

**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**

42nd Sitting

2 p.m.

Wednesday, 25th September, 1974

MEMBERS OF THE NATIONAL ASSEMBLY

Speaker

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

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

Prime Minister (1)

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

Deputy Prime Minister (1)

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

Senior Ministers (8)

The Hon. H.D. Hoyte, S.C.,
Minister of Economic Development

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

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

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

*The Hon. F. E. Hope,
Minister of Finance (Absent)

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

*The Hon. G. B. Kennard, C.C.H.,
Minister of Agriculture

Ministers (5)

The Hon. W. G. Carrington,
Minister of Labour

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

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

Members of State (10)

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

The Hon. O.E. Clarke,
Minister of State – Regional
(East Berbice/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. K.B. Bancroft
Minister of State – Regional
(Essequibo Coast/West Demerara)

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

*The Hon. W. Haynes, **(Absent)**
Minister of State for Consumer Protection

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

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

Parliamentary Secretaries (7)

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

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

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

Mr. E.L. Ambrose,
Parliamentary Secretary,
Ministry of Agriculture

***Non-elected Ministers**

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

Mr. J.P. Chowritmootoo,
Parliamentary Secretary, Ministry of Education
and Social Development

Mr. R.H.O. Corbin,
Parliamentary Secretary, Office of the Prime Minister

Deputy Speaker (1)

Mr. R.C. Van Sluytman, Deputy Speaker **(Absent – on leave)**

Other Members (17)

Mr. J.N. Aaron
Mrs. L.M. Branco
Mr. M. Corrica
Mr. E.H.A. Fowler
Miss J. Gill
Mr. W. Hussain
Miss S. Jaiserrisingh
Mr. K.M.E. Jonas
Mr. M. Nissar
Dr. L.E. Ramsahoye
Mr. J.G. Ramson
Mrs. 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

(Absent)

Members of the Opposition – Liberator Party (2)

Mr. M.F. Singh, Leader of the Opposition **(Absent – on leave)**
Mrs. E. DaSilva

OFFICERS

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

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

25.9.74

National Assembly

2.05 – 2.10 p.m.

2.05 p.m.

ELECTION OF A MEMBER TO PRESIDE AT THE SITTING

The Clerk: Hon. Members, as the Speaker is out of Guyana on leave, and as the Deputy Speaker is indisposed, it is necessary for the Assembly, in accordance with Standing Order No. 4(1), to elect a Member, not being a Minister or a Parliamentary Secretary, to preside at this Sitting. I therefore invite nominations.

The Minister of Parliamentary Affairs and Leader of the House (Mr. Ramsaroop): I beg to nominate the hon. Member Mrs. Lola Willems to be the Member to preside at today's Sitting of the National Assembly.

The Parliamentary Secretary, Office of the Prime Minister and Government Chief Whip (Miss Ackman) seconded.

The Clerk: The hon. Member Mrs. Lola Willems has been nominated by the Honourable B. Ramsaroop and seconded by the hon. Member Miss Margaret Ackman. There being no other nominations, Mrs. Lola Willems is declared as the duly elected Member to preside at this Sitting of the Assembly. [Applause]

[Mrs. L.E. Willems in the Chair]

PRAYERS

OATH

The Presiding Member: The Hon. Member Mr. Gavin Kennard, Minister of Agriculture.

25.9.74

National Assembly

2.05 – 2.10 p.m.

The Oath of Office was administered to and made and subscribed by Mr. Kennard.

2.10 p.m.

ANNOUNCEMENTS BY THE SPEAKER

Leave to Members

The Presiding Member: Leave has been granted to:

- (a) His Honour the Speaker for seven weeks from 24th August, 1974.
- (b) the hon. Member Mr. Duncan and the hon. Member Mr. Van Sluytman, Deputy Speaker, for today's Sitting, and
- (c) the hon. Member Mr. M.F. Singh up to 30th September, 1974.

PRESENTATION OF PAPERS AND REPORTS

The following Papers were laid:

1. Guyana Housing Corporation Order 1974 (No. 101), made under section 34 of the Public Corporations Ordinance 1962 (No. 23 of 1962), on the 27th of August, 1974, and published in the Gazette on the 31st of August, 1974. [**The Prime Minister**]
2. (a) Pensions (President, Parliamentary and Special Offices) (Designation) Order 1974 (No. 111), made under the Pensions (President, Parliamentary and Special Offices) Act, Chapter 27:03, on the 5th of September, 1974, and published in the Gazette on the 9th of September, 1974.

(b) Statement of guarantees given by the Minister of Finance under section 3 of the Guarantee of Loans (Public Corporations and Companies Act, 1971 No. 16 of 1971) for quarter ended 30th June, 1974.

(c) Report of the directors of the New Widows and Orphans' Fund on the working of the Fund for the year 1969. [**The Minister of Economic Development on behalf of the Minister of Finance**]

3. Annual Report of the Ministry of Labour and social Security for the year 1971. [**The Minister of Labour**]

INTRODUCTION OF BILLS – FIRST READING

The following Bill was introduced and read the First time:

Legal Practitioners (Amendment) Bill 1974, Bill No. 28/1974 published on 9.9.74. [**The Minister of Energy and Natural Resources on behalf of the Minister of Foreign Affairs and Justice**]

Public health (School Children) Immunisation Bill 1974, Bill No. 29/1974 published on 29.9.74 [**The Minister of Health**]

Local Authorities (Postponement of Elections) (Amendment) Bill 1974, bill No. 30/1974, published on 29.9.74. [**The Prime Minister**]

Bauxite (Production Levy) Bill 1974, Bill No. 31/1974, published on 24.9.74. [**The Minister of Energy and Natural Resources**]

PUBLIC BUSINESS**MOTION****SUSPENSION OF STANDING ORDER**

“Be it resolved that paragraphs (2) and (3) of Standing Order No. 46 be suspended to enable the Assembly to proceed at its Sitting on Wednesday, the 25th September, 1974, with the second reading and the remaining stages of the Bauxite (Production Levy) bill 1974 (Bill NO. 31/1974).” [**The Minister of Parliamentary Affairs and Reader of the House**]

The Minister of Parliamentary Affairs and Leader of the House (Mr. Ramsaroop):
Your Honour, this Motion, which stands in my name, is an enabling Motion, seeking the approval of this honourable House to proceed with the Second Reading and the remaining stages of the Bauxite (Production Levy) Bill 1974, at this Sitting.

