

# LEGISLATIVE COUNCIL

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

THURSDAY, 3RD JUNE, 1954.

The Council met at 2 p.m., His Honour the Speaker, Sir Eustace Woolford, O.B.E., Q.C., in the Chair.

## PRESENT

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

### *Ex-Officio Members:*—

The Hon. the Chief Secretary, Mr. John Gutch, C.M.G., O.B.E.

The Hon. the Financial Secretary, Mr. W. O. Fraser, O.B.E.

### *Nominated Members of Executive Council:*—

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

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

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

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

The Hon. G. H. Smellie.

The Hon. R. B. Gajraj.

The Hon. R. C. Tello.

### *Deputy Speaker:*—

Mr. W. J. Raatgever, C.B.E.

### *Nominated Officials:*—

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

Mr. J. I. Ramphal.

### *Nominated Unofficials:*—

Mr. T. Lee.

Mr. W. A. Phang.

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

Mr. W. A. Macnie, C.M.G., O.B.E.

Mr. C. A. Carter.

Mr. E. F. Correia.

Rev. D. C. J. Bobb.

Mr. H. Rahaman.

Miss Gertrude H. Collins.

Mrs. Esther E. Dey.

Dr. H. A. Fraser.

Lt. Col. E. J. Haywood, M.B.E., T.D.

Mr. R. B. Jailal.

Mr. Sugrim Singh.

Clerk of the Legislature—

Mr. I. Crum Ewing.

Assistant Clerk of the Legislature—

Mr. I. R. King.

### *Absent:*—

The hon. the Attorney-General,  
Mr. G. M. Farnum (Acting).

The Speaker read prayers.

The Minutes of the Meeting of the Council held on Friday, the 28th of May, 1954, as printed and circulated were taken as read and confirmed.

## GOVERNMENT NOTICES

### INTRODUCTION OF BILLS

**The Chief Secretary (Mr. Gutch):** I beg to give notice of the introduction and first reading of a Bill intituled:

"An Ordinance to prohibit the carrying of offensive weapons in public places without lawful authority or reasonable excuse."

As I intimated to you, Sir, a few minutes ago, the hon. the Attorney-General is indisposed, and on his behalf I beg to give notice of the introduction and first reading of a Bill intituled:

"An Ordinance further to amend the Interpretation Ordinance."

**Mr. Farnum** (Member for Local Government, Social Welfare and Co-operative Development) gave notice of the introduction and first reading of the following Bills:

A Bill intituled "An Ordinance to amend the Local Government Board Notice No. 1, 1954, dated 5th December, 1949, appearing in the Gazette of 10th December, 1949, and for purposes connected therewith."

A Bill intituled "An Ordinance to amend the Georgetown Town Council Ordinance with respect to the borrowing powers of the Council."

## ORDER OF THE DAY

### B.G. CREDIT CORPORATION BILL

Council resolved itself into Committee to resume consideration of the Bill intituled:

"An Ordinance to provide for the establishment, constitution, powers, duties

and functions of the British Guiana Credit Corporation and for purposes connected with the matters aforesaid."

**Sir Frank McDavid** (Member for Agriculture, Forests, Lands and Mines): I have circulated among Members copies of three amendments to the Bill which I propose to move at the proper time. The amendments relate to clauses 37, 38 and 56. We had passed clause 25 of the Bill when the Council adjourned on the last occasion.

*Clause 29.—Power of Corporation to dispose of crops.*

**Sir Frank McDavid:** I do not propose to move an amendment to this clause but I wish to make a statement about it of some importance. Hon. Members will see that this clause provides certain security which is of some importance to the Corporation in cases where a borrower may have no security to offer, other than his crop, for the loan for which he has applied to the Corporation. This clause seeks to give the Corporation power to dispose of such crops, and it is exactly analogous to the existing section of the Rice-Growers Loans Ordinance of 1922, Chapter 155. There is nothing new about it. Nevertheless, attention has been drawn to it by the commercial Banks. It has been pointed out that the commercial Banks are in a special position with regard to loans on crops. Under an old Ordinance passed in 1926, which is called the Pledge of Goods Ordinance, Chapter 66, the commercial Banks have the right to take as security growing crops among other things, and in the Schedule to that Ordinance there is a form of pledge which enables the Banks to have proper legal security against crops where a loan has been made in regard to the cultivation of such crops. It follows, therefore, that if this clause becomes law it is conceivable that some

security held by the Bank may be brought to nought because of a loan given by the Corporation in respect of some crop.

