

LEGISLATIVE COUNCIL

(Constituted under the British Guiana
(Constitution) (Temporary Provisions)
Order in Council, 1953)

FRIDAY, 30TH NOVEMBER, 1956.

The Council met at 2 p.m.

PRESENT:

His Honour the Speaker,
Sir Eustace Gordon Woolford, O.B.E.,
Q.C.

Ex-Officio Members

The Hon. the Chief Secretary,
Mr. F. D. Jakeway, C.M.G., O.B.E.

The Hon. the Attorney General,
Mr. G. M. Farnum (Ag.)

The Hon. the Financial Secretary,
Mr. F. W. Essex.

Nominated Members of Executive Council

The Hon. Sir Frank McDavid,
C.M.G., C.B.E. (Member for Agriculture,
Forests, Lands and Mines).

The Hon. P. A. Cummings (Member
for Labour, Health and Housing)

The Hon. G. A. C. Farnum, O.B.E.
(Member for Local Government, Social
Welfare and Co-operative Development).

The Hon. R. B. Gajraj

Nominated Official

Mr. J. I. Ramphal

Nominated Unofficials

Mr. T. Lee

Mr. W. A. Phang

Mr. L. A. Luckhoo, Q.C.

Mr. E. F. Correia

Rev. D. C. J. Bobb

Mr. H. Rahaman

Miss Gertie H. Collins

Mrs. Esther E. Dey

Dr. H. A. Fraser

Mr. R. B. Jailal

Mr. Sugrim Singh

Mr. W. T. Lord, I.S.O.

Clerk of the Legislature —

Mr. I. Crum Ewing

Assistant Clerk of the Legislature

Mr. B. M. Viapree Ag.)

Absent—

The Hon. W. O. R. Kendall (Member
for Communications and Works)—
on leave.

The Hon. R. C. Tello—on leave

Mr. C. A. Carter

The Speaker read prayers.

The Minutes of the meeting of the Council, held on Thursday, 29th November, 1956, as printed and circulated, were taken as read and confirmed.

PAPERS LAID

The Financial Secretary (Mr. Essex): I beg to lay on the table the following:

Draft Estimates, 1957.

Draft Development Estimates, 1957.

Report of the Accountant General for the year 1955.

Sir Frank McDavid (Member for Agriculture, Forests, Lands and Mines): On behalf of the Member for Labour, Health and Housing, I beg to lay on the table the

Annual Report of the Registrar of Trade Unions for the year 1955.

BUDGET STATEMENT

APPROPRIATION BILL, 1956

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”.

May I say at the outset how honoured I feel in presenting my first budget in this House. I realize that my predecessors were a noteworthy line and my sense of the shortcomings in this address on the second reading is quickened because right at my side sits a distinguished predecessor in office. I do take comfort however from the kindness which I have had this year from Honourable Members in Finance Committee and venture to hope that any shortcomings will be treated at least with tolerance.

I cannot however pretend that I am not feeling self-satisfied over one thing.

The estimates have this year been presented sufficiently early to enable them with reasonably good fortune to be passed by this House before the end of 1956, with a consequent gain in efficiency and convenience for the departments and to the public interest. This would not have been possible without the co-operation of the Departments who produced their draft estimates at the crucial time and I should like to thank them for it. I would also like to record my appreciation of the splendid concerted effort which every member of my department has made to produce the Estimates three weeks or so earlier than for quite a few years. Three weeks does not sound very much but it is very significant within the very tight time-table to which the preparation of the Estimates must run, and a good deal of the running is sheer drudgery. I am sure that Honourable Members share my wish that the 1957 estimates should be passed before 1957 begins, and I know that I can rely on their help to achieve this important object.

The Budget is again being presented in two distinct but closely linked parts, and the only important change in form is in the Development Estimates. These have been changed to give a rather clearer picture of how expenditure on the programme is running and also to obviate a good deal of the waste of time in the past in seeking purely formal approval of switches of sources of funds for the various schemes from revenue to grant and *vice versa*. Following the procedure in former years it is proposed again to ask that after I have introduced the second reading of the Appropriation Bill, the debate should be adjourned so that the Estimates can be remitted for detailed examination by the Finance Committee. The debate on the second reading would thereafter be resumed on general policy considerations, and finally in the Committee stage more detailed points could be raised by Honourable Members for discussion.

