

LEGISLATIVE COUNCIL.

Tuesday, 13th June, 1933.

The Council met pursuant to adjournment, His Excellency the Governor, SIR EDWARD DENHAM, K.C.M.G., K.B.E., President, in the Chair.

PRESENT.

The Hon. the Colonial Secretary, Mr. T. Millard, C.M.G. (Acting).

The Hon. the Attorney-General, Mr. Hector Josephs, K.C., B.A., LL.M. (Cantab.), LL.B. (Lond.).

The Hon. T. T. Smellie, O.B.E. (Nominated Unofficial Member).

The Hon. F. Dias, O.B.E. (Nominated Unofficial Member).

The Hon. J. S. Dash, B.S.A., Director of Agriculture.

The Hon. R. E. Brassington (Western Essequibo).

The Hon. E. F. Fredericks, LL.B. (Essequibo River).

Major the Hon. J. C. Craig, D.S.O., M.E.I.C., Director of Public Works.

The Hon. W. A. D'Andrade, Comptroller of Customs.

The Hon. Q. B. de Freitas, M.R.C.S. (Eng.), L.R.C.P. (Lond.), Surgeon-General (Acting).

The Hon. F. Birkitt, Postmaster-General.

The Hon. L. G. Crease, M.A. (Oxon), Director of Education (Acting).

The Hon. E. F. McDavid, M.B.E., Colonial Treasurer (Acting).

The Hon. P. W. King, Official Receiver.

The Hon. N. Cannon (Georgetown North).

The Hon. A. V. Crane, LL.B. (Lond.) (Demerara River).

The Hon. Percy C. Wight, O.B.E. (Georgetown Central).

The Hon. J. Gonsalves (Georgetown South).

The Hon. J. I. De Aguiar (Central Demerara).

The Hon. Peer Bacchus (Western Berbice).

The Hon. W. S. Jones (Nominated Unofficial Member).

The Hon. H. G. Seaford (Nominated Unofficial Member).

The Hon. E. M. Walcott (Nominated Unofficial Member).

MINUTES.

The minutes of the meeting of the Council held on the 9th June, as printed and circulated, were confirmed.

PRESIDENT'S SPEECH.

THE PRESIDENT addressed the Council as follows :—

Honourable Members will have seen that on the Order of the Day appears the second reading of a Bill to make provision for the regulation and control of Rice Factories and the manufacture of rice, and that on the Order of the Day for to-morrow appears a motion standing in the name of the Member for Demerara River dealing with the general question of export of rice. I think it will be better to postpone this business as it is the intention of Government to appoint a Select Committee of Council composed of the Honourable the Attorney-General (Chairman), the Honourable the Director of Agriculture, the Honourable Members for Demerara River, for Eastern Demerara, for Central Demerara and for Western Berbice, and the Honourable Messrs. H. G. Seaford and E. M. Walcott to consider the present position of the rice industry in respect of the export of rice.

It will be for the Committee to report and advise as to—

- (a) the continuance of the Rice (Export Trade) Ordinance of 1932 which ordinarily expires on June 30th, 1933 ;
- (b) the steps, if any, which should be taken by Government to regulate

and control the exportation and price of rice.

I propose therefore to continue with the ordinary business of Council this week. If this is completed before the end of the week the Select Committee will start its meetings at once, otherwise their enquiry will commence on Saturday next and the Council will be adjourned on Friday next until Tuesday, June 27th.

Between Monday next, the 19th, and the 24th, I am proposing to visit Dutch Guiana and accept the kind invitation of the Governor of Dutch Guiana to travel with him from Paramaribo to Nickerie and across from there to Springlands. I shall leave by the "Stuyvesant" on Monday next, the 19th. This will afford me an opportunity of seeing the coffee and rice work being undertaken by our neighbour and of returning the much appreciated visit of the Governor of Dutch Guiana to this Colony last year.

During my absence the Select Committee will continue its examination of the rice position, and I hope that on the Council resuming on the 27th proposals will then be put before Council dealing with this important question.

