rising rate of savings and the high level of investment are heartening, and lay the foundation for the future. But it cannot be too strongly emphasized that the high level of investment needed to expand employment and to raise living standards can only be achieved by a continuing inflow of capital

from abroad and a high level of local savings.

11. I should now like to give some idea of how the national economy is likely to be affected by developments over the next five years. The first of the postulates is that the production of sugar, rum and molasses will continue to rise at the rate of 1% per annum with a growing demand, which will be met by a slight increase in acreage and a better yield per acre. It is further assumed that the value of the rice crop will have increased by 1964 by some 75% of the 1955 yield, 1955 being taken as the last normal year, through the Government Drainage and Irrigation programme bringing an additional 75,000 acres into use during the period 1960-1963. The product from an additional 18,000 acres of land under coconuts and crops other than rice should increase from \$7.5M in 1957 to \$9.5M in 1964. It is also assumed that construction by Government and private investment will be maintained at the level of the present development period.

12. The major new factors which should increase the gross domestic product are, however, the coming into production of the alumina plant, and commercial mining of manganese. The alumina plant should begin commercial production some time in 1961 and reach its full rated capacity of 200,000 tons a year in 1963. As Hon. Members will remember, it is expected to employ 700 people. The effect on the economy should be very considerable, directly and indirectly with the natural increase in transport, distribution and ancillary services which it will engender. Manganese mining should begin a year earlier, some time in 1960, and reach its planned maximum production from 1962 onward. This industry should directly employ 200 when in full production, and also be a considerable stimulus on the general economy. Although these two major developments will not have their full effect on Government revenues till after 1964, since they have been given tax holidays, Government revenues will undoubtedly benefit in the interim from incomes generated, and in the case of manganese, from royalties paid on the ore extracted.

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13. If all goes more or less according to our hypotheses, the gross domestic product at 1958 prices should increase from \$223M in 1957 to at least \$297M in 1964, the largest increases being \$22M from \$237M in 1960 to \$259M in 1961, and \$18M from 1961 to 1962. The rise of \$65M between 1959 and 1963 compares with one of \$33M between 1955 and 1959, which shows a very satisfactory trend. I cannot emphasize too strongly that these figures do only illustrate trends, and it is difficult to convert the figures directly into estimates of the increased prosperity and happiness of the individual. They do show that there is a good chance of that happening, however, and I repeat that as far as the country as a whole is concerned it cannot possibly be said with justification, though it is often said, that we are stagnating. The effect of even small increases in the basic production sectors of sugar, rice and mining are magnified in the increases in the ancillary sectors which are the real touchstone of the individual's prosperity. Decreases in the main sectors take rather longer to have an effect both on the individual and on the Government revenue. But it is clear that the general trend is upward and should continue so.

14. The requirement is that the prosperity of the basic industries on which we so largely depend, in agriculture and mining, should continue. We must also have political stability and settled conditions generally. It is clear from an analysis of our economy that as far as agricultural development is concerned we shall need considerable assistance from overseas capital, either in the form of free grants or anyway low interest long-term loans, since the direct return on the capital at least in the form of padi is low. But it is in this field that a good deal of our increasing population will be employed directly or indirectly. Production costs of padi must be kept as low as possible, since we are counting on exporting the major part of the crop, and the provision of basic improvements for the rice industry falls naturally on the Government for direct return on capital is not high in this field.

15. The next requirement is that we should produce many more of our basic requirements which we now import. The need here is for local capital to invest in productive industry, manufacturing and agricultural. We still do not consume enough of our local fruit and vegetables, indeed in some varieties we do not produce enough to consume, so we rely heavily on imports at large cost to our economy. 19,000,000 lbs. a year of imported potatoes take a lot of swallowing in a rice and cassava producing country. On the manufacturing side we have seen the success of the brewery and the margarine factory. We no longer need to import beer or margarine, and that saves quite a lot for the country, though it would save considerably more if we did not have to import so much of the ingredients from outside. One hopes that these industries will also become exporters of the finished product as soon as possible. We meet a good deal of our clothing requirements, again admittedly from imported materials, we do a bit of canning, we have a first-class biscuit making industry, we are going to have a first-class particle board factory. But there are still a lot of minor industries where we can produce an article as good as the imported one at roughly the same cost, so long as someone will start them. China, glass, cane furniture, coconut fibre, confectionery, fruit canning; we have gone some way with these but what they now require is an injection of capital. The Credit Corporation can help with loans to private industry and it does help, but the Government cannot do it all, and what we want is a further mobilisation of local Guianese private capital, some of that capital which is undoubtedly going overseas to investments, or perhaps just going overseas, with a hope that the bread cast on the waters of the pools will come back a thousand fold. The bread has been estimated at a high figure and we shall obviously have to do something about that. Capital to this extent cannot be exported if we are properly to develop our own resources, and it is silly to have to replace it by overseas borrowed capital on which we have to pay interest and repay in the course of time.

*Trade in 1958*

16. It is also important that we should be prepared for and not be too depressed by pauses in the general run of the Country's economic development in terms of its production. There has been such a pause in 1958. It is of course extremely difficult to estimate at this stage what the gross domestic product has been for 1958, but the indications are that the figure for 1958 will be \$208M, i.e. \$15M less than in 1957 and a reversion to the same figure as in 1956. The estimated value of exports in 1958 is \$92M as against \$108M for 1957. The main decrease will be in the value of bauxite, both calcined and dried, for in the first 10 months of the year the value was 35% or \$9M less than for the corresponding period of 1957. The exports of rice for the first 10 months of 1958 were also down 50% in value, but this figure is misleading because the good harvest of 1958 will not show its effect in the exports until next year. The value of sugar exported for the first 10 months was 7% or \$2.7M less than for the same period in 1957, despite the record production and export, which is more than offset by the decrease in the average price per ton obtained. Decreases of this size, as will follow from what I have already said, are bound to have an adverse effect on the national economy generally.

17. There were, however, some encouraging increases in the value of certain exports though they do not in the aggregate offset anything like the decrease in the value of our main exports. One of the most encouraging of the increases is the value of ships and boats exported; it is impressive that nearly \$1M worth of ships had been exported in the first 10 months of the year. In mining, exports of gold for the first 10 months of 1958 were also 50% higher than for the same period of 1957. Timber exports were up 3%, charcoal 11% and the exports of medicines, toilet waters and the like were also better than in 1957. It is also encouraging that the export of matches had begun to improve in 1958 compared with 1957. Taking the picture as a whole, however, the total value of domestic produce exported in the first 10 months was 16% less than in the same period of 1957.

18. On the other hand the total value of imported goods increased in the first 10 months by \$309,000 or .3%. Food on the whole was down ½%, though oils and fats were up by 4%. The most indicative decrease, however, was in the industrial group, such as crude industrial materials. These were down 22%, mineral fuels and lubricants 13%. The machinery group on the whole, however, did show an increase—a quite considerable one. Electrical imports were up by \$315,000 or 49% and other machinery by \$1.4M, of which \$886,000 comprised sugar-making machinery. As regards non-industrial imports one observes that the imports of glass and glassware increased by \$391,000 or 43%. This is interesting because of the possibility which I have mentioned of our having our own glass industry here. Electrical apparatus and appliances increased by over \$1M or 38%, and road motor vehicles and parts, other than private motor cars, increased by 18%. The value of imports of private cars decreased by nearly ½M or 23%.

19. The estimated total value of our imports for the whole year is \$119M, so that the total value of external trade will fall by about 6% i.e. \$211M as against \$226M in 1957. It means that our adverse trading balance in 1958 is estimated at about \$26M as compared with \$10M last year. As I said then, however, this is not something about which we should get worried at the moment, for there will continue to be an adverse visible trading balance so long as the Government is investing in a large capital Development Programme financed largely by external loans and grants, and investment in the private sector is also increasing, financed by overseas capital. Such projects as the construction of the Alumina Plant and the development of the Manganese Mines in themselves have a substantial effect on the figures. During 1958 good progress has been made on the installation of plant in the manganese area at Matthews Ridge, and it is hoped that the railway will be completed in time to allow production to begin some time in 1960.

20. I should perhaps include here,

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some other figures for mining development in 1958. As regards gold it is most unfortunate that British Guiana Consolidated Goldfields Ltd., who were the major producers of gold in the country, should have stopped work in October when the total production of gold to the end of October was the same as for the whole of 1957. It is unlikely to have increased by much more, and it seems unlikely that we shall be able to maintain this figure next year, though there are rumours of new strikes in various areas. The 1958 production of diamonds is expected to be about the same as that for 1957 despite the fall in production from surface washing methods. One would expect the annual figure to remain at something like 30,000 carats for some time to come. Looking again to the future, the Marine Seismic Survey of the whole offshore area was completed by the middle of the year by the Standard Oil Company of California. The results of this survey are not yet known, so we are still in the dark as to whether there is likely to be oil in British Guiana or not. The interpretation of such surveys is a very skilled and long process, but we would expect to know the results by say March. If the indications are positive then we would hope that further explorations by means of detailed seismic survey or drilling would be put in hand at the earliest opportunity.