I am, following the tradition of these addresses, giving some account of the general state of the country's economy, as this forms a useful background to the financial proposals for next year. I do not however intend to burden the House with a wealth of statistics which may or may not be significant and from which several equally legitimate but nevertheless conflicting conclusions could be drawn. It is of course a truism that in a country such as this the really important factor is its external trade as we depend so much on indirect taxes on the rather narrow base of customs and excise duties and on direct taxation from income tax, the greater part of which is from companies. Unless we produce more, particularly for export, or get added investment from overseas, our national income can show no lasting rise, and unless the national income increases then we can obviously expect little more as public revenue. All this should be obvious and well known as it is a recurring theme in our press and with local and visiting economists

Total trade in 1956 is expected to be something over \$193M as compared with \$185M in 1955. Of the \$193M, \$91.5M is likely to be represented by exports and \$101.5M by imports. Of the increase, \$7M is on imports and \$1M, exports. The increase in total trade between 1954 and 1955 was about \$20M, that is \$12M more than that expected between 1955 and 1956 of which \$15M was on imports and \$5M on exports. The slowing down of the trade increase which was noticeable last year has therefore continued, but it is still too early to draw too firm conclusions from this. It is significant that the value of imports has again increased more than that of exports. The tendency will be for the adverse visible trade gap to widen while the rate of Government investment in the Development Programme, a good deal of which

is financed by external capital, and of private investment stimulated by it, is maintained.

It is an encouraging sign that in the first nine months of this year capital goods exempted from import duty under the Industries Aid and Encouragement Ordinance were valued at over \$3M while the value of goods so exempted in the whole of 1955 was only just over \$1M. As customs exemption of this kind is given for capital goods for establishing a new industry or developing an existing one, not for replacements, the increase is an indication of increased industrialisation. We all hope of course that the flow of capital investment will increase considerably more. There are signs of a quickening interest in setting up industries here. Though small as well as large are to be encouraged we should not be too much deluded into thinking that the setting up of a large number of small secondary industries is the lasting answer to our problems. What we need first are major developments of our natural resources, mining ventures or the processing of minerals which give employment to hundreds of people, a much larger area under rice cultivation, and a stepping up of the production of other export crops. I am reasonably optimistic that such industrial and agricultural development will come in the comparatively near future. The sort of thing I have in mind is the manganese mining project on which a good deal of preliminary work has already been done.

The Government's policy is to do all it can to encourage the formation and growth of really worthwhile industries big and small. We have gone a long way with our tax holiday legislation and with our system of exemptions of customs duty on the main developmental capital goods, and our low rates of duty on other machinery. And our policy is to keep these concessions continuously under review, to see if they should be

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extended in the public interest, or if their terms can be made clearer to potential investors. Proposals for broadening the base of the customs concessions are constantly being considered, and they will be put before this House from time to time.

Legislation will shortly be introduced to clarify the provisions of the Income Tax (In Aid of Industry) Ordinance in view of certain apparent misapprehensions in the minds of potential investors; it will be designed for instance to make it clear that the intention is to grant a tax holiday in approved cases for sixty months of income, and not the rather ambiguous five years of assessment which appear in the existing law. I am sure from recent debates that such proposals especially for adding to the list of items which qualify for the customs concessions would find favour in all quarters of this House. All these encouragements will be worthwhile as long as we can keep a clear idea of what sort of investment is worthwhile. And of this the most valuable will of course be that which can utilize to the full our primary products, or develop the production of those for which we can find export markets.

Our valuable existing major industries will have had a steady rather than a spectacular year. Sugar exports for the first nine months of the year were remarkably like those of the same period last year. Exports of rum are likely however to have been substantially more valuable in 1956 than in 1955. The tonnage of rice exported up to the end of September was unfortunately 11,000 tons less than for the same period of 1955, 27,000 as against 38,000, but there are reasons for hoping that this was only a temporary setback.

Bauxite mining has progressed at a steady rate and the production is not

expected to be less than in 1955. An encouraging sign is the increased export of calcined bauxite. The more we can uplift the value of our primary products before they leave our shores the better it is, of course, for the country. Gold and diamond production are both down on last year, though diamonds may pick up later. Timber exports, particularly of unsawn, are likely to be higher than last year. The trade figures demonstrate quite clearly how dependent we are at present on a few exports. In the first three-quarters of the year, sugar and rum, rice and bauxite alone accounted for \$56,000,000 of the total export value of \$62,000,000 for the period, that is 90%. We must be appreciative of the tremendous role which these products continue to play in our economy, but the importance of broadening the base of that economy cannot be over-stressed in the light of figures such as these.

However, as I have said, there are hopes, not perhaps so much now of striking oil, but at least of finding new minerals in sufficient quantities to merit exploitation, and of developing the agricultural and fishing industries. In secondary industry a good start has been made during the year with the modern margarine factory and local beer is coming nearer. These in themselves will stimulate local primary industries, and I would like to emphasize here how particularly important it is that we increase our copra production if we are to replace imported with local margarine. We obviously shall not let our coconut industry be dictated to by caterpillars, but neither should we allow ourselves to forget that as a general proposition it is unlikely that more coconuts will grow on less trees. It is worth noting here the wisdom of the Credit Corporation, which recognizing that there will be an increased requirement of coconut oil for margarine and other industries, and the possibility of our developing the manufacture of coconut fibre, has lent so far nearly

\$50,000 for replanting, and the improvement of drainage in the plantations. The effect of the new trees should be felt by 1960. The Corporation has also of course done a great deal on other economic fronts, and is playing an important role in supplementing private investment in agricultural, fishing and forestry ventures.

