

**THE
PARLIAMENTARY DEBATES**

OFFICIAL REPORT

[VOLUME 7]

**PROCEEDINGS AND DEBATES OF THE FIRST SESSION OF THE NATIONAL
ASSEMBLY OF THE THIRD PARLIAMENT OF GUYANA UNDER THE
CONSTITUTION OF GUYANA**

36th Sitting

2 p.m.

Monday, 24th June, 1974

MEMBERS OF THE NATIONAL ASSEMBLY

Speaker

His Honour the Speaker, Mr. Sase Naraine, J.P.

Members of the Government – People’s National Congress (50)

Prime Minister (1)

The Hon. L.F.S. Burnham, O.E., S.C.,
Prime Minister

(Absent)

Deputy Prime Minister (1)

Dr. the Hon. P.S. Reid,
Deputy Prime Minister and Minister of
National Development and Agriculture

Senior Ministers (7)

The Hon. H.D. Hoyte, S.C.,
Minister of Works and Communications

*The Hon. S.S. Ramphal, S.C.,
Minister of Foreign Affairs and Justice

(Absent)

***Non-elected Minister**

*The Hon. H. Green,
Minister of Co-operatives and National Mobilisation (Absent)

*The Hon. H.O. Jack,
Minister of Energy and Natural Resources (Absent)

*The Hon. F.E. Hope,
Minister of Finance

*Dr. the Hon. K.F.S. King,
Minister of Economic Development

*The Hon. S.S. Naraine, A.A.,
Minister of Housing

Ministers (6)

The Hon. W.G. Carrington,
Minister of Labour (Absent)

The Hon. Miss S.M. Field-Ridley,
Minister of Information and Culture

The Hon. B. Ramsaroop,
Minister of Parliamentary Affairs
and Leader of the House

*The Hon. Miss C.L. Baird,
Minister of Education and Social Development (Absent – on leave)

*Dr. the Hon. O.M.R. Harper,
Minister of Health

*The Hon. G.A. King,
Minister of Trade and Consumer Protection

Ministers of State (9)

The Hon. M. Kasim, A.A.
Minister of State for Agriculture

The Hon. O.E. Clarke,
Minister of State – Regional
(East Barbice/Corentyne)

***Non-elected Ministers**

The Hon. P. Duncan, J.P.,
Minister of State – Regional (Rupununi) **(Absent – on leave)**

The Hon. C.A. Nascimento,
Minister of State, Office of the Prime Minister

The Hon. M. Zaheeruddeen, J.P.,
Minister of State – Regional
(Essequibo Coast/West Demerara)

*The Hon. C.V. Mingo,
Minister of State for Home Affairs

*The Hon. W. Haynes,
Minister of State – Regional (Mazaruni/Potaro) **(Absent)**

*The Hon. A. Salim,
Minister of State – Regional
(East Demerara/West Coast Berbice) **(Absent – on leave)**

*The Hon. F.U.A. Carmichael,
Minister of State – Regional (North West)

Parliamentary Secretaries (8)

Mr. J.R. Thomas,
Parliamentary Secretary, Ministry of Housing

Mr. C.E. Wrights, J.P.
Parliamentary Secretary, Ministry of Works and Communications

Miss M.N. Ackman,
Parliamentary Secretary, Office of the
Prime Minister, and Government Chief Whip

Mr. E.L. Ambrose,
Parliamentary Secretary, (Agriculture),
Ministry of National Development and Agriculture

Mr. K.B. Bancroft,
Parliamentary Secretary (Hinterland),
Ministry of National Development and Agriculture **(Absent)**

***Non-elected Ministers**

Mr. S. Prashad,
Parliamentary Secretary, Ministry of
Co-operatives and National Mobilisation

Mr. J.P. Chowritmootoo,
Parliamentary Secretary, Ministry of Education

Mr. R.H.O. Corbin,
Parliamentary Secretary, Ministry of
Co-operatives and National Mobilisation

(Absent – on leave)

Deputy Speaker (1)

Mr. R. C. Van Sluytman, Deputy Speaker

Other Members (17)