PAPER LAID.

The following document was laid on the table:—

Report of the Inspector General of Police for the year 1933 *The Colonial Secretary*.

ORDER OF THE DAY.

GEORGETOWN SEWERAGE AND WATER COMMISSIONERS (VALIDATION) BILL.

THE COLONIAL SECRETARY (Mr. T. Millard): I move that "A Bill to validate certain acts and proceedings of the Georgetown Sewerage and Water Commissioners" be read the third time.

Mr. SMELLIE seconded.

Question "That this Bill be now read a third time and passed" put, and agreed to.

Bill read the third time.

KEEPING OF ANIMALS BILL.

THE ATTORNEY-GENERAL (Mr. Hector Josephs): I move that "A Bill to amend the Summary Jurisdiction (Offences) Ordinance, Chapter 13, with respect to the keeping of animals" be read the third time.

Mr. DIAS seconded.

Question "That this Bill be now read a third time and passed" put, and agreed to.

Bill read the third time.

EMPLOYMENT OF WOMEN, &C., BILL.

THE ATTORNEY-GENERAL: I move that "A Bill to carry out certain Conventions relating to the employment of women, young persons and children" be read the third time.

Mr. DIAS seconded.

Question "That this Bill be now read a third time and passed" put, and agreed to.

Bill read the third time.

ACREAGE TAX BILL.

THE COLONIAL SECRETARY: In moving the second reading of "A Bill to provide for the collection of acreage taxes" I may explain that the main purpose of the Bill is to introduce the calendar year. It is not apparent why the calendar year was not used at the time the financial year of the Colony was changed and it is proposed to rectify that now. Another change is in clause 7 (3), which reduces the limit of error from 3 acres to 2 per cent. It will be apparent that the change is a suitable one as the unit basis against varying areas under cane cultivation has a wide range of variation in the portion of allowance. A further change provided for is to bring the operation under this Ordinance into conformity with the actual practice of statistical records of this nature.

Mr. SMELLIE seconded.

Mr. CRANE: May I enquire to what lands are these provisions applicable?

Do they apply to lands of sugar plantations alone, or they include rice and other lands?

THE COLONIAL SECRETARY: Section 3 of the Tax Ordinance, No. 8 of 1929, provides for the collection of a tax of 31 cents upon each acre of land under cane cultivation, and under clause 3 of the Bill the tax is levied specifically on lands under cane cultivation.

Mr. CRANE: I suspected that the Bill was merely the machinery of the substantive law. I take it that the Council will have full opportunity to extend the acreage tax to rice, coconut or coffee cultivation. At the present time it is limited to sugar cultivation.

Question put, and agreed to.

Bill read the second time.

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

The Council resumed.

Notice was given that at the next meeting of the Council it would be moved that the Bill be read the third time (*The Colonial Secretary*).

CUSTOMS DUTIES BILL.

Mr. D'ANDRADE (Comptroller of Customs): I move the second reading of "A Bill to amend the Customs Duties Ordinance, Chapter 34, with respect to the duty on precious stones exported from the Colony." It will have been observed that the usual practice followed in dealing with the Customs Duties and Tax Bill, of taking the Bill through all its stages with as little delay as possible, has not been followed on this occasion. One reason for this is that the object of the Bill is not for the purpose of obtaining additional revenue but merely the substitution of one form of taxation for another and it was desired that hon. Members should have sufficient time to consider the changes that are proposed. During the years 1925-28 the export duty on diamonds was 35 cents per carat and in addition there was a royalty of 50 cents. At that time, although the prices which were obtained for diamonds

in the immediate pre-war period were not obtainable and there was a considerable decline, yet the position of the diamond market was still very healthy. Early in 1929, when the Budget was being considered and the necessity for obtaining additional revenue was before the Council, it was decided that the export duty on diamonds could be increased to 50 cents, which, with the royalty of 50 cents, made the duty \$1 per carat, and the Customs Duties Ordinance was amended accordingly. Unfortunately, however, towards the end of 1930, there was a considerable slump in the diamond market, the price of stones other than gems having fallen to as low a figure as five shillings per carat. As a result it became impossible for the dealer to purchase these stones and in a short space of time there was an exodus from the diamond fields because it was not profitable to work, especially as the stones then being found were of a rather small size. In order to encourage a return to the diamond fields free passages were granted to the men, and, in like manner, in order to give assistance to the industry, the export duty was altered from 50 cents to a specific duty of 60 cents ad valorem and the royalty reduced to 35 cents. The Colonial Secretary in moving the motion approving of this change on the 12th February, 1931, said:—