I would like now to deal with public finance in 1956, which has been conditioned to a large extent by the economic factors which I have outlined.

The original estimate for revenue this year was \$40,113,775 and it is expected that this will be exceeded by \$1,306,000. It is a corollary to the comparatively modest increase in imports, and the fact that a lot of the increase is on low duty capital goods that the customs and excise revenue which has been such a good friend to Financial Secretaries for the past year or two when it has produced a good deal more than the estimate, is not likely to treat me so kindly this year unless something phenomenal happens between now and the end of December. If however the collections for November and December are the same as they were for that period of 1955, the total will be about \$100,000 more than the 1956 original estimate and this is the figure which I have assumed. There have been periods in the year when it looked as if import duties in particular were to suffer a shortfall. Though I know from experience that it is unnecessarily worrying to set too much store by results over a short term, I feel as I implied at the beginning of this speech that the Acting Financial Secretary's warning last year was a sensible one, that the rapid increase in public revenue from imports and exports up to 1952 was in the present period slowing down and stabilising itself. We may of course be proved wrong even this year, but I shall be surprised if customs and excise pro-

duces much more than the revised estimate and I shall be rather less surprised if we do not quite reach it.

Income tax, our other main contributor to public revenues is, I think, going to treat me better in 1956. Hon. Members will see that the revised estimate is no less than \$700,000 more than the original estimate. I may be over-optimistic here but it does look as if the collection of arrears from previous years will be higher than expected, and that trading profits will be better than was thought when the estimate was prepared. Estate Duty will be abnormally high in 1956, some \$325,000 more than the original estimate. It is impossible for obvious reasons to estimate this source of revenue accurately.

There are no particularly unusual features in the revised estimates of revenue from fees and the activities of Government Departments. Fees of Court and Fines have shown a substantial increase, and the gains and losses for other items of revenue from the departments should more or less balance. Of other revenue the only serious shortfall on the approved estimates is on the general interest item because the interest to be received on this Colony's deposits of surplus cash in the Joint Colonial Fund will be considerably less than estimated. This came about because the London Loan was raised later in the year than had been expected and our surplus balances had to be used for loan expenditure instead of being invested in the Joint Colonial Fund and thus earning interest.

However as I have said the total revenue for the year should be some \$1,306,000 more than estimated.

As regards public expenditure, there has been as in past years a considerable amount spent on supplementary estimates, and as far as can be

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seen the expenditure votes additional to those in the approved estimates will absorb most of the additional revenue, even when underspending on the approved estimates is taken into account. Total expenditure on the recurrent estimates is likely to be \$41,162,000, that is some \$1,208,000 more than was voted in the original estimates for 1956. Supplementary provision in 1956 will total no less than \$3M, but as I have said a lot of this will be offset by underspending on the approved estimates largely because of staff vacancies so that the net increase is only likely to be the \$1,208M. It is patently prudent that supplementary provision should be kept to a minimum and that once the Estimates are approved, all concerned with spending public funds should realize that they are the fixed expenditure for the year, not to be exceeded or altered without very good reason. I hope therefore that the re-organization of the Estimates — for that is what has been occurring — will continue to decrease as it has between 1955 and 1956.

A good deal of the supplementary provision in 1956 has however been inevitable. One of the largest additional bills is for the revision of teachers' and nurses' salaries, \$600,000 was included in the printed estimates for this, but as hon. Members will remember I said at the time the teachers' revision was made that that revision alone would take all the \$600,000 plus perhaps another \$300,000 because of the year's retrospection which was applied. I have also included a figure for the revision of salaries of nursing staff in the revised estimates, although no revision has so far been implemented. Figures for these salaries revisions have been included in the revised estimates for the Education and Medical Heads, although the original \$600,000 was voted for them under the

Miscellaneous Head. This explains largely why the revised figure for the Miscellaneous Head XXX is less than the original.

As regards the rest of the expenditure heads, it will be seen from the draft estimates that in most departments expenditure is expected to be much as as planned, or even less in certain large departments such as the Medical, Public Works and Land Settlement where it has not proved possible to fill many of the senior vacancies. I must stress at this point the obvious, that with all the supplementary provision which in the event proved necessary, the financial position would not have been even as happy as it is, if all those vacancies had been filled. If we take the Heads in order, we find that the first major increase will have been under Agriculture, largely because of the \$100,000 which was voted on supplementary estimates (as it has been in past years) to carry on the pure strain seed paddy scheme. Education as I have explained is considerably higher because of the revision of teachers' salaries.