Mr. J.N. Aaron
Mrs. L.N. Branco
Mr. M. Corrica
Mr. E.H.A. Fowler
Miss J. Gill
Mr. W. Hussain
Miss S. Jaiserrisingh
Mr. K.M.E. Jones
Mr. M. Nissar
Dr. L.E. Ramsahoye
Mr. J.G. Ramson
Mr. P.A. Rayman
Mr. E.M. Stoby, J.P.
Mr. S.H. Sukhu, M.S., J.P.,
Mr. C. Sukul, J.P.
Mr. H.A. Taylor
Mrs. L.E. Willems

Members of the Opposition

Liberatory Party (2)

Mr. M.F. Singh, Leader of the Opposition
Mrs. E. DaSilva

OFFICERS

Clerk of the National Assembly – Mr. F.A. Narain

Deputy Clerk of the National Assembly – Mr. M.B. Henry, AMBIM.

24.6.74

National Assembly

2.10 – 2.20 p.m.

2.10 p.m.

PRAYERS

ANNOUNCEMENT BY THE SPEAKER

Leave to Members

The Speaker: Leave has been granted to the hon. member, Mr. Duncan, to the hon. Member, Mr. Salim, and to the hon. Member, Mr. Corbin, for today's Sitting.

PRESENTATION OF PAPERS AND REPORTS ETC.

The following Papers were laid:

- (1) Annual Report of the Forest Department for the year 1972. [**The Minister of Parliamentary Affairs and Leader of the House on behalf of the Minister of Energy and Natural Resources**]
- (2) Loan Agreement between the Caribbean Development Bank and Guyana and the Guyana Co-operatives Mortgage Finance Bank (Mortgage Finance). Loan No. 1/OR-GU.

[**The Minister of Finance**]

INTRODUCTION OF BILLS – FIRST READING

The following Bills were introduced and read the First time:

- (1) Sugar Levy Bill 1974, Bill No. 20 of 1974, published on 20.6.74.

- (2) Sugar Industry Special Funds (Amendment) Bill 1974, Bill No. 21 of 1974, published on 20.6.74. [The Minister of Finance]

PUBLIC BUSINESS

BILLS – SECOND READING

TAX (AMENDMENT) (NO. 2) BILL 1974

A Bill intituled:

“An act to amend the Tax Act”

[The Minister of Finance]

The Minister of Finance (Mr. Hope): Mr. Speaker, in accordance with Article 80(2) of the Constitution, I signify that the Cabinet has recommended the Tax (Amendment) (No. 2) Bill of 1974 for consideration by the National Assembly.

At this stage I beg to move that the Tax (Amendment) (No. 2) Bill be read a Second time. The Bill seeks to impose the need for people who operate betting shops to make a deposit of \$50,000 per shop with the proviso that if the number of shops operated by any one promoter exceeds two, the promoter will in any case not pay a deposit in excess of \$100,000.

May I say that essentially there has been a great deal of misconception as to the purpose of this Bill? Its purpose is not really one of taxation; it is essentially a matter of a deposit. We have been subjected to criticisms from certain sections of the Press to the effect that we are imposing additional taxation on operators of betting shops. In fact, what we are dealing with is a once-and-for-all deposit which will bear interest and which will be available to the promoter when he ceases business in certain circumstances.

The question of the deposit where it applies to people who are taking the money's of other people for payment to those people at a subsequent time on the occurrence of a particular event, is not unknown to our laws. I think it was in the 1920s that legislation was first enacted to require a deposit of \$50,000 by Insurance Companies operating in Guyana. In 1970, we have cause to increase that deposit to \$250,000 for all Insurance Companies operating in Guyana. Therefore, the fact that we are asking the promoters of betting in this country at this point in time to make a deposit, which would be available to the promoters in given circumstances on their ceasing business, is not an unknown piece of legislation. There is ample precedent for it in our existing laws. At the same time, I think we should know that this principle of a deposit has been accepted by a number of other Caribbean States where people who want to engage in the promotion of betting have perforce to make a deposit.