Members will recollect that the Bill was introduced a few minutes ago and, therefore, does not satisfy the provisions of paragraphs (2) and (3) of Standing Order No. 46 with respect to Introduction and, indeed, with respect to publication.

It has never been the intention of this Government to treat with levity the Standing Orders of this House and, indeed, only in circumstances of grave urgency has government sought a departure from the established rules of this Chamber. Government is seeking a departure from those rules this afternoon by way of the Motion tabled in my name, and it is with some measure of gratification I announce that the Opposition has lent its unstinted support to the passage of this measure and, consequently, the suspension of the Standing Orders to make this possible this afternoon.

The reasons for this measure will become more manifest when my learned friend and colleague the hon. Minister of Energy and Natural Resources introduces the measure in a short while. Suffice it to say that there is abundant reason in the field of national interest for this measure to be taken.

With those few words, Your Honour, I wish to commend this Motion that stands in my name and I respectfully ask that it receive the concurrence of this House.

2.20 p.m.

The Presiding Member: Hon. Member, Mrs. DaSilva.

Mrs. DaSilva: Madam Speaker, I am pleased to avail myself of this opportunity, first of all on behalf of the Opposition, to congratulate the hon. Gavin Kennard for taking his seat today in Parliament as the Minister of Agriculture. We all know of Mr. Kennard's invaluable service to our country and we are very pleased that a recognition of this, in putting him in a sphere where he can offer even more assistance to Guyana, has been brought by his taking his seat today. On behalf of the Opposition, I wish to thank Mr. Kennard for accepting. I want to welcome him, to say how pleased we are to have him here and to assure him that whenever it is possible he will have our co-operation.

Before taking my seat I would like to take this opportunity too, of offering our congratulations to you today for being elected to preside and sit in that chair of honour. We are, indeed, sorry to hear that the deputy Speaker, Mr. Van Sluytman, is indisposed and we do wish him a speedy recovery. But, Madam Speaker, today women of Guyana are making history and as a woman of Guyana I am particularly proud that for the first time – I am not aware that there has ever been a woman Speaker in Guyana before – we have a woman in the chair. I believe – but I am subject to correction – that there are more women in the Parliament of Guyana than in

any of the other Parliaments in the Caribbean and once more we have set the example for others to follow. We wish you every success.

The Presiding Member: Before I put the question, hon. Member Mrs. DaSilva and hon. Members I would like to thank you for electing me for this day's Sitting and I would ask for your co-operation and help.

Question put, and agreed to.

Motion carried.

BAUXITE (PRODUCTION LEVY) BILL 1974

A Bill intituled:

“An Act to provide for the imposition of a Production Levy on Bauxite and Lateritie won or extracted in Guyana and for matters incidental thereto or connected therewith.” [The Minister of Energy and Natural Resources]

The Minister of Energy and Natural Resources (Mr. Jack): Your Honour, may I say at the outset that we start on a happy note this afternoon and I wish on this side of the House to join in congratulating you on your election to preside and also to congratulate my own colleague who has been elevated to the Ministry. We have met here at a particularly serious time in the history of Guyana and it is good to know that we have started in this manner.

We have lodged with Parliament a certificate signifying that Cabinet has given its consent and has recommended that the Bauxite (Production Levy) Bill 1974 be considered by this National Assembly.

I think it is no exaggeration to say that since the end of World War II, 1974 has been the most disquieting year. True it is that we are not on the brink of world war as might have seemed to be the case in some years past, but this year will be long remembered as the year when a significant change took place in the world economic situation.

The effects of what has come to be termed the oil crisis and the seemingly uncontrollable inflation which has rocked the industrialized countries and has staggered the developing world are all too painfully familiar to us. Many of the countries of the developing world have seen their resources and their reserves wiped out, their plans for development brought to a halt, their people anxious and confused. Some governments have fallen. In other cases, riots have occurred. Destitution and starvation face many lands and men in Government rack their brains and search for avenues to stability and progress.

Guyana has not been untouched by all this. We have faced serious problems this year. We have cut back expenditure, pruned programmes, restricted consumption, reduced allocations and we have seen a rise in unemployment. While all of this has been going on we have been striving manfully to keep afloat. Yet, we have noted that the oil companies have been reporting record profits. The manufacturers have been reporting record profits and the aluminium companies have been reporting record profits.

We in Guyana produce bauxite, the ore from which aluminium is made. We have noted with interest the efforts which the oil-producing countries have made to get a just return of the share of profits from the production of their oil. We have noted, also, that while the huge transnational corporations have been reporting vastly increased earnings, the countries which produce raw materials from which these profits are derived continue to get a mere pittance for their product and must go, cap-in-hand, to beg for aid to keep their countries from collapse.

There must be something wrong with an order of things where this can happen. Third World Countries have been recognizing this and have been looking for ways and means to

change the inequitable and morally untenable situation where the owners of rich resources remain poor and the buyers of these resources get rich.

2.30 p.m.

We have recognized the need to transform the relationship between the producers of raw materials and primary products and the processors of these materials and products and in the efforts to do this we must explore all avenues; we must devise new strategies; we must constantly search for, introduce and improve methods for redressing the imbalance of rewards between the producers and the processors of natural resources.

In this search, and in these efforts we must sometimes take a lead and at other times we must follow the lead given by others.

Earlier this year Jamaican changed the basis for earnings from the bauxite industry in that country by the production and introduction of a bauxite production levy. The law provides for a levy on bauxite produced in Jamaica based on a percentage of the price of aluminium ingot.