Forestry is likely to spend \$180,000 more than the estimate, and this is entirely because on the approved estimates, whereas a realistic figures for revenue from the timber seasoning undertaking was used, only a token figures of \$1,000 was for expenditure. It will therefore be necessary to vote a further \$189,000 to cover the cost of timber purchases and running the undertaking during 1956.

Hospitals and Dispensaries show an increase of \$350,000 which includes an assumed figure for the revision of salaries though the exact cost is not yet known. About \$250,000 more than the estimate will be required for pensions and gratuities — \$120,000 of

this represents increased cost of living allowances to pensioners which was voted in December, 1955, but not paid until 1956. The rest is caused by more contract officers drawing gratuities quarterly instead of at the end of their contracts, and an under-estimate of the cost of normal pensions. The Public Debt charges are likely to be \$150,000 more than expected, because the interest on short-term loans from the Joint Colonial Fund was under-estimated, borrowings being earlier and heavier than had been expected. The revised estimate for the Public Works Annually Recurrent head is nearly \$200,000 more than the original estimate, for as a result of the abnormally heavy rains combined with an increased density of traffic, it was necessary to provide another \$220,000 for the maintenance of roads from September onwards. And finally, Social Assistance is expected to cost \$72,000 more than the original estimate, because the number of persons qualifying for old age pensions was more than expected and there has been a very large increase in the number of people applying for poor relief during the year.

It will be realised from these figures that the budget outturn should be reasonably satisfactory in 1956.

The 1956 Estimates as passed showed a modest surplus of \$159,704, and on the revised estimates this should turn out to be an almost equally modest \$257,727. I hope that this figure will prove to be a realistic one, but it is exceedingly difficult to estimate a year's outcome even as late in the year as this when such a large part of the revenue does not come in till the last two months of the year. The ground for error is quite large. If, for instance, we have over-estimated by only 5% for customs and excise for the last two months of the year only, the revised estimate would be \$200,000

out. And the same sort of thing could easily happen with the estimate for income tax revenue. But an effort has been made to make the revised estimates realistic, especially by reducing those submitted by departments where it appeared that too optimistic a view had been taken of the chance of filling vacancies or completing works.

I shall now relate the effect of this to our probable general financial position at the beginning of 1957. The General Revenue Balance at the beginning of 1956 was \$10,075,836. This had been estimated at \$10,510,482 when the 1956 Budget was presented, but this estimate took no account of the liability to provide a contribution to the Development Fund sufficient to cover the element in the 1955 Development expenditure not met from Loan or Colonial Development & Welfare funds. In the event there was a bigger surplus in 1955 than had been expected, about \$2.4M, and it was therefore possible not only to cover the Development Budget expenditure which had to be met from Revenue, but to keep the General Revenue Balance at \$10,075,836. With my expected surplus of about \$258,000 this year the General Revenue Balance at 1st January, 1957 would be about \$10,333,000, but as hon. Members will be aware, it is proposed to transfer some \$4.8M from the General Revenue Balance or the Colony's Reserves to the Development Fund to cover the Development expenditure in 1956 which was not met from Colonial Development & Welfare Funds or Loan Funds.

This will reduce the General Revenue Balance to about \$5,533,000 at 1st January, 1957. This is by no means a large amount, representing only about six weeks of ordinary recurrent expenditure, and only enough for our working capital requirements. Though it would be foolish in a country crying

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out for development to tie up large sums in reserves, it would be very unwise to run those reserves down much beyond the amount we are proposing here. The position requires therefore to be watched carefully during the period of the 1956/60 Development Programme, and the Financial Secretary will have to adopt, as far as the recurrent expenditure is concerned, the attitude of a house-keeper, not a high financier.

I think I should at this point say something about the Colony's Public Debt. At the beginning of 1956 the Public Debt was \$34.9M and we have raised during the year in London \$17M and \$1.5M locally. At the end of the year, therefore, the Public Debt will be about \$53.4M. During 1957 we plan to use our own resources as far as possible to cover development expenditure, but it will be necessary to borrow from the Crown Agents Joint Colonial Fund pending the raising of a further large external loan in due course. We shall also be issuing loans locally, and it is hoped that there will be a good response to these with local residents and companies showing their faith in the future of the territory. It is clearly to the advantage of residents here that the interest on Government borrowings and the repayment of capital in due course should be paid to them instead of to persons residing outside the territory, though we must be prepared to use to the full our external credit-worthiness. It looks as if at the end of 1957 our Public Debt will have increased by something like \$12M to about \$65.4M, but we should have \$7.6M in sinking funds by then to offset this. This is a substantial but not an abnormally large public debt for a territory such as this, and as I have said in another connection in this House, the servicing of the additional \$43M called for by the 1956/1960 De-

velopment Programme will be feasible if we watch our recurrent expenditure with a keen eye.