In the past, promoters in this country have found it relatively simple to establish betting shops without any kind of assets backing those activities. All that those people have to do was to take out necessary licences and proceed to take people's money against bets. This was an experience which was available to them only in Guyana because most of the Caribbean territories require those same persons, if they are operating in those countries, to establish a deposit to back their operations.

Numerous requests were made to me by people who are involved in betting that it was high time that the Government looked in this area substantially to protect the interest of those who would want to bet, by ensuring that a reasonable deposit was made by those who wanted to promote betting. In talking to the people who were involved as promoters, it became quite clear that they recognised that this was a development which was bound to come once the Government began to take an interest in what was going on largely, as I said, to protect the interests of those people who would want to place bets.

Many people thought that the amount was surprisingly small for the level of betting activity that takes place in this country and this is betting, not on pools but on horses. It became

quite clear during the discussions that the money involved in a given year by all betting shops ran into several millions of dollars and I think this would be surprising to many people who did not know the facts or who did not have the opportunity to aggregate the total business done in betting shops.

Therefore, many persons, in expressing their views to me after the last Budget Speech, thought that this amount was surprisingly small. But we took account of the fact that it was being imposed for the first time and we set it at \$50,000. I am reliably informed that in the Island of Trinidad and Tobago this deposit has been increased for betting shops.

2.20 p.m.

We feel that it is important to note that the deposit will bear a rate of interest, under the law, equivalent to what the commercial Banks pay for savings deposits. The amount will be deposited with the Accountant General and will be available to the promoter in given circumstance when he ceases business. This, in fact, is a variation from what I had said in my budget Speech because at that stage I had said it was going to be non-interest bearing, but taking into account the representations made by the body of promoters operating in this country, we placed a rate of interest on it.

I had also intimated that the deposit would have been applicable to every premise in which the business of betting was carried on. Representations were also made on this and I came to the compromise, that, in any case, no individual person will pay more than \$100,000 in deposits if he had more than two betting-shops in different premises. In this respect, we did try to accommodate those people who were, in fact, operators and I venture to say that from my discussions with them it was quite clear that none of those businesses contemplated a contraction of business activity following the deposit, largely because they conceded the principle that it was a proper thing to do.

[Mr. Hope continued]

It is also of interest to note that, in the law, we have made provisions for those people who would consider that, on the passing of this Act, they will no longer wish to remain in business. This arises from the fact that the Bill states, as a condition for securing a licence to operate, the person has to make a deposit. This deposit, I repeat, is a once-for-all deposit; it is not an annual requirement. It is a condition precedent to the granting of a licence.

It may turn out that a number of betting shops may not necessarily have taken out their licences as yet but what we have said is that: since they have remained in operation, once they are in operation at the time of the passing of this Bill, if they wish to go out of business they can do so before the end of June provided they pay a sum equivalent to one half of the annual licence. The principle behind that is simple that they were operating for about six months of the year and if they want to get out of business, because of the passing of this Act, then they have to pay the licence.

That was a real concession because the licence is an annual licence. There is no half-yearly licence but we did give the concession of requiring them to pay fifty per cent of the annual licence should they wish to go out of business after the passing of this Act.

From my discussions with the people concerned it became quite clear to me that they had no real problem with the deposit, once we were prepared to give a concession in terms of how many deposits they have to pay in relation to the number of establishments they have and that we pay some amount of interest. This is what we have done in the Bill.

I hope that the confusion which appeared in some sections of the Press by some critics, when they described this measure as a tax, will be removed. It is not a tax; it is a deposit. I said, I repeat, that in our laws there is ample precedent for business enterprises, which take money from people to pay them a certain sum on the occurrence of a particular event, at some time in the future, to be required to make a deposit in the interest of the people who do business with them.

I pointed out the fact that Insurance Companies represent one clear example of this. As a matter of fact the Insurance Companies have to make a deposit of a quarter million dollars. One must also take cognizance of the fact that these betting shops turn over several millions of dollars in any one year. The size of the deposit, which forms a sort of a backing to the activity, is, I confess, extremely small and surprisingly reasonable. Therefore, I commend the Bill to the House for passage.

Question proposed.