This Bill, the Bauxite (Production Levy) Bill 1974, follows the general pattern of the Jamaica legislation and up to this stage we can say that we have had a similar experience to the Jamaicans. They failed to reach agreement and passed the legislation after talks had broken down. We were unable to reach agreement.

The Dominican Republic has also attempted to have a revision of the conditions of returns to that country from the exploitation of its bauxite resources. That country failed to reach agreement with ALCOA and it has been reported that legislation has been introduced for a new tax structure.

The pattern seems clear. In no case has a country been able to negotiate to get a reasonable arrangement in this time of hardship from the Companies operating in their country.

In Guyana attempts may be made to confuse the issue by raising the question of nationalization and attempting to link it in some way with this levy. Let me say quite categorically that the justification for the introduction of this measure at this time is, first of all, our sovereign capacity, our own needs, the huge profits which the aluminium companies have made and will make this year and their ability to pay and the unjust, inequitable and morally indefensible system whereby through the manipulation of transfer prices our take from our resources in this year bears no relation to the profits which are being made from them.

Furthermore, it was understood, since 1965 that there would be revisions in the price formula and, therefore, in the return to Guyana with respect to trends, relative changes in bauxite prices in Jamaica, and a letter dated 16th January 1965 from Walter Rice, Vice President of Reynolds Metals Company which forms part of this agreement attest to this.

Reynolds Metals reported a six-fold increase in second quarter profits this year after paying the production levy in Jamaica. These profits were made when the price of aluminium was thirty-four cents per pound. Reynolds has now increased the price of aluminium to thirty-nine cents per pound. We expect this levy to be paid and we are not prepared to have this levy linked to any other issue.

In our discussions with Reynolds, the Company sought to impose upon us conditions which counter to the Government's declared policy. Naturally, these conditions have been properly rejected. There is some suggestion that the Company relying upon its OPIC insurance intends, rather than to pay this levy, to put itself into such a situation that it can obtain the insurance money.

It is not my understanding that the OPIC insurers insure against the lawful imposition of taxes imposition of taxes and it would seem that if by their own default the Company brought about a situation in which it lost property in Guyana that it may not be able to avail itself of a

reliance upon OPIC. But, Your Honour, that is not a matter for us. We shall collect this levy one way or another.

We have given consideration to the representations made by the company during discussions with us and we have made adjustments and modifications to our original proposals where it appeared, in the light of all the circumstances, appropriate to do so.

The question of retroactivity, that is, that the levy takes effect from the 1st January, 1974, was never a major issue during the discussions and if raised in the future can only be calculated to becloud the real issues surrounding the implementation of this levy.

Let us turn now to the consideration of the Bill itself. The Bauxite (Production Levy) Act, 1974, is aimed at producing a just return from the exploitation of our bauxite by an integrated industry whose profits are made at the aluminium and fabricating stages. The Act seeks a particularly, to get that return for the use of our bauxite in 1974, the year in which the aluminium-producing companies have recorded their highest profits in history and the year in which we, in Guyana, in company with many other developing countries have been buffeted by the escalation of prices and brought to the brink of disaster by global economic dislocation beyond our control.

The formula, upon which this levy is calculated, therefore, is based upon the price of aluminium ingot. For this reason it is neither just, practicable, logical nor of any usefulness to apply this levy to a non-integrated company like GUYBAU which does not at present produce aluminium. GUYBAU is a nationally owned company; all of its profits remain in Guyana and are available to the nation. Since it does not produce aluminium it has no means of absorbing the levy nor can it, nor will it make the super profits which the aluminium companies have already recorded this year.

The levy will apply to all bauxite, all laterite mined from 1st January, 1974, with the exception of 133,000 tons of bauxite calculated to yield 70,000 tons of calcined bauxite and 182,000 tons of bauxite exported as chemical grade bauxite.

Up to the 30th June, 1974, the company had produced 30,333 tons of calcined bauxite. From figures supplied by the company for the period 1968 to 1974, it appeared that the average annual production of calcined bauxite was 68,137 tons and that it took on an average 1.90 tons of ordinary ore to produce one ton of calcined bauxite. Indeed, in 1973, only 61,546 tons of calcined bauxite was produced.

2.40 p.m.

This allowance of 182,000 tons for chemical grade bauxite is based upon the formation that the company produced 91,000 tons up to the end of June this year. It has been necessary to put some ceiling upon the amount of ore which is allowed to be free of the levy since otherwise there might be an all-out drive to produce calcined and chemical grade bauxite to the detriment of proper mining practices since much wasteful mining would occur if the proper balance of extraction were not maintained.

It does not appear to the Government that these production targets can be surpassed if ordinary mining practices – having regard to the nature of the resources and the deposits – are observed. A minimum tonnage upon which the levy is payable has been fixed. In response to a questionnaire sent to the Company earlier this year, the Company projected to produce a target of 930,000 tons. Having regard to the allowances already mentioned for calcined bauxite and for chemical grade bauxite, the minimum tonnage has been fixed at 615,000 tons.

While the chemical grade bauxite and the calcined bauxite will not be affected by the levy, the minimum tax which is payable this year on the operation of the Company of some \$400,000 U.S. will continue to be payable. In discussions, the company has sought to have all taxes, royalties, duties, etc. abolished upon the introduction of the levy. We cannot agree to this proposition. If the minimum tax is not paid, the result would be that the Company would have the benefit of producing and selling and making profit on approximately one-third of their total production amounting to 315,000 tons free of tax. We see no good reason why this should be so.

The levy will be payable quarterly; payment being required within 15 days of the end of each quarter. But, with respect to the quarters commencing 1st January, 1974, and 1st April, 1974, payment will become due on the 10th day after the enactment.

Provision is made in the Act also for the supply of relevant information by the bauxite producer to the Commissioner of Income Tax relative to the prices received for primary aluminium and the number of tons of bauxite produced.