I should like now to turn to the Estimates for 1957, and I think hon. Members will agree that we have been reasonably successful in pegging ordinary departmental expenditure. The number of additional senior posts is comparatively small, and except for one or two departments which have been increased for good reason, departmental expenditure is very much on the lines of the 1956 approved estimates. A large department strengthened for good reason is of course the Public Works Department. The Roads Division has already been approved by this Council. Hon. Members will have seen that total expenditure, ordinary and extraordinary, is estimated at \$42,791,146, an increase of \$2,837,000 over the 1956 approved and \$1,629,000 over the 1956 revised estimates. These are not in themselves large increases, and they appear even less so when it is taken into account that the interest and sinking fund charges under the Public Debt head are \$1.1M more than the approved 1956 estimate. This is of course unavoidable expenditure, and the increase is largely a concomitant of the big loans raised in 1956. Another inescapably large increase is on Pensions and Gratuities which will cost \$150,000 more than the 1956 approved estimate.

On the Social Services side, increases are provided under the Education, Hospitals and Social Assistance heads. These too are inevitable, with more children to educate, more patients to feed and treat at higher cost, and more elderly people to relieve in some measure. Our social services are sometimes criticised, but I should like to point out that the health and education recurrent heads alone in 1957 represent over a quarter of our total recurrent expenditure. This is a high proportion in an under-developed country, and in

particular the free primary education facilities provided seem a remarkable achievement.

Of the other departmental increases I would invite special attention first to that of the Accountant General's Department. Here there is an increase of \$24,000, and I would like to say now that it is a source of amazement to me how this department has carried on with its present staff so well. We are proposing to strengthen this, particularly with a view to having better expenditure control, and anything which does this is money well spent. Again, I would bring to notice an increase of \$26,000 in the Income Tax Department. With Income Tax and Estate Duty assuming an ever increasing role in our revenue, it is most important to see that evasion is reduced to a minimum and the burden of direct taxation properly distributed. Again, money well spent. The other large increases are in the Land Utilisation group of Agriculture, Forests, and Land Settlement, but I should point out that no less than \$350,000 of this is not really an increase as the \$100,000 which has been voted on supplementary estimates in the past for the pure strain seed paddy scheme, and the \$250,000, a large part of which should have been included in 1956 for the timber seasoning plant, have now been included in the Estimates.

These and other essential increases such as the \$150,000 for the 1957 Elections have been counter-balanced in several ways. The most important perhaps is the reduction in provision for Extraordinary Public Works from \$1M to \$600,000. It has become increasingly clear that we cannot sustain a programme of \$1M annually as well as taking on a large programme under the Development Estimates. It cannot be done financially nor indeed physically with our present Public Works staff. It is moreover most important that we should properly look after what we already

have in the way of roads and buildings, before we branch out too far in new things: that is why more is provided in 1957 for maintenance of roads and buildings, for more concentration of available expertise and man-power on their maintenance, and for that matter on maintenance of our telecommunications system.

Apart from the cut in extraordinary works, hon. Members will have noticed that much less is provided for military, formerly called emergency, expenditure. The provision is tentative; we are not quite sure at present what our liabilities will be for the West India Regiment, though those liabilities have been generally circumscribed by a resolution of this House I do feel, however, that we have reached the stage when "emergency" can be left out of the sub-head with expenditure on defence regarded as a normal recurrent commitment. The \$450,000 provided seems not unreasonable for this and a certain amount of related capital expenditure.

In total then, expenditure on the recurrent estimates in 1957 should be \$42,791,146. And how is this to be met, and at the same time a reasonable contribution to development be made?

The estimate for revenue in 1957 is \$43,685,933. This is \$3,572,000 more than the approved 1956 estimates and \$2,266,000 more than the revised. I have assumed an increase of \$1,129,000 on customs and excise, that is 5½% over the approved 1956 estimate. I cannot pretend that I am entirely happy that this will be reached, but I feel that there is a very good chance of our doing so. Despite the warning from last year's Budget Statement which I have echoed, I feel that import duties are still reasonably buoyant and that there is a good chance of the national income rising with an increase in industrialisation and in particular mining development. In any case I am opposed to a deliber-

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ate understatement of main sources of revenue, especially if it results in an apparent case for increased taxation. With this in mind, I would also say that the estimate of \$13,600,000 for income tax in 1957 is not pessimistic, but on the data available it seems a feasible one.

For the rest I have assumed that the 1957 revenue will be very much as the revised estimates for 1956. There are of course increases here and there, particularly on rents from Government housing schemes, and on receipts from the sale of Government developed housing sites and houses themselves. It is essential that these receipts should be absorbed into normal Government revenues if we are to carry through the large \$91M Development Programme and sustain the additional recurrent charges dependent from it. Post Office revenue is estimated at a higher figure than in 1956, but it is quite clear that postal services are still heavily subsidised, and though one appreciates that in a country of great distances and scattered population there must be some subsidy—it may be necessary again to consider ways of reducing the present subsidy.