The Leader of the Opposition (Mr. M.F. Singh): Mr. Speaker, none of us can really object to the main principle behind this proposed legislation and that is, that a deposit of \$50,000, or the maximum, \$100,000, be made by betting shops operating before they can get a licence in respect of their operations. It does make sure that only those people who are of substance get into the business of betting-shops where the money of the small man is involved. It is a well-known fact that betting-shops do make money and, by and large, they make it off the ordinary poor masses.

If this becomes law, the government will make sure that only people of substance get into and remain in the betting business, but one also observes that the criterion for the refund of the \$50,000 is merely that the operator should stop carrying on business. If he is no longer obliged to take out a licence then he no longer has the obligation to maintain a deposit of \$50,000. Under the proposed legislation, the sum of \$50,000 or \$100,000, the limit, would be returned to him. So that in respect of the non-payment of winnings there is no particular safeguard or guarantee, but there is the safeguard and guarantee that those who take money from John Public in respect of the betting business, now have to be some people of substance in that they have to find \$50,000 before they can get a licence in respect of their operations.

I say this is commendable. I am sure that the poor man would perhaps be the first to object if the Government caused betting-shops to close down. The small man's betting is

perhaps one of this few joys and relaxations; his escape from the realities of life and from the miseries of his existence at the present moment, particularly in these days of rising prices. So I feel that he would be one of the very first to object if this small luxury is taken away from him.

2.30 p.m.

The hon. Minister was very receptive to the idea of meeting the betting-shop proprietors and I commend him for this. He tells us that he did meet them and that there was cordial relationship. We hope that this will continue at all times. He assures us that they were satisfied with the outcome of their discussions with them. Again I commend the hon. Minister for having met this delegation but I would like to make a few points in respect of this Bill.

The first point we note is that the Act shall be deemed to have come into operation on the 1st January, 1974. This is June, 1974. The betting-shop operators did have intimation of this in the Budget Speech in December, 1973, so that they knew what was the proposal. I suppose the law officers were far too busy dealing with other matters pushed on to them by the Government to give attention earlier to this legislation which one would normally have expected to come before this House earlier in this new year. It is not a new year any more – we are in the middle of the year – but the intimation was in December and it would certainly have been very appropriate if we could have had this legislation before the House earlier. But one appreciated how hard-working our legal draftsmen are; we know their limitation in terms of numbers and the high caliber of their drafting. It is a pity that we cannot re-arrange our priorities in order to get legislation such as this before the House in good time.

There are some practical results flowing from the fact that this legislation has come before the House at this present time. Let me give a short background to this. The present licence fee payable by betting-shops is \$15,000 per year. There is a practice which is authorised by law that this sum is paid in quarterly instalments, so even though, as the hon. Minister rightly

[Mr. M.F. Singh continues]

pointed out, it is a yearly sum payable, the concession is given that operators can pay in instalments every quarter. So that at the beginning of every quarter, in January, March, June, and September, they are allowed the facility of paying \$3,750 in respect of that particular quarter.

Now what is the present position? The present position is that apparently in January this year, pending the legislation for the deposit of the \$50,000, administrative instructions were given whereby the Licence Revenue Office was told not to accept any quarterly instalments. As I understand it – I may be wrong but this is my information – when people turned up to pay their quarterly fee of \$3,750 they were told “hold it, don’t pay it now, we are waiting for the legislation in respect of the \$50,000 and then we will accept payment in respect of your normal licence.” This is not merely a supposition, I understand that there is a case, or probably more than one case, which falls into this category.

Let us take the case of the operator who operated a betting-shop during January, February, March. Normally he would have had to pay in January for that quarter. He did not pay because the Licence Revenue Office refused to accept his money. He would normally have been required to pay at the beginning of April for April, May, June. Again he did not pay because his money was not acceptable until the legislation was amended. He closes shop and gets out of business at the end of April and as I am saying this is not merely for the sake of argument – there is in fact at least one case and probably more than one which falls into this category. He goes away, he has no assets in the country. So what is the position? As a result of this late legislation Government would have been denied the receipt of \$3,750 at the beginning of January from him and \$3,750 at the beginning of April. That is a loss of \$7,500 to the Government. In fact, he is liable for the entire amount of \$15,000 but if he has cleared out overseas and there is nothing on which you can levy – there are no assets at all against which you can move – then that man has been able to escape with these sums of revenue due, owing and

payable to the Government. He escapes, as we say, scot-free without being compelled to pay anything at all. This is the problem which we have to face when we have delayed legislation. Now if this legislation had come early in the year, that man would have been forced to comply with the law at the beginning of the year. He would have had to pay his money like anybody else.