"This year the position became more serious in the diamond fields. Reports of men being without food and the influenza epidemic made things very serious. It was then decided that the Commissioner of Lands and Mines should pay a visit to the diamond fields and report on the position, and his report was laid on the table of the Council yesterday. In the meantime the matter was further considered by Government and it was decided, after consultation with the diamond merchants, that one method that would give relief was to reduce the duty on diamonds. It was represented that if the royalty and export tax were reduced by so much as not to involve any very large loss of revenue whatever relief was given in this respect would be passed on to the pork-knocker. It was calculated that a small amount of revenue would be lost but a considerable amount of relief would be given if the royalty was reduced from 50 to 35 cents per carat and an ad valorem duty of 6 per cent. imposed in place of the duty of 50 cents. per carat, the idea being that poor quality stones would be purchased in the fields and the export tax would not bear very heavily on these stones. That is the purport of the resolution which is before the Council."

I think there can be little doubt that the substitution of the ad valorem tax for the specific duty had the desired effect:

that is, the smaller stones paid proportionately a much smaller rate of duty per carat than the larger stones. There was a difficulty, however, in regard to the valuation of the stones. Although Government had the assistance from time to time of an expert, and we also received fortnightly telegraphic information from the Crown Agents with regard to the price of stones in the European market, there was nevertheless considerable dissatisfaction on the part of the diamond dealers. They claimed that the prices fixed by the valuator were very often considerably in excess of what they would realise for the stones on the other side. In support of this assertion they from time to time produced correspondence which certainly showed that was the case. On the other hand there seemed to have been many occasions when the position was the reverse and the valuation was really below the correct value. The export duty for the two years would have shown a loss of \$11,000 in 1931 and \$4,500 in 1932. That, however, cannot be regarded as being a loss for the reason that had the change not been made fewer stones would have been exported and probably less revenue collected. It was with the object of overcoming this difficulty that it is now proposed to revert to the old form of taxation by means of a specific duty, but instead of having one fixed rate of 50 cents per carat it is proposed that there shall be a rate of 50 cents in respect of gem stones and 15 cents in respect of those which are only suitable for industrial purposes. If the Bill is passed an Order-in-Council fixing the duty at these rates will be published. These rates have been so fixed as to give the same revenue as is now being collected. It is believed that this change will be welcomed by the diamond dealers.

Mr. BIRKITT seconded.

Mr. DE AGUIAR: I have no intention of opposing the passage of this Bill but rather to congratulate Government on the wisdom of reverting to the export duty on diamonds. When the change was introduced in 1931 there was a great deal of opposition from this side of the House and Government was warned of the loss of revenue likely to result from it. It has taken Government more than a year to realise the folly of introducing a measure by which the Colony has suffered a tre-

mendous loss of revenue. The figures given by the Comptroller of Customs show that in 1931 the actual loss was \$11,000 and in 1932 over \$4,000. We heard of the benefit to the pork knockers, but I did not understand him to say that the pork-knockers received the benefit of this loss which Government has suffered. Government has paid very dearly for its experience.

Mr. CRANE: My complaint about the Bill, although I am not opposing it, goes to the question of how long are we going to continue the export tax on certain products. When the export tax on sugar was removed Government promised the House to review the whole question of export taxes on all commodities so as to give the man producing wood and such products a greater chance to export than he has at present. I want to take this opportunity of asking Government when it proposes to investigate the question of throwing overboard this old-fashioned mode of collecting revenue. I don't believe that the man who buys diamonds is going to bear this tax. The repercussion is going to be on the miner as the buyer is going to reduce the price per carat by 50 cents. I have been told that that is now being done while the tax is collected in the ad valorem form. My point is to awaken Government to the promise that it would go into all these export taxes.