There are two serious shortfalls in our 1957 revenues. One of these falls because of the removal of the Rice Cess for reasons which will be quite clear to hon. Members, and some \$250,000 disappears from our revenues. The other fall is in our share of the profits from the Currency Board, \$120,000 below the revised estimate for 1956, the distributable surplus being less with the need to apply some of the profits to the Currency Banking Fund with the fall in current market value of securities.

On the whole however the revenue estimate of \$43,685,933 is reasonably encouraging, and unless we have any major unforeseen economic setbacks, it should be achieved.

It should moreover be achieved without additional taxation. I am naturally very happy that this should be so. I cannot say how very sorry I am that it is not possible to make any reductions in personal taxation, particularly in income tax, as I know that Members of this House feel that some concession should be made to the married taxpayer, and particularly to those with older children whose education is proving expensive. I feel sure that hon. Members will on the figures before them understand why the Government cannot do anything about this at the present time. The estimates show an excess of revenue over expenditure of \$894,787. This is the minimum amount which we must find in 1957 as a contribution towards the cost of the Development Programme in 1957. It really ought to be much more, for as was stated in the Sessional Paper on the Development Programme the aim is to produce \$8M from Revenue in the four years 1957-1960. With the estimated surplus of \$257,727 from 1956, which I shall recommend to hon. Members should be put into the Development Fund and the estimated surplus of \$894,787 in 1957, we shall only have found \$1,152,514 towards the \$8M with one year of the four gone.

It is only fair to this House that I should also bring specifically to its notice that there are one or two clouds on the financial horizon which my budget proposals contain nothing to dispel. The heaviest of these is the implementation of stage II of the Richardson Report on Social Assistance and Provident Funds. There is a commitment of this House that the implementation of these proposals should begin midway through 1957. This commitment was made on the strength of the statement by Professor Richardson that the economy of the country could stand them. This opinion was expressed, however, at a time when the plans for development were much less ambitious than they are now. Ways of implement-

ing them are now being considered, and no provision is made for them in my budget proposals. They are, however, likely to cost almost an extra \$600,000 in a full year, and it is most unlikely that they could be effected without extra taxation, though a decision on this will have to await an appreciation of the year's financial out-turn at the time it is possible physically to implement them.

The other large item for which no provision is made is the implementation of the Marshall Plan for the development of Local Government. We do not yet know what the financial implications of this will be. It is clear that they will not be inconsiderable. A further consideration is the possible assistance to private secondary schools.

I make bold to say, however, that these considerations apart, the draft estimates for 1957 are comprehensive, and the budget is an honest one. It contains no stunts, no provision which there is no chance of our spending. I have been at pains to make the expenditure figures realistic, particularly by only providing under personal emoluments such amounts as are necessary for the staff we are likely to recruit from when we are likely to recruit them. Sometimes in the past there has been a large hidden reserve in the personal emoluments provision, but that is not the case in the 1957 estimates. On the other hand the estimates do contain certain large items which have been hardy annuals for supplementary provision, and which have formerly been covered by the aforesaid hidden reserve in personal emoluments.

On the revenue side too I have been at pains to make a thoroughly realistic estimate. There is no deliberate understatement of revenue. It would be foolhardy to make any sort of guarantee that things will turn out as estimated, but two conclusions must be drawn. The

first that there is unlikely to be any substantial surplus next year to cover items which are not included in these estimates, and the second that we must strive to contain ordinary administrative expenditure within its present limits if we are going to be able to finance our \$91M Development Programme in the time planned, for the reserve of taxation so far untapped is, I am sure we all agree, by no means large. It is an empty gesture for any politician to say "let us do this or that and I am sure that the people will be glad to pay higher taxes for it." There does not appear at the moment to be much margin for a substantial increase in rates of taxation, and the only safe way to provide for a large number of desirable extra things would be to delete an equal number of equally desirable things being done at present. However, as I have said, it would be possible on the estimates prescribed to provide some \$890,000 for the Development Budget next year.

As regards the separate Development Estimates, Council has comparatively recently examined the 1956/60 Development Plan in detail, and it would be unnecessarily tedious for Members if I covered the same ground in detail again now. I am therefore confining my remarks mainly to generalities which are none-the-less significant for being general.

The Plan assumes expenditure of \$91M in the period 1956 to 1960. It is in general designed to continue the development and diversification of agriculture; to provide more land for our growing population, more rapidly growing because of the large strides which have been made in recent years to eradicate previously endemic diseases; to rehabilitate and extend our transport and communication services; to accelerate the survey of our natural resources, particularly the mineral potentialities, and to provide electricity to the coast-

[The Financial Secretary]

al areas. On the social side it is to continue the development of housing, education, health services, water supplies and the fostering of self-help schemes. In short, to make the people wealthier, healthier and happier. Already the impact of the programme has been felt, and the impact has been the harder because of the most important ancillary role played by the Credit Corporation with its loans for agriculture and forestry, secondary industry and rural and urban housing.