As I am dealing with is pint of annual licence, perhaps I should make another point which may be likened to the other side of the coin. The annual licence at the present moment is \$15,000 per year. It is payable as a total annual sum. It is only a concession which is given by section 64 of the substantive Law, Chapter 80:01, that the operator is allowed to pay this in quarterly instalments. When section 64 was promulgated the licence fee was approximately \$500 per year, a small amount. I am subject to correction, but I think it was in the vicinity of \$500 per year. Section 64 dealing with the quarterly business has remained on the statue book but the licence revenue has gone up to \$15,000 per year.

2.40 p.m.

As I said, that \$15,000 as a concession, can be paid in quarterly instalments. But, let us take, for example, the case of the operator – and this is betting, this is luck and chance. Even though there are a lot of us who concede that he dice is loaded against the person who is betting, let us say that, by some unfortunate stream of events, the operator has a big run on him and in fact suffers heavy losses. Let us say, for example, the operator finds himself in such pecuniary embarrassment that he is forced to go out of operation, for example, in February of any particular yea. Because he has to pay out so much money he has probably to cease operation apply for this refund of \$50,000 and use the \$50,000 to pay out outstanding debts.

Let us say that he goes out of business at the end of February. The law, as it stands is that even though he has gone out of business at the end of February he still is liable to pay the entire year's licence of \$15,000. The quarterly licence is only a matter of concession. Let us remember

[Mr. M.F. Singh contd.]

that in the initial stages the licence fee for a betting shop was only a small amount but we are now dealing with this big amount of \$15,000 per annum.

I am wondering whether the time has not come for the hon. Minister to give some thought to recommending to the Cabinet to promulgate legislation to add to section 64 some section whereby you will insert in the laws that in respect of licences of \$15,000 per annum and over they should be payable every quarter in advance but that no quarterly licence should be payable in respect of any quarter during which no business has taken place. In other words, instead of making it an annual fee of \$15,000 per year you make it a quarterly fee of \$3,750 per quarter of part of a quarter.

So the quarterly licence will be payable in advance. At the beginning of any quarter the licence is payable. At the beginning of January you pay your licence. If you cease operations on the 15th of January you would have paid your licence but if you are not in operation at the beginning of April you do not pay a licence. If you begin operations in May you pay that quarter's licence. If you begin operations in May you pay that quarter's licence. If you cease operations by the end of June then at the 1st of July you do not pay any licence because licences are paid on a quarterly basis.

I am sure it is not beyond the competence and ingenuity of the legal draftsman to draft such legislation. It is easy. All you need to do is to say that the licence will be on a quarterly basis, payable in advance, but there will be no licence payable in respect of any quarter during which no business takes place.

I am saying this not in respect of all licences but only in respect of those licences fees of \$15,000 and over. So payment of the other licences fees will remain as at present but I am wondering whether it has not reached the stage where in respect of these big licence fees Government should give consideration to something like this.

Of course, we take the point that these betting-shop operators do make money and it may well be that the Government may hold the view that even if these betting-shop operators stop operation in February they should be taxed for the whole year. If that is the view of the Government, well, maybe the hon. Minister should have another interview with the betting-shop operator and perhaps hear what they think about this suggestion. I make this suggestion for the consideration of the hon. Minister and perhaps the betting-shop operators themselves.

We come to clause 2 of the Bill. Clause 2 deals with section 11 of the Principal Act. If we turn to section 11 of the Principal Act we will see that there is a note against it which says:

“Licences for receiving money paid by way of pool betting and taxes thereon.”