*Prospects for 1959*

21. This seems an appropriate point for me to attempt an assessment of the economic activity in 1959, with particular reference to the question of employment. I do not cease to be surprised to learn that in the budget proposals is expected a panacea to end unemployment. The Government is continually being taxed with its inability to find full employment for everyone. No concrete suggestions seem ever to be made about the line of solution. Even a highly developed industrial country finds it difficult always to keep employment at a satisfactory level, though it has the tools of managed inflation so that it can within limits put out purchasing power by monetary means to support production for internal consumption. This Government, or any Gov-

ernment in British Guiana cannot put more money into circulation than the country earns by its exports, or saves by reducing the need for imported goods, or persuades overseas investors to spend here. As I have already indicated, one of the answers is that we should make or grow more of the things we at present import. This will employ more people here, but it requires a mobilisation and use of local savings. The Government is encouraging this as much as it can. Another answer is that the Government should get as much overseas capital as it can to spend on development works which will employ local labour during construction and produce recurrent income after the construction period. Here again the Government is doing what it can, as I shall show when I deal with the development programme for 1959. The next answer is the injection of private overseas capital, which the Government wishes to encourage. Finally is the need for our existing industries to expand and increase their production for export.

22. How all this will work in 1959 is reasonably clear. As I have said, we hope that there will be an increase in bauxite production, both calcined and metal grade, and that at least some of the reduced labour force at Mackenzie and Kwakwani will be restored. There will be a larger area under rice cultivation, but a good deal depends on the weather if production is to be maintained at the high 1958 figure. As regards sugar we know that part of the crop will be sold at a higher price. The price for the rest is anyone's guess, but all in all there is no reason for assuming that cultivation will be less than in 1958. On the construction side, there will be no decrease in the labour force engaged on the Government financed drainage and irrigation or other public works. In the private sector the work on the construction of the alumina plant will proceed, and indications are that construction work on the manganese undertaking will be accelerated. As regards new works, there will be the installation of the bulk sugar loading plant, and new electricity generating plant for the Georgetown undertaking. As regards new industry there is the hope that now an agreement has been signed for the



setting up of a wood pulp undertaking, construction will begin on that, a major work. Finally there are signs of increased activity in small scale diamond and gold mining.

23. The key to all the problems of finding work is investment of local and overseas capital. Without that the Government can do nothing. If this is wrong, and there is another solution, then the Government would be very happy to hear of it. But the Government is hopeful that capital investment will be found and will make every effort to find it.

#### *Financial Outturn 1958*

24. I must now deal with Government finance in 1958 and the outturn of the year on the recurrent budget. 1958 has been a strange year from the point of view of Government revenue, and I have already outlined the economic factors to which this can be attributed. The estimate for import duties was just over \$16½M, that is an increase of \$600,000 over the approved estimate for 1957. The year started off reasonably well, though at the end of March we were slightly behind the 1957 figure, whereas of course we should have been slightly ahead if we were to achieve the increase on the year. By the end of June, however, the position was considerably worse, and we were nearly \$300,000 below the 1957 figure, and by the end of August, we were nearly \$700,000 behind. It was the same story for rum duty; despite the 10% increase in duty, by the end of September we had collected less in 1958 than in 1957. From October, onwards, however, both import duty and rum duty staged a remarkable recovery, so much so that Customs and Excise revenue as a whole, which on the picture in the middle of the year, might well have been \$2M under the estimate, will now be only about \$1M less. Imports of consumer goods and the consumption of rum are obvious touchstones of spending power. There is no doubt that the cutting back of orders for imports at the beginning of the year was conditioned by the two successive bad rice harvests in 1956 and 1957. In 1957 in particular the economy had been bolstered by large new construction works

such as the Alumina Plant, and by the larger production of sugar, but the cumulative effect of the bad harvests and the effect on the national income could no longer be contained in 1958. People spent less—they had to—and importers were obviously uneasy as there seemed to be a prospect of yet a third bad rice harvest. Naturally, they cut down on their orders. The fall in receipts for rum during the same mid-year period was obviously due to the same economic factors, though there is no doubt that the immense success of the brewery and its product affected the consumption of rum and dollar for dollar spent on beer or rum, about four times as much comes to Government revenue from rum.

25. From this picture at the end of September, however, a brighter one emerged, and it is clear that the business community took hope as hints of a very good rice harvest got around. Orders were placed, more money was spent and Government revenue started to rise again. As I have said, by the end of the year the position as regards customs and excise revenue, though not satisfactory since the terrific shortfall in the first nine months of the year, could not possibly be made up was not as desperate as it appeared at one time it would be.

26. On the other side of the picture the Income Tax revenue is likely to be some \$3M more than was estimated. I have tried very hard since I have been here to make a better Income Tax estimate, and have consistently increased the figure submitted by the Department, which is based on returns of probable tax in the following year submitted by major groups of taxpayers. One would have thought that things would even themselves out over a period of years, sometimes the optimistic figure being justified, sometimes not. But in recent years even the optimistic figure has turned out to be too low, and this has happened again in 1958. This is not of course unique to British Guiana. It is a most difficult estimate to make. A large element in the 1958 increase is the collection which has been made in respect of previous years' assessments, and I do not believe that this amount will be as high in the future.

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It is now obvious, however, that trading conditions in 1957 were much better than anyone had thought, and it was a more prosperous year for all sections of the community than available figures for the year led one to believe.

27. To conclude this general statement about the unusual pattern of Government finance during the year I must refer to the extraordinary expenditure which had to be met because of the breach of the sea wall at Enmore. This cost was above  $\$3\frac{1}{4}M$ , which of course could not have been budgeted for. Nevertheless so good was the income tax figure that we have been able to contain this unexpected expenditure and the short fall in customs and excise and still produce the  $\$2M$  surplus we set out to get for the Development Fund.

1958 Revised Estimates

28. I should now like to offer some more detailed comments on the 1958 Revised Estimates. The approved revenue estimate for 1958 was  $\$47,892,000$  and the Revised Estimate, as printed, is  $\$49,196,000$ —an increase of  $\$1,304,000$ . I have already spoken about the Customs and Excise figure which is about  $\$1M$  down, and the Income Tax and other Internal Revenue which is about  $\$3M$  up. We are, however, likely to be  $\$300,000$  down on the receipts expected from departmental fees and schemes. The revenue from Housing, for example, is likely to be  $\$50,000$  less than estimated, and from Land Settlement schemes  $\$148,000$ . The estimated receipts from the sale of Pure Line Seed Padi are  $\$142,000$  less than was originally thought, but so was expenditure from voted money. There will also be shortfalls in the refunds of loans made from Colony sources because the receipts from sale of houses were again over-estimated. On the credit side, however, we have received  $\$80,000$  from the Currency Board profits which we never expected to get, since on probable interest trends at the time the Estimates were framed it appeared that the whole of the 1957 profits would have to be applied to the Currency Fund. There is also an

accounting refund of  $\$176,000$  from the University College because of the change in its financial year with the setting up of the Federation.

29. The revised estimate of expenditure shown in the printed Estimates is  $\$47,478,000$  or  $\$1,586,000$  more than the original estimate. This is considerably less than the total of the original estimate, plus supplementary provision which has been necessary during the year, because there has been under-spending in certain departments, particularly where there are still staff vacancies, although I made an allowance for this when the 1958 Estimates were prepared. The Agriculture head is expected to total nearly  $\$400,000$  more than the estimate because of the increased deficits of the marketing schemes and the extra money which has been spent during the financial year on the Pure Line Seed Padi Scheme. A very large increase is inevitable on the Miscellaneous head which will probably be exceeded by  $\$800,000$ .  $\$200,000$  of this is required for the subsidy to the Rice Marketing Board with the change in rice prices last year. Refunds of revenue will be  $\$170,000$  more than the estimate—though this is offset by the Income Tax Collections for previous years—and  $\$200,000$  extra is required for leave passages for Government Officers. The only other significant increase is the one which I have already mentioned, that is the  $\$750,000$  for the emergency measures which had to be taken at Enmore following the breach in the sea defences. I should say, however, that at the last minute an application for supplementary provision of  $\$75,000$  has become necessary for Primary Teachers' salaries. I mention this here to draw particular attention to the fact that teachers' salaries are going up at an alarming rate. Even the original estimate for them is as much as  $\$4,285,000$ , and it is even more obvious now that the cost of the revision of teachers' salaries in 1957 was very much under-estimated.