In 1956 the Development Budget proposed expenditure of \$26.7M. All this expenditure will not be incurred partly because of the continued shortage of technicians in the departments principally concerned with development, and partly on account of the exceptionally bad weather this year which delayed all constructional work. The revised estimates for 1956 submitted by departments indicate that \$20,926,632 will be spent, but I feel that this is perhaps on the optimistic side, and it would seem to be more realistic to assume something of the order of \$19M.

While this may in some sense be disappointing, from a purely financial point of view it is advantageous as heavy expenditure in 1956 would have involved a difficult borrowing programme and a certain amount of budgetary strain. It now looks as if we shall have a fairly steady expenditure of \$18-\$19M a year till the completion of the programme in 1960, and there seems little doubt that we shall be able to achieve the proposed expenditure of \$91M. in this period. But as I said when the Plan was debated in this Council, even if we fall somewhat short of this, we should not therefore be accused of having failed. The longest reach is encouraged by setting the target at full or even over-full distance.

For our expenditure in 1956 we have a good deal to show. Rapid progress is being made on drainage and irrigation projects, particularly the Boerasirie Extension and the Torani Canal. Soil Surveys of Blocks I and II Corentyne, have been completed, and confirm that the area is suitable for rice cultivation. A good deal has already been done towards getting consulting engineers to design the internal works of the area for execution by contract. Satisfactory progress has also been made on many important though less spectacular drainage and irrigation works. The main agricultural schemes have been proceeding according to plan, and the construction and development of the Central Agricultural Station at Mon Repos and the work at St. Ignatius and Ebini Livestock Stations has proceeded satisfactorily.

The rehabilitation of steamer services has taken a large step forward with the coming into commission of the "Powis" and the "Canje Pheasant"—the latter being of particular pride to all of us as it was built locally. A new tug is under construction, and the designs for three ferry boats are completed and orders for them will shortly be placed. Considerable work has been done on the construction and improvement of cargo stappings, the two railways have taken on a new lease of life and noticeable improvements have been made to the locomotives and tracks, and revenue from passenger services is rising.

Good progress has been made on the Georgetown Telephone Exchange Building despite the exceptionally wet weather and delay in the delivery of structural steel, automatic exchange buildings have been completed at Atkinson Field and Diamond, and the construction of a combined power and telephone pole route on the Essequibo Coast continues satisfactorily.

Work on roads has not been as rapid as we had hoped when the Estimates were prepared, but a considerable step forward has been made with the appointment of Consulting Engineers for the East Coast Road. Their experts' report which will shortly be tabled in Council has made it clear that road building in British Guiana is not so easy as many self-appointed experts appear to think, and that to provide for the rapidly increasing numbers and weights of vehicles using the roads, it is essential to plan and check every stage of construction carefully if costly mistakes are to be avoided.

Research has been intensified and the Geological Survey Department has completed a survey of the coastal deposits and the alluvial goldfields of the Cuyuni River; in addition special studies have been made ancillary to the work of our soil surveyors and to further the exploration of our mineral resources. There has also been a satisfactory continuance of agricultural research.

On the social services side, progress in rural and urban housing has on the whole been good, although bad weather has hampered the work. At mid-November the total number of houses completed was 1,068 and the construction of 452 more was progressing. Self-Help Housing maintained steady progress and at the middle of November 95 houses had been completed and 136 more were under construction.

The draft estimates for 1957 envisage an expenditure of \$19,838,157. They follow, of course, the lines of the approved Development Plan. Larger expenditure is expected on Drainage and Irrigation works, but other expenditure is proposed on the lines of the revised estimates for 1956. There is a reduction in the estimate for Agriculture on account of the progress in the develop-

ment of the Central Agricultural Station, and the Miscellaneous Head shows a sharp decrease with the completion of the expansion of the Georgetown Pure Water Supply. The figure for Land Settlement is less than in 1956, but it includes nothing for new major schemes. As I shall explain later, it is hoped that it will prove necessary to augment this vote in 1957 when a decision has been taken on the future policy of development. The sum of \$500,000 included for the Rural Electrification Scheme is also a tentative one pending the completion of the programme of construction which will be presented to Council as early as possible.

Now that the main lines of the Development Plan have been laid down, it will be the policy to follow them as rapidly as physical factors allow. It is however most important that the desire for speed should not result in too little value being obtained for the money, and that a striving for spectacular results should not jeopardise the permanency of these results.