We have included in the Bill, provision for objections by the bauxite producer to the amount of the levy and for appeals to the Courts from the decision of the Commissioner of Income Tax who makes the assessment and determines the amount of the levy. But in any case, where a bauxite producer objects or appeals, it will be necessary for him to pay the total amount claimed by the Commissioner before making such appeal or objection. We have thought this to be necessary in order to avoid an abuse of the legal process and the provisions set out in this Act for the review of the act of the Commissioner.

Having regard to the circumstances under which this Act has been introduced into this House and conscious of the possibility that there may be a reluctance or perhaps a hesitation to pay the levy when it becomes due, we have provided remedies for default which we consider necessary and appropriate to meet any eventuality. We have provided for parate execution for the recovery of any amount due under this Act. In default of payment of the levy, when it becomes due, interest at the rate of 12 per cent per annum will be charged. We have provided for the application of Section 101 of the Income Tax Act for the purpose of recovery of the levy and we have empowered the Commissioner to sue for the recovery of the amount due.

The penal section of the Act, which is Section 12, follows the general Jamaica legislation. While some provisions may appear stringent, if they were thought necessary in Jamaica, they are all the more necessary in Guyana, where we have reason to believe that we will be confronted with a serious attempt to avoid paying this levy. In these circumstances, we have made provisions which allow the Minister to make regulations restricting or prohibiting the extraction, mining or exporting of bauxite in default of payment.

It will be my advice that apart from any other provision of the Act which might be brought into effect upon default of payment, that steps should be taken immediately upon default if it occurs, to prohibit the exportation of all bauxite produced by that bauxite producer who is in default. Government expects to realise this year from the operation of the production levy, a sum of approximately \$7 million U.S.

I trust that while I have not dealt with every section of the Bill, I have drawn attention to the salient aspects of it and indicated the purport and mechanic of its operation. It would be a pity at this late hour if there were still anyone who did not believe the seriousness with which we have approached this matter. And, it would be tragic if anyone likely to be affected by this Bill took its provision lightly or assumed that we have not the will and capacity to implement all or any of its provisions.

Your Honour, upon the introduction of this Bill, which is part of the exercise of our sovereignty, there have been rumours of pressures and I have received information to the effect that the Chairman of ALCOA who, I suppose, has some kind of interest in all things aluminium, is seeking to have U.S. Government intervention in the bauxite situation in the Caribbean as a whole. They feel that the U.S. Government should take a stand on all raw materials with regard to all raw material countries in this region. What is unfortunate, is that where companies believe they can have the support of their Governments, they tend to be extremely short-sighted and in some cases to adopt an almost pre-historic attitude with regard to present changes in the world of today.

We, in the Government, are convinced of the justice of this provision and of the rightness of doing it at this time. I therefore move the Second Reading of this Bill standing in my name.

Question proposed.

[Mr. Jack continued]

Mrs. DaSilva: Madam Speaker, those of us here present in this House today ought to be very conscious of the fact that we are taking part in the making of the history of our country. It was said at another time, and in another context, that man was taking a giant step forward on the Moon. Today, Guyana, small as we are, poor and struggling as we are, is taking a giant step forward in grasping our own natural resources.

2.50 p.m.

We meet in this House today under vastly different conditions from when we were here in 1971, debating the nationalization of Demba. As hon. Members will remember, the United Force opposed nationalization because we do not believe in State control, but in people's capitalism, we were behind the Government 100 per cent in the fact that we must own and control our natural resources.

At that time, we suggested to the government – but very often it takes a long time to penetrate – and it is reported in Hansard if you wish me to remind you, that we could derive more benefit for our country from increasing taxation and thus getting at least part of what we should have. Well, time has gone by and, today, Government is taking to heart the words of the United force and imposing this long-overdue levy on bauxite.

Unfortunately, Madam Speaker, members of the P.P.P are not in the House today to contribute their portion to this great day in Guyana's history. But the longer they stay out of this House, the sooner people will realise that the P.P.P. members are only talking and their utterances at street corners and in press releases have no force, that their place is in this House where they can make their voices heard. People may talk about how this present government was elected, how we ourselves, the United Force, are here, and how the P.P.P. also were allowed

to be here, if they wanted to come, but the fact remains that had the position been reversed with P.P.P. members sitting in a similar position to the P.N.C., on the other side of the House, things might have been vastly different because we might have been under Soviet dictatorship. We have democracy now, a semblance of democracy, because no matter how small, the semblance of democracy still allows us this right to stand here and speak.

It will be noted too, Madam Speaker, that today we willingly gave our consent to the suspension of the Standing Orders. It is the usual thing that we object, and rightfully so, to the suspension of the Standing Orders because they were written and expected to be used as and are not to be lightly flouted at the simplest excuse, because the hon. Minister of energy and Natural Resources did us the courtesy of explaining the position and going in for meaningful consultation, not just paying lip-service to it, we were able to appreciate the need for it. No matter that it meant additional work because there is just one Opposition Member here, I feel very honoured that I was able to comply with his wishes and accede to do this, because I feel it is a duty, especially if one has the honour and privilege of sitting in this House as a Member of Parliament, to put oneself out and see what one can do in the interest of one's country.

I hope that in the future, all the other honourable Ministers will take note of what the hon. Hubert Jack has done, in particular, my friend the hon. Prime Minister. I discussed this matter with my leader before he left the country. I hope the hon. Minister continues this way, not just paying lip-service to meaningful consultation but making it a realistic fact.

You know, Madam Speaker, that the feeling of people in general as they say on the radio “the man in the street” – is that the duty of an Opposition is to oppose. And if it does anything else, if it does not oppose on it deviates from its opposition, people say that either the Opposition has been bought over by the Government or that the Opposition is weak.

On the other hand, there are those in the Government who feel that any suggestion put forward by the Opposition must be automatically squashed and put down and not accepted,

simply because the Opposition put it forward. It is not considered on its merits, so whether it is good or whether it is bad, because the Opposition put it forward, it must not see the light of day.