It is quite obvious that the Banks do not deal with small men in this sense but deal with landowners taking as security their property—land, mill and growing crops. Consequently, the provision of this clause is not very serious. Nevertheless, here it is. It may happen that a loan is given by the Corporation after a loan has been given by the Bank, where the property is already secured to the Bank under the Pledge of Goods Ordinance. Such security may become of less value to the Bank because of the existence of this clause. The solution is that the Corporation and the Banks should get together and in some manner work out some arrangement which may be satisfactory to themselves. It may be that there is a suitable amendment which can be introduced. However, it is not felt that this is the proper time for that matter. But what I have undertaken to do is to indicate that the Corporation will confer with the Banks on this particular point with the view of preserving such rights that the Banks may have, and if it is possible they will enter into some administrative arrangement by which joint action may secure it; otherwise an amendment will be proposed which may meet the case. I think I have made that clear. The Corporation will be invited to go into it in conference with the Banks, and whatever is the appropriate solution will be brought before the Government and, if necessary, before this Council in the form of an amendment.

**Mr. Speaker:** With regard to the last portion of sub-clause (1) it specifies ordinary summary conviction offence.

**Sir Frank McDavid:** In a case like this where an organization is lending money and you are giving it an arbitrary power of disposal, the clause itself should create the offence and fix the penalty.

**Mr. Speaker:** I am only pointing out that, as it is stated, you limit the form of punishment or alternative, whereas in other such prosecutions the offender can be sent to penal servitude for conversion. You are not substituting that in this case.

**Mr. Rahaman:** I do not think the rice growers will benefit by this clause, because if a tenant borrows money for the cultivation of rice and the reaping of the padi, unless he repays that money which he has borrowed he would not be able to remove that padi. In some places the growers take their padi to the mill and sell the rice to the Rice Marketing Board. No provision is made in the clause for those growers who mill their own padi.

**Sir Frank McDavid:** I am not clear on the point the hon. Member is making. This provision exists in the Rice Farmers Ordinance and works well, and I do not see why it will not work here.

**Mr. Rahaman:** What I am saying is that if growers borrow money at the time of planting and reaping, unless that loan is paid they cannot under this clause remove their padi and take it to the mill as some are accustomed to do. The growers on the Corentyne take their padi to the mill, turn it into rice and ship it to the Rice Marketing Board before they get the money for the repayment of their loans. Unless some security is given to the Corporation or the loan is repaid the grower on reaping his padi cannot remove it. Unlike the growers elsewhere, the growers on

[Mr. Rahaman]

the Corentyne mill their own padi and sell the rice to the Board direct.

**Mr. Macnie:** I think it is in the clause.

**Sir Frank McDavid:** If I understand the hon. Member correctly, he fears that the wording of the clause may prevent a grower from making suitable arrangements for the milling of his padi, particularly in places where the grower does the milling himself. Be that as it may, this clause provides the Corporation with power to direct the disposal of the crop, and in the process of that direction obviously the borrower and the Corporation may make such arrangement in writing as may be necessary to suit any particular case. If the grower is tied to a miller, it may be agreed between the lender and the borrower—the Corporation and the grower—to the padi being taken to a particular mill, and when that is done it would satisfy the terms of the loan. It is a question of arrangement.

**Mr. Lord:** I think that the Corporation should take the precaution of finding out if an intended borrower has other commitments, whether his crop is mortgaged to any other person before committing themselves.

**Mr. Rahaman:** I am satisfied with what the hon. Member has said.

Clause passed as printed.

*Clause 33—Cancellation of modification of approval of loan.*

**Mr. Bobb:** I would like to have explained the reason why it is not provided very clearly in the clause the reason for the cancellation or modification of approval of a loan or the withholding of payment of the whole or part of a loan. I take it, the idea is,

if in the opinion of the Corporation it becomes necessary to withhold payment or to cancel or modify approval, the Corporation would have that power without giving reason for it. But does this clause give the Corporation power to give the reason if it is so desired?

**Mr. Speaker:** The Banks do not always give reasons. I think it is all right.

Clause passed as printed.

*Clause 37—Charge on property and priority of loan.*

**Sir Frank McDavid:** Though I have circulated two amendments in respect of this clause, I do not know if hon. Members have studied this clause as drafted. If they have done so, they would have observed that expressly or impliedly what it does is to give the Corporation a right over other claims because of the words "in priority". That may mean that a person holding an existing mortgage has to object. But the whole intention is to give the Corporation prior right in respect of any mortgage the Corporation may make, except over statutory claims and existing mortgages. That being so, I propose to move the amendments which are set out in the sheet circulated to hon. Members. That is to say, the words "statutory claim or any" are to be inserted between the words "any" and "loan" in the seventh line of the clause and the words "not assenting to such priority" in the eighth line be deleted. The clause would then read:

"Where a loan is made by the Corporation on the security of a mortgage of any property, whether with or without any other security, the property, from and after the date of the mortgage, shall be charged with the payment of such loan and interest as in the mortgage mentioned, in priority, save so far as otherwise specified in the mortgage, to every other debt, mortgage or charge whatsoever affecting the property, except any statu-

tory claim or any loan due to any creditor which has been made in good faith before the loan made by the Corporation....”