Mr. CANNON: May I ask the mover to tell us what is likely to be derived from this tax?

Mr. D'ANDRADE: The duty, based on last year's figures, will be \$52,454. At the proposed new rates the duty will be \$26,537 and the royalty being exactly the same that figure doubled will give \$53,074.

Mr. CANNON: I am going to suggest to Government that if the collection of this amount is suspended for, say, twelve months it will give a certain amount of relief to the unemployment troubles we are experiencing. It is a very small sum compared with what we are spending at the present moment and will have to spend in the very near future for employment. If the suspension of this tax would put the diamond industry on its feet or give it a certain amount of stability Government would be well advised not to press this Bill but waive the export tax for at least twelve months.

THE COLONIAL SECRETARY: I would suggest that the hon. Members for Demerara River and Central Demerara have not been fair in their reference to this Bill and in its relationship to Ordinance No. 3 of 1931 providing for an export duty of 6 per cent. on the value of diamonds. In order to assist the pork-knocker in 1931 it was represented that the royalty of 50 cents per carat made it impossible for the diamond buyer to pay pork-knockers an adequate price for what was known as ration stones. The position was considered by Government and it was represented to this Council and the Council approved of Ordinance No. 3 of 1931. The intention at that time was not to reduce the amount of revenue, and in order to secure that position it was estimated that 6 per cent. on the value would provide the additional amount required to meet the reduction of the royalty from 50 to 35 cents. The position has been found more difficult than was anticipated at the time because it was estimated that certain documentary evidence, would be available in the assessment of the *ad valorem* duty. Further, it was realised by this Council, and it has been experienced in the assessment of the valuation, that there is no unlimited resource of expert advice. Values have been taken and adjusted to a mean between the independent assessed value and the declared insured value. Government suggests in this Bill the reinstatement of the duty of 50 cents on good quality stones and a duty of 15 cents on industrial stones. I think the hon. Member on that explanation will recognise that this is not a case of correcting an error of Government but a case of putting in a new setting a very wise decision of Government and of this Council.

Question put, and agreed to.

Bill read the second time.

The Council resolved itself into Com-

mittee and considered the Bill clause by clause without discussion.

The Council resumed.

Notice was given that at the next meeting of the Council it would be moved that the Bill be read the third time (*Mr. D'Andrade*).

BILLS DEFERRED.

Consideration was deferred of the following Bills:—

A Bill further to amend the Tax Ordinance, Chapter 37, with respect to the licences of Insurance Companies and the duties to be paid thereon.

A Bill to amend the Clubs Registration Ordinance, Chapter 269, with respect to the registration of Clubs.

A Bill to make provision for the regulation and control of rice factories and the manufacture of rice.

CLUBS REGISTRATION BILL.

THE ATTORNEY-GENERAL gave notice of the following amendments to the Clubs Registration Bill:—

I. That the following be inserted as clause 5 of the Bill:—

“5. Section seven of the Principal Ordinance is amended—

(a) by renumbering the section as “7(1);”

(b) substituting the following for paragraph (i):—

“(i) that the Club occupies premises in respect of which, within twelve months next preceding the formation of the club, a licence for a spirit shop has been forfeited or the renewal of a certificate for a licence for a hotel or a spirit shop has been refused under the Intoxicating Liquor Licensing Ordinance, or in respect of which an order has been made that they shall not be used for the purposes of any club.”

(c) by the addition of the following as subsection (2):—

“(2) For the purpose of determining whether a club is conducted in good faith as a club the court shall have regard to the nature of the premises occupied by the club.”

II. That the present clauses 5 and 6 be renumbered 6 and 7.

The Council adjourned until the following day at 11 o'clock.