We of the United Force do not work that way. We take each matter on its own merit. We study it carefully and we vote accordingly. That is the policy we follow. This is the policy I will use in dealing with this bauxite levy. This bauxite levy before the House is welcomed today by the United Force. It is long overdue.

Unlike Demba, Reynolds had ample time to recognize that this would happen. Earlier this year, I believe before the official talks started – I think the talks took place from the 6th to 8th August – and even after 6th to 8th August, the hon. Minister has been having discussions with the company. Reynolds knew what the score was. It knew that the time had come for us to demand that a redress be given to the low returns received by Guyana for one of its natural resources, resources that are basically responsible for the large profit derived by a transnational company like Reynolds Metals. Therefore, this Bill in the House today should be no surprise to the company.

The Minister at his Press Conference, and now in the House, carefully explained that every avenue was explored, every consideration was given to this levy, and everything was done to try and get it to run smoothly, but eventually, on the official date 8th August, the talks broke down and we are therefore here today.

To come to the bill itself, the first thing I should like to deal with is the interpretation clause, clause 2, the definition of “bauxite producer”, which makes it quite clear that this applies to Reynolds. A “bauxite producer” means any person who wins or extracts bauxite or laterite in Guyana and –

“(a) is engaged in the production of primary aluminum; or” and this is important,

“(b) is controlled by, or is under common control with, any person engaged in the production of primary aluminium;”

So, quite clearly, Reynolds is caught by this Bill, to put it loosely, and Guybau is not caught.

The hon. Minister in introducing the Bill gave an explanation as to why Guybau should not be caught, and one of the reasons he put forward was, as we know, Reynolds makes its millions from the end product which it is able to do because, primarily, it uses our bauxite. They are in a position to have the finished aluminium ingot, and from that it derives its profits. At the moment, Guybau is not in that position.

(Mrs. DaSilva continued)

3 p.m.

In spite of that, there are people who do feel that Guybau, after all, is supposed to be a business. The State wants to go in for business, therefore it must manage the business like a business concern and not shelter behind the petticoat of the fact that it is the State and it should, therefore, have an exemption. If the State is running a business, it should be able to compete along business lines with other business concerns.

However, we of the United Force are willing to go along with the Minister in this aspect of the tax being not applicable to Guybau at this particular state of the bauxite levy because, after all, in fairness to Guybau, it has been going only just over three years and it is a very short time in the life of a business concern. When I say it has just been going, I mean it has just been going as a state-owned organisation. Any new business starting in Guyana is allowed to have a tax holiday and it is given about nine years' tax holiday to give it a chance to build up, as it were. In fairness to Guybau, this not bringing it in line for the payment of the tax levy is reasonable. Guybau is, as it were, being granted a tax holiday.

At this stage in the game, with Guybau coming along slowly, if it is taxed now, it would probably not be able to carry on and it would have to come to this house for subsidization. It is rather a question now, as we Guyanese say, of "Massa bull, Massa cow". If the Government is going to put the tax on Guybau and it cannot take it, and it has to come here for subsidization, it would be better to leave it and let it carry on as is, enjoying a privilege which we would like to call a tax holiday. We feel it is quite reasonable.

To continue with this Bill, in the Interpretation clause, clause 2, it also refers to the current rate which means "the amount for the time being specified as the current rate in Part 1 of the Schedule". That states:

“The approved exchange rate for this purpose shall be the average of exchange rates between the United States dollar and the Guyana dollar on the date of the enactment of this Act, ascertained from four bodies corporate licensed or otherwise authorized by law to carry on banking business in Guyana.”

Today I checked with four banks, Royal Bank, Barclays Bank, Guyana National Co-operative Bank, and the Bank of Nova Scotia, and today's rate for the American dollar stands at \$223.2 cents Guyana. This Bill will have to go to His Excellency the President for assent. Maybe the hon. Minister might be able to enlighten me as to whether that is the rate which will be used when it is passed today in Parliament, or the rate will be the one that is current at the time when the President actually signs his assent.

In dealing with the way in which the formula for arriving at the quantum on which the levy will be based, the Minister bent over backwards in his talks with Reynolds. He gave every concession, many of which he has pointed out already to this House. Those of us who heard his press release when it was broadcast, or who read it in the newspapers, will remember that it had all the explanations given. But what is worthy of note most of all and bears repetition, is that whilst Guyana's bauxite aluminium content is 53.5 per cent, Jamaica's is lower at 42.2 per cent. Jamaica sets 7.5 per cent of the average price of aluminium as the level of tax. Guyana has decided to set 5.911 per cent because of the difference in mining and freighting costs here as compared with the cost in Jamaica.

In all aspects, the hon. Minister, on behalf of the Government of Guyana, has been most reasonable. Even though the quality of our primary grade bauxite is superior to Jamaica's, we have accepted a lower figure in basing the tax. Yet, Reynolds wanted us to accept \$4 million. In all justice, how could they expect us to do this when it is superior in grade to the Jamaica bauxite, and when the amount offered to Jamaica, more than \$4 million, for their inferior bauxite was rejected as not being sufficient?

The hon. Minister was perfectly right in not accepting it and was reasonable in the figure of \$7 million US which he gave in spite of the fact that over the past eighteen months bauxite mined and exported has increased by over 100 per cent. If I might be allowed to coin a phrase which may not be quite correct in legal terms, we are well aware that Reynolds, like other big transnational companies, is in a position to “juggle legally” which aspects of its operation will show a profit and which will not. Therefore, in this legal juggling, it is to its own interest to show that the profit is received from the finished article, aluminium ingot, and not from its source.

The reason it is able to get to this final stage of producing aluminium ingot is that it secures the bauxite from Guyana originally. If there was no bauxite here for Reynolds to get, the company would not be able to process it through the various stages to the ingot. That is where the company they make its profit and that is where Guyana is being robbed of her just rewards. Why, therefore, should this state of affairs be allowed to continue? Why should we, the source of the wealth, not derive our fair share too, and, in particular, in this year when from all appearances production will be at its highest?