30. However, all in all, the year has not been unsatisfactory as far as Government revenue is concerned, though the satisfaction has come from quarters other than those from which it was expected.

The printed estimates show a surplus on the year's working of \$1,718,000, but since they were printed various increases in actual revenue have more than offset the probable increases in the expenditure figures, and I feel that as a result of the year's working there should be a surplus of something like \$2M as budgeted, for transfer to the Development Fund.

31. I may say that among the minor disadvantages of presenting a budget as late as this is that all the time one is getting nearer to final figures, and an estimate which looks brilliant as a shot in the comparative dark of September may look unnecessarily wide if made in what should be the bright light of early January. It is not however possible even at this stage to be absolutely right about 1958, because of the major end-of-year expenditure adjustments to be made. However, as I have said, it looks as if \$2M will be available as planned, for the development fund, from the recurrent budget in 1958.

#### *The General Revenue Balance*

32. When the \$2M is so transferred, the general revenue balance will remain at just over the \$5.16M at which it was brought forward from 1957. The surplus on the 1957 working was some \$700,000 higher than I had thought it would be when the 1958 budget was presented, revenue being roughly \$200,000 more and expenditure \$500,000 less than I had predicted, and the whole 1957 surplus of \$2.679M has already been transferred to the Development Fund.

33. I must again repeat that the general revenue balance at just over \$5M is in no sense a reserve. It is really little more than our working capital requirement, and it cannot be regarded as a fund into which we can dip to finance items which have not been budgeted for; it cannot be regarded even as a nest egg, for any surpluses which accrue on a year's recurrent budget have to be applied to the development or capital budget to reduce our need for borrowing, and not added to our so-called reserves. The smallness of the general revenue balance does however make life difficult for those

of us who have to run the day-to-day finances of Government, particularly when we have a revenue which is unevenly dispersed through the year. In the early months of the year we spend more on the recurrent budget than we receive in revenue. The position is alleviated somewhat in June when we receive the first third of company income tax, but then we go steadily into deficit again till the beginning of November when the balance of the company income tax is paid. Then onwards till the end of the year we go increasingly into surplus, helped by the large weight of customs and excise duty which falls in the last two months of the year, when receipts in this sixth of the year are more than a fifth of those for the whole year.

34. I feel obliged, at the risk of wearying Honourable Members, to reiterate what I said last year about the wrong conclusions which are drawn by representative members of the public, and the press, from the Government revenue and expenditure position as shown by the end of October figures. Despite what I said in last year's budget speech, we have again seen and heard statements that the deficit at the end of October, and the low revenue collection till that date, revealed a very serious position, that there was likely to be a large deficit in the year's working since revenue was so far behind on a proportionate basis. The figure of \$6M was quoted. Yet the position in 1958 at the end of October was no different from that of any of the past four years when we have finished the year with excesses of annual revenue over annual expenditure of \$1.6M in 1954 and 1956, \$2.5M in 1955 and \$2.7M in 1957. And we are going to have a surplus in 1958.

35. I venture to say that this is typical of the sort of pessimism which is continually being reflected in public statements, some of which are meant to be taken more seriously than others, but all of which are more or less damaging to the country's interest. If we do not appear to have any confidence in our own economic position how can we expect people outside to have? There

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was one prediction produced a few weeks ago in a newspaper, that we would borrow more in 1959 than we would ever repay. I do not know how seriously meant this was, not too seriously I imagine, but it is the sort of humour which cannot possibly help in the quest, which is as difficult or more difficult even for us than for others, for loan money and investment. And there is not the slightest evidence for such a prediction. We have also, for example, seen the glum reports that this was the worst Christmas ever from the point of view of money in circulation. This is not borne out by the actual figures for money in active circulation which were \$16M for November 1957 and \$17.2M for November 1958, or by personal observation of what has been going on for the last weeks of the year. The Government is also continually being taken to task for not rushing into things which may benefit the country but which, from their very nature, require considerable thought before they are ready for judgment as being in the best long-term interests of the country.

36. The opposite facet of the same pessimistic visage is that when something is said which shows that the country is not going backward, that its future is economically bright, no one makes anything out of it. I refer particularly to the statements made by the recent mission of the International Bank. They were most encouraging and stimulating and made by an expert of wide experience, keen observation, independent standing, with no axe to grind. I should have thought that this would have been shouted from the housetops so helpful was it nationally, but very little has so far been made of it.

37. It may be that the Government itself has not done enough explaining of the country's financial and economic position, and we will try to rectify this. But the fact remains that what any Government says has much less effect than if the people and their press say it, for the outside world will listen to them. I am not suggesting that everyone should say that everything is rosy. It is not and

British Guiana is still a very much under-developed country. It still has to rely on too narrow a base, and this means that there will be the set-backs and pauses from time to time to which I have already referred. I do not suggest that there is not a good deal of poverty, that some people are unemployed or under-employed. But I do believe and know that there are many countries where the position is a good deal worse. It is clear that for the large mass of the population here the standard of living is comparatively high and rising, and equally clear that if this trend is to continue we must instil the confidence of the outside world in our economy and build up our own.

38. This seems a particularly appropriate point for me to describe to you the state of the public debt at the end of 1958. It is substantial but not forbidding.

*Public Debt*

39. The funded public debt at the beginning of 1958 totalled \$54.6M, of which \$45.3M had been borrowed in the United Kingdom and \$9.3M in the Colony. The sinking fund towards the amortisation of the \$54.6M had accumulated to \$8.9M at the beginning of the year. In addition to this long-term debt we owed \$6.6M to the Crown Agents Joint Consolidated Fund which it had been intended to convert into a long-term United Kingdom market loan as and when opportunity offered. As is now well known, conditions in the London market have not proved propitious for Colonial loans and as a result Her Majesty's Government came to our aid in mid-1958 and agreed to make a Government-to-Government loan of \$26.4M to underwrite the borrowings from the Joint Consolidated Fund which are on call, and to provide a margin to enable the 1956-60 Development Programme to proceed more or less on the lines planned through 1958 and 1959. By the end of 1958 the Joint Consolidated Fund borrowings stood at about \$14M and we had used from the United Kingdom Government loan \$7.5M, as well as relying on its backing for the \$14M advanced by

the Joint Consolidated Fund. Our public debt at the end of 1958 is therefore in effect \$76.1M, and in the course of the year we shall have contributed \$1M to the sinking fund, bringing the accumulated total to over \$10M. The public debt is therefore now equivalent to about eighteen months' ordinary revenue which is by no means unusual or cause for alarm, even though it will have increased more than usual in 1958. This is because expenditure on the development programme has been higher than in the past, particularly in those sections in which we get no assistance under the Colonial Development and Welfare Act; mainly the large drainage and irrigation works at Black Bush where work is well ahead of schedule, and telecommunications. I shall be referring to the effect of this later when I deal with the Development Estimates, and it is sufficient to repeat here that our public debt is still not abnormally high, and there is no reason why its service cannot be borne without serious sacrifice.

#### *Recurrent Expenditure in 1959*

40. It is now necessary for me to give Honourable Members an outline of the estimates of recurrent revenue and expenditure, which we shall be discussing in much greater detail in Finance Committee and in the debate on this motion. The total estimated expenditure in 1959 is \$47,100,000, an increase of \$1,208,000 over the approved 1958 Estimates or \$378,000 less than the 1958 Revised Expenditure Estimates. The policy has continued of pegging as far as possible Government spending and the size of the Civil Service. Honourable Members will have seen that there are again very few new posts proposed, though staff has not been reduced to any marked extent. This process of stabilising the size of the Civil Service has now been going on for two or three years, but even now the ratio of the cost of the Civil Service to the recurrent expenditure generally, is higher than in other places with economies like British Guiana's.