Amendments put, and agreed to.

Clause passed as amended.

Clause 38—*Loans by Corporation to be preferent charges against borrower's property in certain circumstances. No. 14 of 1945. No. 22 of 1940.*

**Sir Frank McDavid:** I have also circulated four amendments to this clause and the reason is similar. The clause seeks to give a prior right or preferential charge on movable and immovable property of borrowers or any other person who guarantees the borrower over and above existing statutory claims and existing mortgages. That obviously is not the intention. With the proposed amendments the clause would read:

“(1) Any loan not exceeding nine hundred and sixty dollars made by the Corporation together with interest that may have accrued thereon, shall constitute a preferent charge on all movable and immovable property of a borrower, or any other person who becomes a surety for the repayment of such loan over and above all claims of whatever nature, not being statutory claims due or claims secured under registered encumbrance existing before the loan made by the Corporation.”

The Corporation's preferential right will not be in advance of all statutory claims and registered encumbrances.

**Mr. Speaker:** Does this amendment occur only in clause 38 (1)?

**Sir Frank McDavid:** Yes, Sir, only in sub-clause (1).

**Mr. Sugrim Singh:** Before this amendment is put I should like to ask

the hon. Mover for a bit of enlightenment as regards the position of a landlord renting lands to people. There is a system whereby tenants pay for land by giving “so many” bags of padi per acre, and I would like to know what security would a landlord have if a tenant complains that as soon as his crop is reaped the Corporation says “This is ours” and takes hold of it. The landlord would be left in the air, and what would be his position? Should his situation not be made secure? Can't something be done to include him here? If there is no land there would be no rice. Why should the landlord be made to wait for the crumbs that fall from the table, if I may put it that way?

**Sir Frank McDavid:** If I understand the question rightly, Sir, the hon. Member wants to know whether a landlord's rent is a statutory claim. So far as I know, the rent is not a statutory claim. I think, however, that the landlord would not be left “in the air” as the hon. Member has said, but would be always on the land. He has his rights. I am not a lawyer but I cannot support the hon. Member's view that the landlord should be secured as regards rent. He has his legal remedy. What will be done is to put the tenant in a position to pay the landlord who would then have the necessary funds to keep the land in order and improve his property. The tenant must pay his rent.

**Mr. Jailal:** In order to make the point a little more clear I will say I think the existing Ordinance says that a landlord may receive payment of rent in either padi or cash. If this is continued the landlord, in my opinion, can be severely hurt. I do not think, however, that we should make a law that would superimpose itself on the existing one. We should not say to the landlord, on the one hand, “You cannot

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remove your padi until you pay your rent," and say on the other hand, "The padi is no longer yours after it has been reaped."

**Sir Frank McDavid:** I do not think we should get confused in dealing with this point since we have already passed the clauses dealing with this aspect of the matter. We are not dealing with the question of preferential claims or qualification as regards the movable and immovable property of a borrower.

**Mr. Cummings:** I am a bit worried about one aspect of this clause, and it is this: If at the moment a rice grower owes money on a pro. note, does this clause mean that the person to whom he owes the money has no remedy *vis-a-vis* his rice crop? I can see why in the long run, this clause will have a very desirable effect, however, because, in the long run, moneylenders will steer clear of these transactions. While I am supporting this entire Bill I think this is a point for serious consideration. If this Ordinance comes into effect tomorrow it might cause a moneylender to lose money on a pro. note from a rice producer, having in mind that it was secure against a particular crop.

**Sir Frank McDavid:** I am very sorry to say, Sir—and I say it most definitely—that I am not prepared to sit here and argue points of law with the hon. Member who is on the Executive Council and has had other opportunities of discussing this matter. Not merely because the hon. Member is a lawyer—a member of the Bar—I am not prepared to stand today and answer questions of this nature. At a recent meeting of the Executive Council the hon. Member was present when this Bill was discussed, and I am sorry he did not take the opportunity of saying

what he should have said then. What the hon. Member has said is worthy of consideration in some other place.

**Mr. Cummings:** It does not matter to me whether my hon. colleague answers the question or not. I want to make it quite clear that I am supporting the Bill in its entirety. If something appears to me in Committee, however, which my hon. friend is not in a position to explain, would I be doing my duty if I sat here and said nothing about it?