As I understand it, I may be wrong, but money's collected from pools have been prohibited from going out of the country. One is not criticizing this but this has no practical results at the present moment. Quite rightly it merely tidies up section 11 of the Principal Act although I doubt whether the foreign pools will ever reappear in Guyana. But maybe we will start our own local pools. If we start our own local pools the legislation is here and it can be used at any time. So I agree with the tidying-up operation in respect of section 11 of the Principal Act. Maybe we could start pools in respect of motor racing operations. I am sure this would have the support of at least one hon. Minister in the Cabinet.

In respect of clause 3 of the Bill, perhaps the first important provision of clause 3 of the Bill is “(d)” and “(d)” deals with the deposit of \$50,000 by betting-shop operators.

The hon. Minister has very commendable acceded to the representation made to him by the betting-shop operators so that the maximum amount payable is \$100,000. The man who operates any number of betting-shops in excess of two will still pay only \$100,000. We commend the hon. Minister for this kind of dialogue which he engaged in with the betting-shop operators, but I do bear in mind that this \$50,000 deposit is not a revenue-raising measure but is,

principally, as the hon. Minister says, for the protection of John Public, to ensure that person are of some substance before they can open betting shops.

In view of the fact that this money is refundable immediately on the ceasing of operation of the betting-shops as the new subsection (4) states:

“subject to any law relating to insolvency or the winding up of a company.”

in the absence of insolvency of winding up a company one would expect that immediately the operator ceases operations his \$50,000 becomes refundable to him.

2.50 p.m.

In view of this one wonders whether it may not have been worthwhile considering that the licence fee should be raised to \$20,000 rather than a deposit of \$50,000 being requested. It seems to me that the essential result of the \$50,000 is to prevent people of no particular financial consequence from getting into the business. If you raise the licence fees to \$20,000 it may well be that you are achieving the same aim.

I am not saying that there should be any change in the present legislation; all I ask is that the hon. Minister review the situation next year. Let us see how many, if any, operators opt out of operation this year. Let us see how many sets of \$15,000, as straight revenue, we lose, if any at all. Then on the basis of any loss in revenue we can review whether we hold scrap the \$50,000 and demand a higher licence fee, say \$20,000. We could then waive the deposit and raise the licence fee to \$20,000. That, in itself, would make the necessary for the persons who want to indulge in betting shop operation to be people of some substance.

I merely ask the hon. Minister to review that next year. If we find that very many people have opted out of betting shop operation, it would mean so many sets of \$15,000 straight revenue

[Mr. Singh continued]

being lost to the Government. What will compensate for the loss? A few sets of \$50,000 merely on deposit with interest payable will compensate. Let us next year weigh some sets of \$50,000 deposit, with interest, against the loss of more sets, if it turns out that way, of \$15,000 straight revenue. After reviewing the situation next year the hon. Minister may well make a change in the legislation in order to bring in more straight revenue than merely a deposit on which interest would be payable. I commend this for review by the hon. Minister towards the end of next year perhaps.

We note in clause 4 that it is, in fact, envisaged that some people may want to close down. Again, I commend the hon. Minister for inserting this clause. He has given an option of closing down to people who may object to the deposit of \$50,000 and who may want to close down their operations entirely. They have fourteen days within which they may close down their operations after the coming into operation of this Act. It is felt that an opportunity should be given because there may well be people who may not be able to raise the sum of \$50,000 or \$100,000 and who may want to close down their operations entirely. The hon. Minister has quite rightly made provision for these people to make up their minds within fourteen days. When they have made up their minds they can either close down or continue. If they continue they pay \$50,000 and they pay their \$15,000 yearly fees.

If, on the other hand, they decide to close down – and this is a further argument in support of what I said earlier – within fourteen days after the coming into operation of this Act they will not \$15,000 but only half of \$15,000, \$7,500, which is further support for my earlier argument that the hon. Minister could perhaps consider a system of quarterly licensing rather than yearly licensing. Clause 4 states that if an operator decides to close down he will not be required to pay the whole amount of \$15,000. He will be required to pay only half of that amount, \$7,500. That is why I say that this is added support for my suggestion that the hon. Minister should consider the system of quarterly licensing rather than yearly licensing.