It is worthy of note and worthy of repetition, too, that the tax, this levy on bauxite, is only on the primary stage, as it comes out of the ground. Reynolds, therefore, cannot complain that the Government is taking an unfair advantage and levying this tax on the chemical bauxite and the calcined bauxite, in particular, with which it is in competition with Guybau. So there again, justice and reasonableness have been shown to Reynolds.

Also, too, the conversion factor in Guyana has – although we based our talks and findings on what took place in Jamaica recently – been placed within the context of the situation in Guyana, and even though, as I said earlier, our bauxite is of a higher quality, the conversion factor from bauxite to aluminium was accepted as 3.39 per cent for Guyana as compared with 4.3 per cent for Jamaica.

[Mrs. DaSilva continued]

3.10 p.m.

Jamaica increased, at the time of their bauxite levies, the royalties, from twenty-eight cents (US) to fifty-six cents (US) per ton, mined. Guyana has not increased her royalties; they are as they were on a scale that ranges from thirteen cents to twenty-five cents.

Now in levying any form of taxation whether it is consumption tax, income tax, consumer tax, whatever tax you care to mention, Government does not have to consult the people concerned with paying the tax. In fact, the normal taxpayer is never consulted. He reads that the tax is imposed and he has to pay it. But the Minister, out of courtesy, has held talks with Reynolds Metals Company on this taxation and I think, it is to his credit because he did not have to do this. In spite of all this Reynolds wanted to lay down conditions for payment of the tax, such as the question of nationalisation and the question of participation.

These big multinational corporations seem to think that because they are huge multi-million concerns, that because they are big and we are small and we need the revenue from our bauxite so badly for the economy of our country, that they should have the upper hand and be allowed to dictate. That time has passed.

Not so long ago when the British Trade Mission was here, the leader of the Mission, Mr. McPhail, stated that that way of doing business has passed and the time has come for us to go forward, if possible, hand in hand. We must not forget that we are a sovereign State and we are to be treated as such. We are meeting them now, not as a colony or as a nation dependent on them but, as an independent sovereign State and small and poor and struggling though Guyana may be we have a right to demand justice for what is ours.

The Minister has dealt with the rest of the bill by going through the clauses but again, I would wish to repeat just a few to show the reasonable way in which this bauxite levy was gone into to try and arrive at a solution. For example, in clause 4 they are allowed thirty days after the

previous quarter in which to file the returns. By paragraph (3) of clause 4 they have ninety days after the end of each year to supply the Minister with information so that any adjustments, one way or the other, might be made. There is also 120 days up to the 30th April which gives the Government a month after it comes in, in which the Minister could make the necessary adjustments.

Paragraph (5) of the same clause 4 states:-

“Within thirty days after the publication in the **Gazette** of the prescription of the average realised price every bauxite producer shall prepare and submit to the Commissioner a statement in the prescribed form showing an assessment of the true amount of the production levy payable by such bauxite producer for each of the quarterly periods in the last preceding year and such true amount shall be calculated on the basis of the current rate and the application of the provisions of the schedule.”

Paragraph (6) states:-

“Where the total number of tons of bauxite is less than four times the minimum tonnage, the bauxite producer shall, for the purpose of determining the true amount of the production levy payable for that year, be deemed to have actually won or extracted four times the minimum tonnage so specified.”

This is very reasonable because should Reynolds want to slow down on their production rate and keep the tonnage of production down, this is one way of making sure that they will keep the level to which it was before.

Again in Clause 8 consideration is given both ways. If when the final count is taken there are any adjustments to be done and there is more tax to be paid, Reynolds will have to pay. If,

on the other hand, the Commissioner of Inland Revenue finds that too much tax has been paid, provision is made for a refund to be made to the bauxite producer. If the payment of tax, as the Minister said, is not forthcoming within the prescribed time under clause 10, the Commissioner has the authority to recover from the bauxite producer by parate execution.

This, I understand, makes a much quicker process than having to go through the legal process of the Courts. This, I think, is the system adopted by the people in the Town Council for the collection of unpaid rates and taxes. It speeds up operations.

In clause 5 (1) the Minister is allowed, from time to time, to revise the Schedule. This is a very good idea. Just in case the nationalisation, as announced by the hon. Prime Minister on Vesting Day at Linden, does not come to pass at the end of this year, for one reason or another – although the hon. Prime Minister has said this, circumstances may arise that make it impossible – and they continue after the end of this year, under this clause, the hon. Minister has the opportunity to revise the schedule and bring it up to date, more in keeping with what they anticipated would be the true position with the bauxite yield.

I would like at this point, if I may, to take the opportunity of saying that had not the hon. Prime Minister – I am sorry he is not here – talked at Vesting Day at Linden about nationalization at year end that would have been one point that Reynolds would not have had or have been able to use as a condition of paying the levy. I know the hon. Minister will say who am I to question his right? But we have said before that the place for important announcements of concern to the nation is not at the National Park as was done in the case of DEMBA, nor it is at Vesting Day Rally at Linden. The place for important announcements of concern to the nation is this House. Perhaps this might be a lesson to the hon. Prime Minister and to the Government.

We say in Guyana “mouth open and story jump out”, but sometimes it is wiser to keep quiet and if the hon. Prime Minister and the Ministers of the Government will remember this for

the future it may be to their advantage. I hope they will take this little bit of advice in the spirit in which it is offered in their interest and in the interest of the country.

3.20 p.m.

Clause 6 (1) is again a further example of the fairness with which the matter of this bauxite levy was approached. It makes provision that the Minister can remit the levy in whole or in part and any such remission may be subject to such conditions as the Minister may think fit to impose. This clause allows for any unforeseen hardship. We sincerely hope that there would be no national disaster in the United States on account of weather or maybe finance or the money market. We would not like such a thing to happen to the United States or to anyone for that matter. But, none of us can see what will happen today or tomorrow and should there be any unforeseen circumstances which would present a hardship to Reynolds with regard to the paying of this levy on the bauxite, provision is made in the Bill to give the Minister the power to remit part or whole of the levy as the occasion demands.