41. As regards the Heads of expenditure, there are the usual inevitable increases. The biggest increase is of

course on the Public Debt Head where there is an increase of nearly \$700,000. This is necessary to service additional borrowing which has been made in 1958, and that projected for 1959, mainly of course the £5½M. United Kingdom Exchequer Loan. The terms of this loan are not yet known but it appears that the rate of interest will be ¼% above that at which the United Kingdom Government can borrow. The method of repayment is not known, whether it is to be by annuities or by a sinking fund method. The estimate is therefore made on certain assumptions rather than definite information, but it is unlikely to be very far out. Social Services will cost more, as is inevitable with the growth of population at both ends of the age range. Increased cost of education is going to be something like \$½M. The largest part of this is contained in the Primary School Teachers' salaries which will cost \$315,000 more, and there is an increase of \$124,000 in the vote for grants to aided secondary schools. The cost of Primary School teachers' salaries is now assuming formidable portions and at the level of \$4.6M they take 10% almost of the total Colony expenditure, and of course as the number of school children increases so will the number of teachers. For the rest of the social services there is an increase of \$200,000 on Health Services and of \$80,000 on Social Assistance proper. In all other Departments, however, the estimates have been kept down to the lowest possible figure in view of the revenue position in 1959. It is a particular disappointment that the estimated deficit on Transport and Harbours should have increased in 1959 despite the large amounts spent on rehabilitation during the past few years, and a thorough economic appraisal of the railways is called for as soon as possible.

42. Apart from the normal scrutiny of the departmental expenditure estimates there has had to be a further pruning, and Members will see that the amount of extraordinary expenditure in 1959 is very small *i.e.* expenditure on imported machinery, equipment and the like.

43. The Government also felt that in a year of financial difficulty it was neces-

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sary to make certain arbitrary cuts in Government expenditure even if they did result in a slightly less efficient operation of Government. One such cut is a 10% reduction in all departmental travelling votes, that is a 10% reduction on what the Department had requested. It is not felt that a reduction in the amount of travelling done will impair the Government service to a marked extent; indeed, if the utmost economy in transport is sought by the Departments concerned there may well be no real loss in service. An arbitrary 10% cut has also been made on all departmental Miscellaneous votes. Here again, it is felt that there is ground for economy in day to day petty expenditure on office maintenance and amenities, miscellaneous small items of equipment and the like. The total of travelling and allied votes in the Estimates was just over \$1M so the saving on this is about \$100,000 and on the miscellaneous votes which total \$155,000 the saving will be \$15,000. These do not sound staggeringly large amounts but there are very useful ones and an economy drive in any Government Service is from time to time very beneficial, particularly if it encourages the Service to have an economical attitude of mind in dealing with expenditure as a whole. Because of the financial position we have also had to reduce maintenance standards in some cases. I am happy to say that this will not be so in the case of the roads. Honourable Members may think that such an exercise would in any case be impossible. But we have given a smaller increase for the maintenance of buildings than the Public Works Dept. would have liked though as Members will see the vote will be larger in 1959 than in 1958. Again, for reasons of economy it is planned not to increase the stock of the Public Works Department Stores in 1959. We were working to increase the total value of the stores from \$750,000 to \$1,000,000 but the progression will have to wait a year. Even with these economies in expenditure however, it has not been possible to find the usual amount for Loans from Public Funds or for the Public Works Non-Recurrent Programme. The Government

has felt obliged to reduce the vote for loans by \$90,000, though the real reduction is only \$30,000, since the 1958 figure included a revote for the loan to the Georgetown Town Council for the rehabilitation of the Sussex Street canal. The figure provided for Public Works Non-Recurrent is \$165,000 less than in 1958. As I have explained on former occasions it is a strain to carry a large Non-Recurrent Programme as well as a large Development Programme containing expensive capital works. The figure for Public Works Non-Recurrent is essentially a residual one but the amount provided should not mean in itself a reduction in the labour force used by the Department. Also on the decrease side Honourable Members will have seen that no provision was made for military expenditure in 1959, either towards the cost of the United Kingdom Troops who are posted to British Guiana or for the West India Regiment. The position with regard to payment for the British Company which is here is the same as when it was last debated in this House and we have not so far been asked to pay anything.

*Recurrent Revenue in 1959*

44. If I may now turn to the Estimates of Revenue for 1959. It has been a most difficult exercise to assess what the revenue is likely to be in 1959 on the present basis of taxation. I have already described the peculiarities of Government revenue in 1958, which stemmed from a lack of spending power in the early part of the year because of the rice harvests and the aluminium recession, and how the last quarter of the year staged a recovery mainly because of the record rice and sugar crops. It is impossible to say with any certainty or even with as much conviction as usual what the revenue next year will be. What is quite certain, however, is that the Income Tax revenue will not be as much as it was in 1958. It will be quite obvious to anyone, even if he does not know the actual figure, that there will be a drop in Income Tax from all major mining and sugar industries. The sugar industry did of course have a very good year in 1957 because of the very high world price of sugar for months in that year. The average price in 1958 has,

however, not been anything like so high as the abnormal one of 1957 and though the increased production would have helped a bit, the tax from the industry probably will be more or less back to normal in 1959. It is also obvious that if less bauxite has been exported in 1958 than in 1957, then the income tax from bauxite will be less and of course the fall in tax is greater in proportion than the fall in volume of exports since certain overheads have to be carried, whatever the production. We also know that the large amount of tax which was received in 1958 in respect of previous years assessments will not be repeated in 1959. These things are known. The imponderables, however, can have even more weight than usual in 1959, but one must assume that trading profits will not be any higher in 1958 than they were in 1957, because of the depressed trading conditions in the middle of 1958. As a result the income tax revenue is estimated at \$14,750,000, that is \$1,500,000 less than the original 1958 estimate.

45. As regards customs and excise revenue, an increase of \$1M over the revised 1958 estimate has been assumed on import duties. This may be optimistic but it seems reasonable to take a figure of \$16,800,000 having regard to the actual collection of nearly \$16M in 1957, and the improved tendency in the last quarter of 1958. Here again much depends on the results of the 1959 rice harvests and the speed at which the bauxite and to a lesser extent the timber and other extractive industries recover from a rather depressed state in 1958. Export duties are expected to be about \$90,000 higher than in 1958. These are almost exclusively on bauxite exports. Excise on rum has been put at about \$300,000 more than the actual collections in 1958, but \$325,000 less than the original 1958 estimate. Small increases are expected on the other customs and excise items, and as a result the estimate for the whole head is about \$300,000 more than the original 1958 estimate.

46. I have very little comment on the rest of the 1959 revenue estimates, the only noteworthy increase being one of \$350,000 on our share of the Currency Board profits because there should be a

normal distribution in 1959, the market value of the Currency Note Fund Securities having risen substantially during 1958.

47. The total estimated revenue for 1959 is therefore \$47,100,000, that is about \$800,000 less than the 1958 original figure. With a public works non-recurrent expenditure of \$585,000 the budget almost exactly balances. No provision is however made in these figures for any increases which may be recommended by the Salaries Revision Commissioner. It is not yet known what the recommendations will entail, but it would be unrealistic to assume that they could be implemented without some additional expenditure. However it has been decided to leave this question till the Report has been received and studied, by which time we should have a clearer picture of the 1959 financial position.

48. There is also no surplus for a contribution towards development expenditure in 1959, and it will be necessary for me to show later that it would be impossible to leave the position at that. Before doing so however I must give some account of the position of the development plan and its financing in 1959.

#### *Development Expenditure 1958*

49. Development expenditure in 1958 has been very much on the lines of the approved 1956-1960 plan. The original estimate for the year was \$23.8M and the revised \$21.8M. If the revised estimate is accurate the expenditure will have been higher than in any previous year: \$20.6M was spent in 1956 and \$18.4M in 1957. A main reason for the high expenditure is that the drainage and irrigation work at Black Bush is well ahead of schedule because of the dry year we have had. The expenditure on this work alone in 1958 will have been over \$4M against an original estimate of \$3½M which on past performance of similar works I frankly had considered optimistic. Indeed the estimate for the other major drainage and irrigation work in progress at Boerasirie did prove too high by some \$.5M and the main works there are not now expected to be completed till towards the end of 1959. The problem then will be to find money for its internal works.

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As regards the Black Bush Area however, there is every likelihood that 2,000 acres will be ready for occupation and cultivation by the end of 1959, with a possibility of a further 2,000 acres if the land can be cleared. The problems of settlement are now being worked out.

50. As regards land development itself the main work has been at Mara where four-fifths of the drainage and irrigation works will have been completed and 1,100 acres cleared by the end of 1958. By early 1959, 100 families will have been settled each with its rice cultivation and homestead plot. It is most unfortunate that the autumn rice crop of 472 acres was badly affected by blast disease, but the settlers are not discouraged and continue determined to make a go of the settlement.

51. The basic agricultural development programme has continued according to plan. The Central Agricultural Station at Mon Repos is now complete except for the construction of the central laboratory and the capital part of the present stage of development of the livestock stations at Ebini and St. Ignatius practically completed. As regards fisheries the *Cape St. Mary* has continued to collect valuable data through the year and has incidentally brought in an average of about 50 tons of fish a quarter while trawling. In new crop development, cocoa of very good quality has been produced but it has not so far been possible to get seedlings taken up by small farmers to anything like the desirable amount, and ways will have to be found to encourage the planting of this very promising crop. The experimental jute cultivation has had a negative year in that it has been virtually proved that jute will not grow satisfactorily except in frontlands clay soil, and the next stage of development will require very careful thought.