We go back to clause 3 of the Bill, and the new subsection (40 which deals with deposits. Again, the hon. Minister should be commended for this spirit of compromise in making provision for interest to be paid. This was not in the Budget Speech and I had taken very strenuous and serious objection to taking people's money without giving them some interest. I am glad to see that the hon. Minister has acceded to the representations and is in fact making interest payable on the \$50,000 or \$100,000.

But one wonders whether he has gone far enough. The reading in the proposed legislation is this, the deposit shall:

“earn interest payable to the depositor on the 1st January and 1st July, respectively, of every year, such interest being at the rate applicable at the respective date on monies on deposit in an ordinary savings account of any institution carrying on banking business in Guyana.”

From information received, at the present moment all the banks give the same interest on ordinary savings account deposits, but I can foresee that the Guyana National Co-operative Bank, or any other bank, in order to attract savings, may well decide, to offer interest $\frac{1}{4}$ per cent or $\frac{1}{2}$ per cent higher than the other banks. What will we do in those circumstances? The legislation is entirely silent on that. It merely states: “monies on deposit in an ordinary savings account or any institution carrying on banking business in Guyana.” What will we do if there is a difference? The Co-op Bank is an ordinary banking institution. The Bank of Nova Scotia or the Bank of Baroda could well decide that it is going to up its interest by $\frac{1}{4}$ or $\frac{1}{2}$ per cent in order to attract ordinary savings to its bank. Unless we agree with the principle of cartels and monopolies we cannot say that it will never happen, because if we say it will never happen we would be presupposing that there is some internal arrangement among these banking institutions that they will always maintain one set percentage.

[Mr. Singh continued]

3 p.m.

Of course, this would be operating against the ordinary citizen if there are these arrangements. If one banking institution takes the initiative and offers the Guyanese public a little bit more than the other banks, one wonders what will then be the position. What will the hon. Minister do? I sympathise with him in his predicament. I would certainly not like to be in his shoes. Maybe then it would need an amendment to this legislation. But legislation is made to inure for all time and we should not merely look at the prevailing situation and forget what might be possible in the future. I wonder what the hon. Minister would have to say about such a state of affairs if it were to occur in the future.

Again, it does seem a little bit unfair that this deposit is earning interest on the basis of ordinary deposits. In other words, it may be there for five, six or ten years and all the interest it would earn is at the ordinary rate of interest on ordinary deposits. We know that there are such things as fixed deposits. If this operator had put his money in the bank in a fixed deposit he would have had a higher rate of interest than would be payable to him now under this proposed legislation. One wonders it would not have been fair to the depositor if a proviso had been put in this legislation to the effect that deposits which would have earned interest at fixed deposit rates if deposited in the Guyana National Co-operative Bank, for example, would earn such interest as would have been paid by the said Guyana National Co-operative Bank.

I am merely saying that if it is there for a long period, you equate it to a fixed deposit, for example, at the Guyana National Co-operative Bank. I recommend this for the consideration of the hon. Minister. I wonder whether he does not think that this would have been a fairer way to deal with these depositors. I am not treating them as any preferential class of people, I am treating them as I would have treated any other person in Guyana who was required to pay deposits to the Government coffers.

We all know that these men are supposed to be people who make money off poor people. We are dealing with the general principle of “John Public”, a citizen, an individual, making a deposit to the Government and that deposit remaining there for long periods. I am saying that whoever makes the deposit is entitled to some consideration for fixed deposit interest as against ordinary interest as is proposed in this legislation. I commend this for the consideration of the hon. Minister.

I repeat, that none of us here – and I am sure I say this without fear of contradiction – can have any objection to the board principle behind this legislation and, that is, that these people who take money from the public should be made to offer some safeguard to the public, be it by higher revenue or by deposits. There should be some system, some method whereby the public should not be subjected to ordinary people setting themselves up in business and not having the backing to be able to honour their obligations to John Public. I am saying that no one can have any objection to the principle here but I am merely pointing out these specific areas where the hon. Minister can give particular consideration and perhaps improve on this legislation which is before this honourable House.

The Speaker: Hon. Minister, do you wish to reply?