The reset of the Bill deals roughly with the powers given to the Commissioner of Inland Revenue to assess the amount of the production levy. This is done with the other income tax laws; it is quite reasonable. The Bill goes on to spell out the duties of the commissioner. It allows, too, Reynolds a right of appeal, first to the Commissioner himself and then to a Judge of the High Court.

Clause 12 deals with the offences and punishments that are to be meted out in case of default of payment. The figure of \$150,000 or treble the unpaid production levy, or in default, four years on summary conviction, might seem a very large figure and very severe punishment, but we are dealing with big figures with bauxite we are dealing in a serious matter and people have to realise that the levy has to be enforced; it has to be paid. So this clause is quite in

proportion, is quite reasonable, and could probably, if anyone were so foolish as to flout the law, act as a deterrent.

If Reynolds ceases to produce, as it has been said, they may stop producing – they will just pack up and clear out, but under the Mineral Act, the hon. Minister has the power to go in and to operate and to work the bauxite company in the interest of the nation. Similarly, if they try to export without paying the levy, apart from the fine which would be imposed, the hon. Minister has the power to stop the export.

Two main fears, as the Minister mentioned, operate in people's minds regarding this bauxite levy. One: people feel that they will be squeezed, or as he calls it, "pressure will be brought to bear on us", because we receive aid from the United States. But, there are all shades of opinions and views in the United States Government and everybody will have a right to express his view and fight for what he believes in.

I have here a copy of the **Daily Chronicle** dated June 1st, 1974, with headlines on the front page which state: "CCA backs J'ca bauxite moves." It is referring to the Jamaica bauxite talks. The article is from Reuter in Kingston, Jamaica and it reads:

"The Chamber of Commerce of the Americas (CCA) is backing the developing countries' fight to obtain realistic prices for their raw materials. This was disclosed here by Mohamed Radja, president of CCA at a press conference following the opening of the annual CCA convention Thursday.

Mr. Radja said CCA was entirely in sympathy with countries fighting to get a just revenue for their bauxite ..."

Among the names listed of the countries represented at the convention were the United States of America. Others were: Aruba, the Bahamas, Bermuda, Belize, Colombia, Curacao, Ecuador,

Haiti, Jamaica, Nicaragua, Puerto Rico, Panama, the Dominican Republic, Surinam, and as I said before, the United States of America. So, here is one group which would be willing to back us and fight for our cause.

The other fear that has been voiced is with regard to the workers at Everton and Kwakwani, in fact, the business community of Berbice, in particular New Amsterdam. Everyone knows that if the bauxite operation which employs a great proportion of the people of New Amsterdam is forced to close down, those people would be out of work; they would have no jobs. Berbice, somebody said, would go to sleep.

We have been given the assurance by the Minister that should Reynolds take advantage of its insurance – and this does not mean they will get through, that is a matter for them and their insurance company – because insurance companies do not just pay upon every claim that is made on a life insurance policy, or a fire or even a motor-car policy without asking very searching questions. Probably when the insurers will have gone into the matter of how this tax was levied, they may see the merit in it and Reynolds may not get what it expects or may not get anything at all. Therefore, I think that they will have to think very seriously and very carefully before taking such a drastic step.

In any case, if Reynolds does put out, the Minister has assured us that the Government is well able to take over the operations of Kwakwani and Everton; we are capable of doing it. We have the “know-how” and the workers will not suffer. I have spoken to people in New Amsterdam who felt that this was literally the end for Berbice but the Minister’s words should reassure those who are worried and concerned.

All in all, as hon. Members can see, the Minister on behalf of the Government has bent over backwards in trying to reason with Reynolds in the imposition of this Levy. It has done all it can and we have come to the stage now where no more can be done. The fact is, the

Government has to take its stand and bring it to Parliament for passing by this House, for us to be able to get our just rights.

Next month, the I.B.A., the International Bauxite Association will holding its conference here in Georgetown; we will be the hosts. When a Motion seeking approval for Guyana to join came before the House not so very long ago – I think about six weeks ago – the Opposition approved of Guyana joining the club. Therefore, we are looking forward with interest to seeing what is going to happen next month at these talks, because in all of these developing countries coming together, we are strengthening and putting ourselves in a better position to bargain with the big world powers.

We have, too, the promises of the smelter in Trinidad, in which we are going into partnership with Jamaica and Trinidad, as well as our own smelter that we hope to set up on the Demerara river in conjunction with the hydro-electric power station. So, the future looks bright for bauxite. But we have to remember that it will only be that way if everyone engaged in the production of bauxite gives of his best and really work to achieve the ends for which this House has set the example: that we truly control what belongs to us. We are taking the first step forward, as I said at the beginning, in getting what is rightfully ours by imposing this levy on the bauxite.

[Mrs. DaSilva contd.]

3.30 p.m.

Before I conclude, there is just one short question I should like to ask the hon. Minister and I hope he will be to answer it. To me, it seems a rather obvious answer he would have to give. This is an opportunity I feel when the Ministers should explain fully so that the public would be aware, because there are still people who misunderstand what is really going on. When people read that the Bauxite (Production Levy) Bill has been passed and the Government will be all the richer by U.S. \$7 million, and probably more when the adjustment is made at the end of this year, everybody will say: "Fine, good, now what are we going to get out of it? Are they going to put up our wages; are we going to get subsidisation on some more of our food items? Or, as I suspect, it will probably be absorbed in the general pool of revenue collecting, where nobody realises how it is spent and it all goes in to making the smooth running, we hope, of our country. So I should like the hon. Minister to give a short explanation on that.