On the communications side the track improvements to the West and East Coast railways have continued. During 1958 a new launch for the Canje River Service was built locally and brought into service, and the keel of a new ferry boat was laid in Scotland in October 1958; work

on its sister ship will begin in Georgetown about March. Work on the modernisation of the ferry terminals at Georgetown and Vreed-en-Hoop will begin this year. As regards telecommunications, the new Georgetown Exchange Building has been completed and work on the underground duct system begun. The exchange equipment is now arriving both for Georgetown and for the several exchanges on the coast and in the Interior. Exchange buildings have already been completed at several centres including Anna Regina, Leonora and Suddie. Work on road investigation and road building proceeded. The major investigation of 1958 was the full dress survey of the East Coast Road. It was with some sense of desperation that we received the news that to build a first class road of the type planned, from Georgetown to Rosignol, would cost something like \$ $\frac{1}{2}$ M a mile on the average. The decision is a difficult one but it is clear that we cannot envisage spending this amount of money on an existing route, except perhaps over a protracted period. A modified scheme is however now being worked out and in the meantime we must continue to be patient. As regards the East Bank Road, steady progress has been made with deviations and the road is now in better condition than for some years. The sealing in many parts is however still temporary and the next stage will be the real surfacing of the road. Surveys of the interior roads have also continued through the year. Expenditure on sea defences has been higher than usual even excluding the \$ $\frac{3}{4}$ M spent on the recurrent budget.

53. On the social services side 1068 houses were completed during 1958, and a further 606 were 95% complete at the end of the year and will be ready for occupation early in 1959. Eleven more schools were either extended or given a new lower flat in 1958, and the extension of eight more was in progress. On the Health side, the new Central Medical Store was completed during the year and the final instalment, the water supply, made to the Port Mourant Hospital.

*Financial background to the Programme*

54. It will be more convenient for me to deal with progress in certain other



main sections of the programme, when I talk of the 1959 programme, but before doing this it is desirable that an account should be given of the financing of the programme as a whole. As I have said the total expenditure on the development budget in 1958 will have been something like \$21.8M. It is not possible to guarantee this figure at the moment, and one instinct warns that it may have been somewhat less. It appears however that a programme of this sort of size has been financed by the budget surplus to the extent of about \$2M, by Colonial Development and Welfare grants of about \$2½M, and by Loan Funds either from the Joint Consolidated Fund or the United Kingdom Exchequer Loan, and by the temporary use of the General Revenue Balance and deposits pending the raising of a local loan to the extent of about \$17M. The actual drawings from the \$26.4M Exchequer Loan and the Joint Consolidated Fund to the end of the year were as I have said \$21.5M, but of this \$6.6M had been used in 1957, and they would have been about \$3M more if we had not received funds on deposit for investment in the projected local loans in 1959.

55. The disappointing feature in this pattern of financing is the comparatively small use made of Colonial Development and Welfare funds. The territorial allocation was increased by \$1M during the year which means that at the beginning of 1959 we shall still have about \$6.5M of the allocation unspent with the prospects of a new Colonial Development & Welfare Act coming into effect sometime in the year. We had expected that the proportion of C.D. & W. funds on the 1958 expenditure would have been some \$2M higher and that there would be no difficulty in spending the allocation by the end of 1959. What has happened however is that some schemes which had been earmarked for C.D. & W. financing, some where the Secretary of State had actually approved C.D. & W. schemes, have not proceeded as quickly as expected for various reasons, some outside our control. This has meant that some of the allocation has been earmarked for schemes which might have been used for others

which we have been financing from our loan and budget sources. This sort of thing is of course inevitable in development financing, and we are now making an effort to adjust the position. The other main difficulty against the quicker utilisation of C.D. & W. money is that in the schemes of economic development such as roads, sea defences, minor drainage and irrigation works, we have to find half the cost from sources other than C.D. & W., and the money is spent *pari passu*. If those other sources are not in full flow therefore, that is if there is a shortfall from the sources of finance for the planned programme, then obviously the amount of C.D. & W. money which can be utilised on the 50% basis is also limited.

56. I have referred to this at some length because it has considerable bearing on the shape of the 1959 Development Estimates, which are now before Hon. Members. The estimates show a total expenditure of about \$21.5M which is regarded as a reasonable physical target on past performance. But at present there is no guarantee that funds will be available to finance a year's programme of this size. As it will be remembered following the London finance talks in mid-1958, an Exchequer loan was granted to enable the programme for 1958 to be continued, and it was also considered by the Secretary of State to be sufficient, with the full use of C.D. & W. and local resources to meet practically the whole of the expenditure which proved to be needed for the present plan up to the end of 1959. The "proves to be needed" was contingent to a large extent on the element of uncertainty in the estimates of likely expenditure and resources. In particular, of course, this meant that it was uncertain that the revised estimate of expenditure made in June 1958 would be reached. In fact as I have said, expenditure is likely to have been around that figure and, as a result, considerable significance is assumed by the shortfall of \$2M which there was in the Exchequer Loan compared with the estimate of need disclosed by an estimated 1958 expenditure of \$21.674M and a 1959 estimate of \$18.237M, with an assumed yield from budget surplus and loans raised locally.

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Not the least effect of this is that it inhibits the spending of part of our remaining C.D. & W. allocation for the reasons which I have already given.

57. So this is how things stand. The Government puts before you estimates totalling \$21.494M of which \$6.427M would come from C.D. & W. free grants and \$15.067M from other sources. Because there is not foreseeable finance for this very reasonable programme however, we have shown certain items in the programme as reserved. This means that work cannot be started on them or if only part of the vote is reserved, the rate of spending must be geared to the free amount excluding the reserved portion. The amount so reserved within the \$21.494M is \$3.78M of which \$1,939,500 is in the C.D. & W. element and \$1,840,500 in the other resources part. The unreserved part of the draft estimates is therefore \$17.714M, consisting of \$4.488M from free C.D. & W. grants and \$13,227M from other sources. Hon. Members will have noticed that the \$4.488 C.D. & W. element is less than the amount of our allocation remaining to us.

58. As regards the other resources required we are counting on raising at least \$6.5M in local loans during the year. This may seem a large amount, but it must be taken into account that we shall be eligible for a borrowing of some \$3M from the Eastern Caribbean Currency Board under the scheme embodied here in legislation passed in 1957 but which has to be enacted again because of a legal technicality in the model ordinance. It is also proposed with the advice of the Secretary of State to do a gradual switching of overseas investments of local funds such as those of the Post Office Savings Bank to local investments, subject of course to the legal limit in each case. The investment of these funds in local securities is still far from the statutory limit so there is scope for such a switching operation. With reasonable response from local companies and individuals at least \$6.5M should be feasible, including the amount on deposit at the end of 1958 awaiting

investment. Excluding this \$3M the new local loan money can therefore be taken as \$3.5M and in addition there will still be \$4.9M left from the Exchequer Loan giving us \$8.4M towards the unreserved estimate of \$13.227, from sources other than C.D. & W. grants. I shall be dealing with new taxation proposals shortly which are expected to produce a \$2M surplus in 1959 thus increasing our estimated resources to \$10.4M. The gap would therefore be \$2.827M and it seems reasonable to assume that this could be filled partly by a small increase in the local loan element, partly by an adjustment between C.D. & W. and loan expenditure, for remember there will still be about \$2M available in our allocation over the \$4.488 in the estimate, and it is certainly reasonable to budget for the amount of \$17.714 anyway, on the theory and practice of "slippage". As I have often said in this Council, particularly when there has been criticism of budgeting in the development programme for more than we in practice spend during the year, or drawing up a programme for a period which appears too large, if you want to spend a hundred dollars you must aim at spending a hundred and ten, because of the inevitable lag in performance. Some things go more quickly than planned, some more slowly, and there must be elbow room in any capital estimates. I hope therefore that the House will accept these estimates as a reasonable basis on which to proceed as soon as possible. As the present imponderables are weighed,—the final size of the 1958 surplus, the final 1958 development expenditure, the success of our efforts to get more C.D. & W. money spent, the results of our local loan issues, and above all, the results of our visit to London in mid-1959 to discuss future financing with the Secretary of State when he has promised to review our case in the light of events,—then we shall be able to dereserve. If I may be forgiven such a word, more of the items in the full year's estimates of \$21.499M. It is not going to be an easy year for the Treasury, we shall have to watch events with the closest attention, even on a day to day basis, to see that Government investment is kept at the highest possible level compatible with our ability to find the money for it. It will

be obvious to Hon. Members that members of the Government have had temporarily to sacrifice some of their favourite schemes, but they have faced up to this as they realise that it is the first essential that we should live within our means and not begin large schemes unless we have a reasonable prospect of being able to find the finance to finish them. I hope that all Hon. Members will approach the estimates in the same spirit. The shortage of development finance is not unique to British Guiana. Members will no doubt have seen from the latest Journal of the Commonwealth Parliamentary Association that the independent countries of the Commonwealth have their financial headaches, and that among the territories with formal development programmes, Ministers of Finance were using such phrases as "important projects being reduced or postponed"; "development programme going forward at reduced speed" in their budget speeches. Hon. Members will also see that in many of the territories covered there were taxation increases.