Mr. Hope (replying): Sir, may I just make one or two very brief comments. I would, perhaps, deal with the last two points first. I think the hon. member need not fear in terms of the relationship which we have established between the interest which will be payable on the deposit and the interest on an ordinary savings account. The profitability of the interest varying is very, very small indeed for the very simple reason that the banks in this country do not operate as cartels. What we know is that the banks are, in fact, in terms of savings accounts, operating in a very perfect market. All the banks know what each of them is giving in terms of interest on savings account and every depositor knows what any one bank is giving in terms of interest on a savings account.

Because of this, no bank can afford to give more than it needs to because it would be involving itself in more expense than it needs to. Similarly, no bank would want to give lower than it has to because it will not have people saving with it. We are dealing with a very perfect market. Each bank knows what the others are giving and all the depositors know what they can get from any individual bank. In those circumstances, the price or money put on savings is bound to be the same for all. It does not have to be a carte.

Similarly, in terms of the deposit, I think the hon. Member should recognise the significance of what we have said. We have said that the \$50,000 is a deposit. It is highly liquid, it is available on demand after certain events have taken place, that is, the ceasing of operation of the business. It is not in the form of a security. In the case of the Insurance Company, it has to be a security and it is notorious that securities are not liquid. If you want to liquefy the security, the capital losses can be quite substantial.

In this particular case this is \$50,000 in cash and that is why it is a deposit as distinct from an investment or the purchase of a security. If it were a security it would naturally bear a higher rate of interest because when the time comes to liquidate those securities before their maturity, capital losses could be involved but in this particular case there is no capital loss involved in the deposit. We feel we are entirely on right ground in offering a lower rate of interest to an asset which is highly liquid. It is available on demand assuming certain events have taken place.

The hon. Member also asked the question whether the money would be available to a person who bets and the promoter has been unable to pay. I think that must be what the legal draftsmen provided for in saying “subject to any law relating to insolvency or the winding up of a Company”. I would think that if a person is owed by a promoter he can take legal action and if he has judgment I suppose he can proceed against the company for its winding up or insolvency as the case may be. But I would think that subsection (4) does provide for the case where the person who places the bet wins but does not get his money; he can take legal proceedings and

proceed in this way. If he does that then the money would be payable to help pay off the deficit.

3.10 p.m.

The member also spoke at length on the question of a quarterly payment. One can certainly look into that, but I would think that the answer that will come out is very much likely to be that it is preferable to have an annual licence. One of the important difficulties that it avoids is the question of evasion. When a person has quarterly licence it only takes him three months to evade the payment. If it is an annual licence he cannot evade because he has twelve months, a much longer time, to escape with his evasion, which is unlikely. If you catch up with him in the eleventh month then the whole licence becomes payable but if it is a quarterly licence and he is caught in the eleventh month I think it is only the last quarter that will then be properly payable. Form the point of view of evasion alone, it seems that it is unlikely that one could come out with a result that quarterly licences are preferable. Certainly, one can look into that but I feel that he end result will not be very much different from the way we have it now.

Finally, I think I would like to say that we are very happy to see that the hon. Member feels that the betting-shops are sufficiently lucrative to warrant an increased level of licences. It is a very good admission. He has invited me to look at the matter and I certainly shall do so in due course.

Question put, and agreed to.

Bill read a Second time.

The Speaker: Hon. Members I wish to draw your attention to three small corrections: In clause 2 (a) substitute the word “persons” for the word “person” in the second lone of the definition of “Promoters”. In clause 3 substitute the word “for” for the word “of” at the beginning o the second line of paragraph (e). At the end of paragraph (e) substitute “to section 63 (1)” for “section 63 (1)”.

24.6.74

National Assembly

3.10 – 3.15 p.m.

Assembly in Committee.

Bill considered and approved.

Assembly resumed.

Bill reported without Amendment, read the Third time and passed.

ADJOURNMENT

Resolved “That this Assembly do now adjourn to Friday, 28th June, 1974, at 2.00 p.m.”

[Minister of Parliamentary Affairs and Leader of the House]

Adjourn accordingly at 3.15 p.m.