In conclusion, I wish to say that we of the United Force are in full support of the Government on this Bauxite (Production Levy) Bill. [**Applause**]

The Presiding Member: Hon. Minister of Energy and Natural Resources.

Mr. Jack (replying): Your Honour, this measure before the House transcends party politics. It is of national importance and I am particularly heartened this afternoon to have received the support from the Opposition on this bill. I should like to go further and say that it is a measure that should receive the support of all progressive Guyanese living in this country. There are some outside of this House who keep constantly telling us what we must do for the betterment of this country, for the benefit of its people. We have taken an act which can bring us serious pressures and one will wait with interest to see where those other people, who keep telling us to stand up to the big corporations, will stand on this issue and what will be their reactions.

Your Honour, the hon. Member has made a number of very important contributions and I should like, in my reply, to address my attention to some of them. It would have been particularly happy for me if I could have said I had agreed with everything she said. Unfortunately, it is in the nature of things that we cannot always agree with all that the Opposition says. We do not mind it having credit for the thought about taxation, but what we wish to explain to this house is that this is not merely a measure for an increase in taxation. It is a measure for a change of the manner of taxation.

The way in which these companies manipulate their profits leave so little as profit that even if one were to tax the profit 100 per cent, one would get very little. Therefore, the formula which we are following is a formula which goes to the root of the profitability, which changes the whole mechanics of the taxation, and ties our take to escalation of prices at the ingot stage. This is merely a first stage, for as we develop the concept more, we may be able to tax not at the aluminium stage but at the fabricating stage. But to do this would have presented at this moment insurmountable difficulties. But, throughout the world today, countries have been calling for a change in the structure of taxation and the structure of returns, and this is what this Government has done.

The hon. Member made mention of the current rate, but I would like to explain what actually is meant here. In the definition, the term, “current rate”, is used. If you look at the Schedule, Part 1, you will see there is a basic rate and a current rate. The basic rate is set at \$11.16 U.S. The current rate is arrived at by using the percentage 5.911 on the average realised price per short ton of primary aluminium using a conversion factor of 3.39. The average realised price cannot be known until after the end of the year but that is the current rate.

The hon. Member made a valuable contribution when she adverted our attention to the exchange rate. Now the exchange rate has been looked at and we have put in a provision here to ensure that in case there was any catastrophic change in the rate of the U.S. dollar, we would not suffer. It is true that the exchange rate is \$1 per \$2.23 Guyana and the hon. Member of the

Opposition, who is far better versed in business than I am, understands, I think, more of the intricacies of this matter than I do.

We have been speaking about various clauses and the hon. Member drew our attention to their provisions. For this I must thank her, but I wish to make a comment on something that she said with regard to the remarks made by the Prime Minister in July this year.

The stand of this Government with regard to ownership and control of our natural resources is well known. The statement that we would have majority participation is also well known. That if the companies refused majority participation we would impose the will of the Government and take over the whole enterprise, has been demonstrated in the case of DEMBA. Therefore, there could be no misunderstanding on the part of anyone that the Prime Minister was not serious when he spoke. And if perchance anyone, perhaps at Berbice or elsewhere, feels that he could sit down doing nothing indefinitely, saying neither year nor nay, coming neither forward nor going backward, and that he would continue this to the end of time, well, naturally, he is mistaken.

I want to mention the question of the use of the Minerals Act, and for this I must thank the hon. Member for having brought it to the attention of this House. Under the Minerals Act, if a bauxite enterprise ceases to operate, the Minister is empowered to appoint a controller, who will take over the enterprise and run it. This is different from nationalization. No property as such passes. What happens is that in order to ensure that there is not a collapse of the industry, the Ministry empowers the controller who runs the industry and, of course, the profits go to the owners.

25.9.74

National Assembly

3.40 – 3.50 p.m.

[Mr. Jack continues]

3.40 p.m.

In our case, if the industry ceases to operate and if we employ the use of the Minerals Act, we will run it and we will pay the profits, if any occur, to the owners. But, naturally, before paying such profits we will deduct whatever is owing to Guyana under this levy and under any other tax that may be enforced so that if this has been thought of as a method of evading the tax, I doubt that it would be effective.

I have noted, also, the mention of the C.C.A. Conference which endorsed the action of Jamaica. As I see it, all right thinking people throughout the world would endorse such an action and I think that all that the remarks of the hon. Member go to prove is that – and I suppose that is why she mentioned it – there are people in the capitalist world and in business circles who have a conscience. We on this side of the House have never denied that proposition. We are happy to have it drawn to our attention but we do know that there are progressive forces in every country in the world which stand aghast at the exploitation and the sheer hypocrisy of some of the greatest corporations in the world which keep advising us poor people how to run our economy with money.

There was, also, the question about the I.B.A. Conference. We are looking forward with great interest to the Conference to be held here in November. A new regime of pricing which we expect to emerge as a result of the formation of the Bauxite Association and which we expect to be developed in conjunction with other Associations like C.I.P.E.C. and O.P.E.C. will, I believe, go a long way towards that transformation of the relationship between developed and developing countries which is a sine qua non if we are to avoid a major holocaust before the end of the 21st century. We, therefore, as I said, pay great attention to the outcome of the Conference which is to be held.

There was one question asked about what will we do with the money. First of all, as I started out by saying, we in conjunction with other countries, have suffered as a result of the

25.9.74

National Assembly

3.40 – 3.50 p.m.

escalation of prices and we would need all sources of revenue for the Revenue and Expenditure for next year and also for Capital Expenditure next year. We have not, as you would notice in this Bill, created a special fund. In the case of Jamaica, a special fund was created to do specific things with the money. In our case, we have not done this but this money is expected to be spend upon capital projects and also to meet some of our current expenditure which has grown by leaps and bounds during 1974. I can assure the hon. Member that this money will be very well spent.

Question put, and agreed to.

Bill read a Second time.

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 a date to be fixed.” [**The Minister of Parliamentary Affairs and Leader of the House**]

Adjourned accordingly at 3.53 p.m.