59. But we must have high hopes of what is forthcoming from the new C.D. & W. Act, and as I have said before in this Council we have been treated most sympathetically by Her Majesty's Government and have anticipated the new Act by being granted an Exchequer Loan in advance of it. But it still behoves us to do our share and the new taxation proposals which came into force today are an earnest of our intention to find as much as we can towards our own economic development. Before I deal with this question I must briefly give the salient points in the development proposals for 1959.

#### *Development Estimates 1959*

60. The major expenditure will be on the Black Bush Polder Scheme. To this we are committed, and on this, as I have said, a sizeable part of the national income increase depends. The estimate for 1959 is over \$4M. In fact the contractor's belief is that the expenditure may be some \$340,000 more than has been included in the estimates. I do not believe however that we shall have the same very favourable climatic conditions which have

enabled such an acceleration of the work, as has happened in 1958, to continue. Indeed if I did, I should be worried about our rice crop next year, not only the Spring crop but the main crop. We really do need a heavy rainfall to build up the conservancies to their normal level. We cannot have it both ways. Good construction weather is not good growing weather and we must hope for a balance between the two. For the rest of the expenditure on drainage and irrigation works, provision has been made for the completion of the Boerasirie main works, and for a larger programme of minor drainage works, which experience has shown pay such quick dividends. Whatever may be said about the direct return on investment in drainage and irrigation works one must feel convinced that in British Guiana the ripples from a good rice crop have a wider reach than pure statistics demonstrate. The cross-benefits of bringing more land into beneficial occupation are very considerable and affect the economic well being of many people remote from the areas of production. This has been evidenced by the effect of the recent good rice harvest. Provision is also made in 1959 for the completion of the Tapakuma Survey. This area is the logical successor to Black Bush and Boerasirie and its development must form part of the next five year plan.

61. Other expenditure to which we are committed is our telecommunications development. This has unfortunately proved more expensive than was originally thought and doubts must arise as to its relative value at its new cost. However having gone so far we must continue, albeit as Hon. Members will have seen from the reserved list at a slower speed if this is forced upon us by financial considerations.

62. As regards Public Works proper, provision is made for the continuation of work on the East Bank road as I have already said, and for the extension of surveys of interior roads. We also hope to do more work on sea defences than in the past with a concentration in the Nabaclis-Strathspey area where protection is urgently required. The construction of new public buildings and officers' housing

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has perforce had to be reduced to a minimum.

63. For Agriculture and Land Development the 1959 programme represents a period of drawing breath. It is clear that one of the major problems in any successor development programme is to provide agricultural credit for the people who are to settle in the new lands, and until the position of this becomes clearer we have only provided for a continuation of the present programme in its prescribed lines. One of the key factors in the 1960 situation will be the role of the Credit Corporation. No addition to the lending capital of the Corporation is provided for in 1959, but this does not mean that the Corporation will be inactive. In 1958 the Corporation has drawn down its last capital provided in the 1956-60 programme, but during the past eleven months of the year it made 447 loans totalling nearly \$1.3M. Of this nearly \$500,000 was for agriculture and food production, over \$500,000 for housing, and about \$250,000 for industry including logging and fishing. It is most significant and encouraging that in the same period the Corporation collected nearly \$2M in repayment. The quicker the repayments the more there is to lend, but the Government is nevertheless keen that the capital of the Corporation should be increased, and we have hopes that there will be other sources of finance for it, both private and also possibly from the International Bank.

64. An important adjunct to the activities of the Credit Corporation has been the progress of rural self-help schemes. In the first three quarters of 1958, 95 schemes were approved in a wide category for agriculture, buildings, roads, drainage and irrigation works, at a total cost of \$150,000. It is estimated that over 20,000 families will benefit from these schemes and provision of \$300,000 is made in the 1959 estimates for a continuation of the programme. Half the provision is reserved but even as it is the scheme should be able to proceed at its current level.

65. As regards the social services in 1959 provision is made for the beginning of a revised health service programme with the building of cottage hospitals at Leonora, Leguan and Mahaicony and the construction of twenty-five health centres. It is also proposed subject to the provision of Colonial Development and Welfare funds to have an extensive polyomyelitis vaccination campaign. It will no doubt have already been observed that nothing has been provided for the reconstruction of the Georgetown Hospital. This has however by no means been lost sight of, and considerable thought has been given to ways and means of providing a modern hospital for Georgetown which is within our means if built over a period. The Government hopes to be able to announce its plans for this during the year.

66. In Education, provision is made for the rehabilitation and construction of primary schools at the 1958 level, with progress to be accelerated if additional funds are forthcoming, to twice the 1958 level. This is of course in addition to the increased assistance to secondary education for which provision is made in the recurrent estimates.

67. The provision for housing has for financial reasons had to be reduced in 1959. Unfortunately for reasons which I made clear during the 1958 budget debate the money allocated in the 1956/60 programme has had to be considerably augmented to complete a total of 3,200 houses instead of the 4,500 originally planned for the period. The Government is not able to find more funds at this juncture for direct investment in housing but it is very alive to the need for a continued housing programme, and is considering schemes by which it can join with private enterprise to get more houses built. It is hoped to be able to bring a scheme of this kind before Council during the course of 1959.

68. Ministers will of course amplify these points and give fuller information about the development estimates in Finance Committee and I will close my general description with a reference to a change of emphasis in the plan for this year. The Government has decided that

a higher priority should be given to the provision of rural water supplies for which \$1,260,000 was allocated for the 1956-60 period and of which \$797,000 is expected to have been spent between 1956 and the end of 1958. It is hoped to spend \$700,000 in 1959, but initially \$200,000 of this will be reserved.

#### *New taxation proposals*

69. I have already said in connection with the financing of the programme in 1959 that it is intended to introduce taxation proposals estimated to produce an additional \$2M a year. I hope that I have already demonstrated quite clearly that if there is not to be a serious falling off in the programme with attendant waste and unemployment the \$2M is essential. Indeed it is an obligation on the territory to find \$2M a year from its own resources towards the programme having regard to the very much larger element in it which is being provided by people outside it. If we want to develop we have to play our own financial part. And in 1959 even if there were not this need for additional development finance, it would be unthinkable to approach the year with a budget which only just balances, in view of the small size of our reserves to which I have already referred. The amount of additional personal taxation proposed is not an extraordinary imposition on those of us who have jobs and sources of income, to assist those who have not, and whose future depends so largely on the maintenance of a high level of Government investment. It would have been possible to have achieved this by an all round rise in our import duties but this would be an unintelligent and unfair way with a disproportionate adverse effect of the cost of living and on industrial development. As for an increase in direct taxation, personal or company, this is already high and it would be very difficult to increase the rates to the extent necessary to produce a substantial increase in revenue.

70. The Government therefore decided to tax consumption not income for the additional revenue required and has in the main selected items for duty increases which are either non-essentials or for which there is a local substitute for

the import. The duties are therefore either purely revenue raising or partly revenue raising partly protective, and account has also been taken in making the choice of other potential economic social benefits to be derived, as well as additional Government revenue.

71. There is also among the proposals a set of decreases. It is proposed to reduce the duties on the cotton fabric group and on rubber-soled canvas shoes.

72. I do not wish to go into too much detail now about the various changes in duty as we shall be discussing them at length later, but it is necessary to explain the main points and the reasons for the choice of items. The main revenue raising item is the increase in the duty on imported tobacco in the form of cigarettes and pipe tobacco, and on tobacco imported for the local manufacture of cigarettes. The duty on imported manufactured cigarettes has been raised by \$1 a pound, or 5c. on a packet of 20 cigarettes. The duty on imported tobacco for local manufacture into cigarettes has been increased by 60c. a pound which represents an increase of approximately 1.8c on a packet of 12 cigarettes. The increase on "black fat" unmanufactured leaf tobacco has been increased by 30 cents a pound. The increased yield on the imports of manufactured tobacco is estimated at \$15,000 and on the imports of tobacco for manufacture \$450,000. The large revenue increase from such a small increase in the duty is indicative of the large quantity of cigarettes which are used every year. In 1957 the imports of tobacco for manufacture were nearly 665,000 lbs. and on the average 400 cigarettes weigh a lb. I do not think that anyone can say that this small additional taxation on those who wish to smoke is a serious imposition.