The financing of the Programme will of course not be easy. The position is eased to some extent because the development expenditure in 1956 will not have been so high as estimated. The contribution of \$4.8 M which it is proposed to make to the Development Fund from our reserves, and which would on the original estimates all have been used in 1956, will not now all be needed in the year, and it appears that something like \$1.4 M will be available for expenditure in 1957. As I have said I proposed that to this should be added any surplus from 1956—this is expected to be about \$258,000, and the contribution of \$894,000 from the 1957 Budget. None of these amounts is of course assured, but it seems reasonable to assume that some \$2.5M will be available for 1957 from these sources.

[The Financial Secretary]

It will be seen from the summary at the beginning of the draft Development Estimates that this would leave about \$17.3M to be covered by assistance under the Colonial Development and Welfare Act and by Loan. It is hoped to meet the Loan element partly by local loans and partly by short-term borrowing from the Crown Agents' Joint Colonial Fund. This external borrowing will be made in instalments, beginning as late as possible in the year, and we shall use our own cash resources to the fullest extent.

On this point I should say here that to enable this to be done and to ease the position which has hitherto existed of our having a deficit on our recurrent budget in the first part of the year because the main income tax receipts do not come in till late in the year, it is proposed to introduce new legislation at an early date. This will take the form of an amendment to the Income Tax Ordinance prescribing that company tax shall be payable in four equal quarterly instalments, at the end of March, June, September and the 15th December. At present, though in the Ordinance the tax is payable 30 days after the issue of an assessment notice, which could theoretically be as early as 30 days after 30th April, by a dispensation tax can be paid $\frac{1}{3}$ within 15 days of the assessment notice and the balance on or before 31st October. The advantage to Government in having the tax paid in four equal quarterly instalments is obvious, but it should cause no particular hardship to the taxpayer. Indeed, in some cases he may welcome knowing just when his tax is to be paid, so that he can plan accordingly.

If I may now revert to the Development Estimates themselves, the amounts estimated as coming from Colonial Development and Welfare and from other funds are subject to variation. It is very

much hoped that the figures can be varied to provide more under the Colonial Development and Welfare Act and less from Loan and Revenue sources. Indeed it is expected that this will be so, as schemes are sent forward and approved by the Secretary of State. For the present, however, the provision shown as coming from grants only covers schemes already approved, and it is hoped that as much as another \$2.4M may be switched to that source, making a total of nearly \$6M from Colonial Development and Welfare Funds. Our policy must clearly be to take every advantage of the generous assistance being provided by Her Majesty's Government, and to see that it is sought, as soon as it can be, for every possible scheme in the approved Development Programme which might meet the criteria for such assistance.

In concluding my remarks on the Development Budget I would like to emphasize again that the provision asked for 1957 is tentative in some sections. In particular I would refer to Land Settlement where only \$240,750 is provided and that as revotes of the estimated balances from 1956 on existing land settlement schemes. The Government is however fully alive to the need to get more land available for settlement and agriculture. There is need to settle more people on the land, and there is need to increase our primary production. These two together must add up to perhaps our major development aim to increase the productive capacity of the country and its national income. As I have said, therefore, we hope the vote of \$240,750 will have to be augmented in 1957 following the formulation of a comprehensive land policy. We have now made up at least part of the shortages of staff which have delayed the production of this comprehensive policy, and there is also a good chance of an acceleration in drainage and irrigation work which is complementary to land

settlement schemes with the appointment of consulting engineers to which I have already referred.

Before I move the adjournment and the remission of the draft Estimates to the Finance Committee I would like to summarise the main points of the 1957 recurrent budget. The policy in these Estimates has been to keep departmental expenditure as far as possible at its 1956 level, but to provide the full cost of all inevitable expansions such as in primary education, and to increase the provision for the maintenance of public buildings and roads. To do this and provide for a large building programme under the Development Estimates it has been necessary to reduce the provision for non-recurrent works. It is hoped to find an increase of \$3.6M over the approved revenue estimate for 1956 without increased taxation, though it may be necessary to look for additional revenue when certain commitments and half commitments not provided for in the estimates fall to be met.

I apologize for the fact that there has been nothing spectacular to announce in this budget, and that it has therefore been even duller than budget statements usually are. I feel, however, that any Financial Secretary who

is willing to try to balance the accounts without additional taxation has a claim to forgiveness.

And I feel sure that on reflection hon. Members will agree with me that it is better to have over-taxed their patience than their pockets. (*Applause*).

Sir Frank McDavid: I beg to second the motion.

Mr. Lee: It is customary for the Budget Statement to be circulated. I think all Members of this Council will agree that the hon. the Financial Secretary has given a very comprehensive review of the financial position and of what will occur in 1957, and we thank him for this.

ITEMS DEFERRED

The Financial Secretary: With your permission, Sir, and that of the Council, I ask that the motions standing in my name on the Order Paper be deferred until a later date.

Agreed to.

Mr. Speaker: The Council is adjourned until Friday next, 7th December, at 2 p.m.