73. The next increase is on the excise duties on locally manufactured spirits and beer. It is proposed to raise the excise on rum and gin by the same 80c. a proof gallon by which it was raised last year. I have no doubt that there will be the same cry as last year that rum is always taxed. To which my answer will be the same, that it is a perfectly legitimate

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measure of taxation on a non-essential on which the community can afford to spend nearly \$10M a year. The proposed increase should entail an increase of 10c a bottle and in view of the disingenuous misunderstanding brought about last year, I should say that by a bottle I mean the bottle which is now sold at varying price between \$1.90c. and \$2.10c. It is interesting to note that the proposed increase is no more than the variation which one can personally observe between the selling price of the same bottle in various different shops at the same time, but which the consumer seems to accept without complaint. The price for "snap" should not really rise by more than a cent as a result of the new increase in duty, and the price of rum is still very low for a good and satisfying product.

74. It is also said that taxing rum is taxing the poor man's drink, an accusation which I also deny because it is obviously taxing everyman's drink, unless we assume that almost everyone in the country is a poor man. But this year there is even less ground than usual for this shibboleth of discrimination. It is proposed to increase the duty on imported spirits by \$6 a liquid gallon. Now this, we admit, really is a stiff increase, which represents about \$1 a bottle. But even at its present figure, whisky, imported gin and brandy is hardly the poor man's drink, and the Government feels that if anyone wishes to buy these expensive luxuries he should not be prevented but be prepared to pay more dearly for them. It is also considered that there are grounds for an increase in the differential between spirits made almost exclusively from local materials by local manufacturers with local labour, and those which are imported. The increase in revenue from the rum and gin duty is estimated at \$300,000 and on imported spirits \$50,000.

75. The increase proposed for the excise duty on beer is 25c. from 50c to 75c a liquid gallon. The increase in duty per bottle—I am sure there will be no doubt about the size of a Banks bottle—is therefore put above 1½ cents. I am convinced that no one could seriously

maintain that this is an insupportable imposition on the drinker of beer if it is passed on to him. Yet it should produce revenue of about \$250,000 a year. In 1958 \$456,000 will have been paid in excise duty on beer. At 50c. a liquid gallon, the 1958 rate, this means that duty will have been paid on over 900,000 liquid gallons, or over 14,000,000 bottles of beer. The amount of money which the population has spent on beer is very considerable, and even allowing for the decrease in expenditure on imported beer, ale, and stout,—imports have dropped 50% on 1957 when 330,000 liquid gallons were imported — the extra amount spent on beer is far in excess of the ½% reduction in food imports to which I have already referred. I have no doubt that the accusation will be made that this additional taxation is likely to impede the progress of a really good local industry; in anticipation the accusation has already been publicised. But if Hon. Members will look at the position soberly and logically, they will I am sure agree that the increase proposed is most unlikely to have that effect. The Government does not believe that the small increase in duty per bottle will, even if it is all passed on, substantially alter the consumption pattern which has been so brilliantly achieved by the brewery helped by its income tax holiday and because it pays no import duty on its main materials. The product is excellent, the excise still comparatively very low compared with that on rum on a price basis, and on imported beer which it is rapidly driving out of the market, and which pays an import duty of \$2 preferential or \$2.40 general a liquid gallon on the landed cost including freight and insurance, as compared with 50c excise on local beer. It is proposed to increase the import duty on imported beer by the same 25c. so the relative competitive position will be maintained. I do not wish to say more at this stage except to emphasize that the right way to look at the comparatively small extra tax is as a consumption tax, fully justified by the amount of the consumption and its nature, and not as a tax on an especially successfully local industrial venture. I have no hesitation in assessing the additional revenue yield at \$250,000.

76. The next group of imports which the Government has selected for additional revenue raising is a purely luxury one consisting mainly of perfume, cosmetics, cameras and watches. Here the rise in duty is 10% all round. The main revenue increase will be on cosmetics — estimated at \$36,000. We are importing about \$400,000 worth a year of cosmetics and I do not think that any member of Council will think it is not worth it. But I do not think that the face of beauty in British Guiana will be altered by the fact that its artificial aids will cost a little more. The estimated revenue yield from the increases in duty proposed on the whole luxury group is \$70,000, including the \$36,000 in cosmetics.

77. For the final group of revenue-raising duty increases the Government proposes an increase of 7% in the import duty on private motor cars, motor cycles and motorised bicycles. The rationale here is not entirely revenue raising. The Government considers that an overseas expenditure on new cars and motor-cycles of over \$2.5M a year is too high having regard to the state of the economy and the density of traffic on the roads and it is felt that a slight curb should be applied to the importation of new mechanised means of private transport. The increase of 7% is not as high as the normal range of purchase taxes elsewhere and is no doubt less than public divinations had predicted. It is worth my observing that the increase does not apply to buses, trucks or lorries nor to spare parts for motor cars, so commerce and industry will not be directly affected, nor the price of spares which for various reasons is already high. The estimated increase in duty yield is \$175,000.

78. I will now turn to the proposed increases in duty on items which are designed to help local production but are incidentally revenue raising. The first group of these consists of imported fresh and tinned vegetables, fruit and cornflour. The main item here is potatoes. Importation of potatoes is more than 19,000,000 lbs. a year, at a landed cost of nearly \$1M. The duty is very low, either 24c. or 30c. per 100 lbs. The amount imported and the low duty are anomalous in a country

which produces cassava, rice and other starch foods, and is able to grow more of them. The proposal is to increase the duty to \$3 a hundred pounds or 3c. a lb. The 3c. is not an excessive amount for those who wish to use imported potatoes and it is less than the fluctuation which now occur in prices from time to time. One cent a lb. has also been added to the duty on imported other fresh and dried vegetables except for onions, and dried beans and lentils. As regards canned vegetables of which a comparatively small amount is imported 10% has been added to the *ad valorem* rate and the same has been done for fruit juices, preserved fruit, jams, jellies and canned soups, all of which or substitutes for them are being or could be produced in the country. Duty on sugar confectionery, not chocolate, has been increased by 13% for the same reason. The estimate of additional revenue from this group, allowing for a reduction in demand is \$550,000.

79. In view of the potential increases in the local production of wooden and cane furniture, household brooms and brushes, the duty on imported articles of this nature made from any material has been raised by 10%. The estimated revenue increase from this source is \$80,000.

80. The final group of imports on which duty is to be increased is the ready-made clothing is justified because such articles can well be made here at a reasonable price, both in a small way and in garment factories, and it is obviously in the national interest that the industry should be encouraged. This increase should produce \$30,000 and this will go some way to offset the loss in revenue from the proposed reduction in duty on cotton fabrics and canvas rubber shoes. The proposals are to reduce the duty on the fabrics made wholly of cotton from 8% and 13% to 5% and 10%, in order to reduce the price of clothes, particularly workday clothes, and to remove the present preferential 5% duty on the textile and rubber shoes and reduce the general rate from 9% to 4% to make it possible for these shoes which are the cheapest bought, to be retailed a bit cheaper. The cost of these duty concessions is likely to be \$100,000.

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81. As a result of these taxation proposals, it is estimated that the revenue should increase by a net \$1,870,000. In addition the Government has decided, in view of the financial position to reintroduce a sugar tax in the form either of a production or export tax. The sugar production tax was in existence from 1942 to 1952, on the basis of \$1 a ton of sugar produced. It was conditionally removed with the 1953 budget and the Ordinance repealed. But as I have said, because of the revenue needs it is proposed to reintroduce it from 1st January, 1959 at the same rate of \$1 a ton either on production or exports. The details are still to be worked out but the yield should be about \$250,000, though as the tax would qualify as an expense for income tax, the net yield to the Government would be 55% of this amount or \$137,500 and this added to the \$1,870,000 gives a total increased revenue of just over the \$2M required towards development expenditure in 1959.

82. As I said earlier, the Government does not consider that the proposed additional burdens on the taxpayer are unreasonable, for items have been chosen with care to make the least possible impact on the basic cost of living, and having regard to the production which is available in the country to provide substitutes for the imported articles on which taxes are increased. I do not for one moment suggest however that this is a popular budget and the Government would not introduce it unless it were not demonstrably necessary.

83. I have however attempted to show that 1959 is an abnormal year in a regular succession of relatively easy ones in the past few years. I have every hope that 1960 will see a resumption of the steady progression of an annual increase in revenue on the present basis of taxation, though much depends on the degree of recovery of the bauxite industry as far as direct Government revenue is concerned. Sugar, assuming that production is maintained should have a

reasonable 1959, with a slight increase in both the size and price of its negotiated price quota, and this will have its effect on Government revenue in 1960. And in general, as I have said, the national income should increase sufficiently between 1958 and 1959 to make public revenues easier in 1960. Looking further ahead still, the picture becomes much more promising as more land comes into production and the major new industries which have already begun construction play their full part in the economy, supported by an increasing number of smaller factories financed by local capital.

84. The Government realises that prognostications of a prosperous future for the country are cold comfort to individuals who are suffering present adversity. But cases of hardship should not obscure the fact, which is demonstrated by the figures, that the average standard of living of the country as a whole has been rising, while we have been successful in keeping the rise in the basic cost of living to a very low figure in the past three or four years. The thought with which I would conclude therefore is in a sense complementary to the sentiments expressed by His Excellency the Governor at the opening of this session of Council about opposition. It is that however politically minded anyone is in British Guiana and however much he is dissatisfied with any particular Government in power, or the country's political status at any particular time, the country has got to carry on, and more, go on developing in the meantime. We are fortunate in that our major industries and our business life are so well run that the country does run well too. But I think it would run economically faster if more public recognition were given to the fact that the country is not going backward, despite pauses in its going forward such as we have seen in 1958, and if any Government in power were given credit for its supporting rôle in the race, especially when that rôle depends so much on its successfully maintaining a public investment programme which depends very largely on outside assistance.



**The Minister of Community Development and Education (Mr. Benn):** I beg to second the Motion.

**The Financial Secretary:** I beg to move that the debate on the Second Reading of the Bill be adjourned to allow the remission of the Recurrent Estimates and the Development Estimates for 1959 for examination by Finance Committee.

Question put, and agreed to.  
Debate adjourned.

### TAXATION PROPOSALS

**The Financial Secretary:** I beg to move the First Reading of the following two Bills:

- (a) A Bill intituled "An Ordinance to amend the Tax Ordinance".
- (b) A Bill intituled "An Ordinance to amend the Customs Ordinance".

These two Bills embody the tax proposals which I have already announced. They are covered by an Order in Council made under the Provisional Collection of Taxes Ordinance on the 6th of January, which means that from the date of the First Reading of the two Bills, that is today, the proposals for taxation come into effect.

**Mr. Benn:** I beg to second the Motion.

The following Bills were read the First time:

- (a) A Bill intituled "An Ordinance to amend the Tax Ordinance".
- (b) A Bill intituled "An Ordinance to amend the Customs Ordinance".

### MOTOR VEHICLES AND ROAD TRAFFIC (AMENDMENT) BILL

**The Minister of Communications and Works (Mr. Ram Karran):** I beg to move the Second Reading of the Bill intituled:

"An Ordinance to amend the Motor Vehicles and Road Traffic Ordinance".

This Bill, notice of which was given on the 29th of December, 1958, seeks to amend the Motor Vehicles and Road Traffic Ordinance in several aspects. First of all it seeks to restrict the classification of motor cycles to two or three wheeled vehicles, and to extend the definition of "road" to include wharves,

stollings and parts of the foreshore to which the public has access.

It will be remembered that quite recently this Council discussed and adopted a Motion moved by the hon. Nominated Member, Mr. Tasker, asking that steps be taken to reduce the high incidence of accidents on the roads, many of which resulted either in loss of life or serious injury to persons.

The Bill seeks to place a limit of seven days on the time within which owners of vehicles must notify the Licensing Officer of changes relating to their vehicles which affect the accuracy of entries in the register of vehicles kept by the appropriate authorities.

Clause 4 seeks to limit the amount which may be imposed by way of a penalty on conviction of a person for using an unlicensed motor vehicle, to the licence duty for the quarter in which the offence was committed, and makes it clear that on paying such a penalty a convicted person does not thereby become entitled to a licence.

Clause 5 seeks to require persons producing drivers' licences to the Police to notify any changes of address.

Clause 6 is probably controversial, in view of the fact that some people who operate motor vehicles complain that it will cause some hardship, in that Magistrates will now have the power to deprive a driver of his licence on a second conviction for careless driving. The law at the moment provides that a Magistrate can only "freeze" the licence of a driver after a second conviction, but clause 6 of this Bill seeks to give a Magistrate power, at his discretion, to disqualify a person from holding or obtaining a licence after his first conviction.

Clause 7 is probably revolutionary, in that it seeks to authorize the preparation and distribution of a Highway Code for the guidance of persons using the roads of British Guiana. I think hon. Members will agree that this is a step forward.

There is another problem with which the authorities are faced—the practice of persons abandoning vehicles at the roadside. Clause 8 of the Bill seeks to confer on the Police, in certain circum-

stances, the power to remove and, where necessary, provide for custody of vehicles left on the road in a manner likely to obstruct or cause danger to persons using the road, and to require the owner of a vehicle to pay the cost of removal and/or custody. I think this is a long overdue provision, and once the Police have the power to remove a vehicle and to make the owner pay the cost of removal and custody, owners of vehicles will be much more careful to make the roads safer for the use of other people. Of course provision is made that the Police will not be responsible for loss or damage to vehicles so removed. This legislation is operative in the United Kingdom and it works satisfactorily, I understand.

Clause 9 (2) provides for the keeping of a register of all conductors' of vehicles operating on the roads.

Section 77 (4) of the Principal Ordinance makes it an offence for the owner of a hire car to use it or permit it to be used for purposes other than that for which it is registered. It is sought in this Bill to extend the provision to any person who drives or operates a hire car otherwise than in accordance with such conditions.

Section 78 of the Principal Ordinance makes it an offence for any person to drive a hire care without first having obtained a licence to drive a hire car. Very often people are found driving vehicles other than those for which they have been given a licence to drive.

Clause II seeks to make it an offence for the owner of a hire car to permit it to be used by any person who is not licensed to drive a hire car, unless such person is specially licensed to drive a hire car for private use under section 79 of the Principal Ordinance.

Section 108 of the Principal Ordinance makes it an offence to take and drive away a motor vehicle without the owner's consent.

Clause 12 seeks to extend this provision to bicycles and to empower a

magistrate to convict of this offence on a charge of larceny of a bicycle.

The intention of this Bill is to bring the Principal Ordinance up to date. This is the first step which has been taken by Government to implement the Motion which was passed in this Council quite recently in the hope of preventing the large number of accidents, fatal and otherwise, which have been taking place on our roads. Except for one Clause which I have referred to as controversial—I do not think it should be regarded as controversial by Members of this Council — I think that hon. Members should have no objection to the Second Reading of this Bill.

**The Attorney-General:** I beg to second the Motion.

**Mr. Jai Narine Singh:** This Bill, apart from being controversial, is one which affects the lives of the community so seriously that I feel we should be given an opportunity to study it properly, and the debate on the Second Reading could take place on another occasion. Since the publication of this Bill several representations have been made to me and, I believe, to other Members as well. This Bill is iniquitous and, having regard to the representations that have been made to me, I feel that an opportunity should be given to Members to go into the matter carefully before the debate on the Second Reading of the Bill is taken. In the circumstances, I beg to move the adjournment of the discussion on this Bill, if the hon. Minister agrees. I am sure he is not anxious to proceed with the Bill today.

**Mr. Speaker:** I understand that you are moving that the debate on the Second Reading of the Bill be postponed.

**Mr. Jai Narine Singh:** Yes, Sir.

Question put, and agreed to.

Second Reading of the Bill deferred.

MOTOR VEHICLES INSURANCE (THIRD PARTY RISKS) (AMENDMENT) BILL.

**Mr. Ram Karran:** I beg to move the deferral of the Second Reading of a Bill intituled:

"An Ordinance to amend the Motor Vehicles Insurance (Third Party Risks) Ordinance".

This Bill hinges on the Bill that has just been deferred.

Question put, and agreed to.

Second Reading of the Bill deferred.

#### ADJOURNMENT

**The Attorney-General :** I beg to move that Council do adjourn to a date to be fixed.

Question put, and agreed to.

**Mr. Ram Karran :** Sir, I thought that the hon. Member on the other side would have indicated when he would be willing to discuss the Second Reading of the Bill.

**Mr. Speaker :** This Council stands adjourned to a date to be fixed.

Council adjourned accordingly at 4.25 p.m.