**Mr. Speaker:** As a rule, when a Member of the Executive Council differs from his colleagues in any matter, such as a Bill or part of a Bill, he should make it his duty to intimate that he is not in agreement with that particular point—and that the Executive Council should expect him to differ from it. He has a right, like anybody else, to express his personal opinion—either in the Executive Council or in this Council—but, as a Member of the Executive Council, he should not let the Members expect support of any particular measure from him and wait until he comes into this (Legislative) Council to differ.

**Mr. Cummings:** All I am asking, Sir, is this: Should I sit by if something strikes me here as being wrong, and say nothing about it? Somebody asked a question about the rights of landlords, and it struck me that the question might also be asked as regards somebody else. Would it be fair, then, for me to sit here and say nothing?

**Sir Frank McDavid:** I am extremely glad that Your Honour has agreed with me. I was extremely disappointed on one occasion when one of my colleagues was engaged in the task of speaking on a Bill of this nature in open Council, another Member of the Executive Council expressed dis-

agreement with it, but that is not the sort of thing I expect when I am in charge of a Bill.

**Mr. Cummings:** I do accept Your Honour's ruling. I see the force of the point made by my hon. Friend, but I do not think it is relevant on this particular occasion. I did not rise to speak against the Bill, or to question any particular provision in it. My hon. friend probably does not need any assistance, but I was only endeavouring to assist if I could.

**Mr. Ramphal:** I wanted to express an opinion on the matter, Sir.

**Mr. Speaker:** The hon. Member can only express an opinion if there is any point before the Council on which he can properly do so.

**Mr. Ramphal :** It is a question of some difference of opinion, Sir.

**Mr. Speaker:** I cannot allow a discussion on any difference of opinion between Members of the Executive Council who have already resolved their differences.

**Mr. Ramphal:** I was only rising on a question of privilege in this Council.

**Mr. Speaker:** The question of privilege does not arise in this matter. There has been no infringement of your rights in the circumstances.

**Mr. Ramphal:** You have not heard me, Sir.

**Mr. Speaker:** I do not wish to hear you.

**Mr. Sugrim Singh:** Fortunately for me, I am privileged to sail my ship in calmer waters. I am going to make this point in support of what I said on

the motion. Let us say that John Jones has rented 50 acres of land from John Thomas at \$3 per acre. The hon. Mover who has spoken for the Corporation would see that two things can happen. John Jones can make sufficient money so as to ensure that he would be in a position to pay John Thomas what he owes, but we know what has happened in this Colony as regards circumstances over which we have no control, floods particularly. John Jones finds that his position has got beyond his control and that his whole picture happens to be one of a loss. The Credit Corporation then comes along and says: "We are sorry, but this padi belongs to us." Imagine the position of a landlord in such a case where John Jones has said that he has no security with which to pay off the loan?

We are the people to hold the scales evenly. There is a practice in this Colony that has hardened into law and that is, landlords wait until there is reaping of the crops before claiming payment of rent for the lands. If the Credit Corporation takes over the entire crop in order to protect themselves, the landlord would be left to recover his rent in the best way he could. I am suggesting that some provision be made for the benefit of the landlord who owns and manages the land. In this clause, certain statutory claims are protected and I do not see why the landlord should be left unprotected. That is my point.

**Mr. Raatgever:** I, also think that some provision should be made for the protection of the landlord. We should not pass this clause like this. I am not a Member of the Executive Council, I am not committed to anything. I am here to represent the taxpayer, and my view is that we must do something for the protection of the landlord.

**Mr. Jailal :** If the Corporation lends money to the farmers in 1954 they would have to repay in 1954 also. I do not think those loans would be regarded as old debts, and I do not think it would be fair to let the Corporation collect them on the security of the crops while the people who had been lending money to the farmers all the time—the landlords—would not be able to collect. I know of no bank in this Colony which lends money to the small farmer who cultivates just one or two acres of land. I do not think any bank does that, except the present loan banks.

**Sir Frank McDavid:** This is nothing new. This clause has been adopted partly from an Ordinance called the Rice Growers Loans Ordinance, Chapter 155. It is under that Ordinance that Government lends such sums of money using the machinery of the existing Co-operative Credit Banks. Section 6 says:

"6. Where a loan has been made in pursuance of this Ordinance the following provisions shall apply:—

- (a) all padi in respect of which a loan is granted shall be conveyed by the borrower and delivered to the bank at a place the bank appoints for the storage thereof;
- (b) every bank shall for the amount of every loan have a preferent charge on all padi in respect of which the loan is granted over and above all claims of whatever nature, not being claims due and owing to the Crown or the Government of the colony;...."

That is a section of our law and it is for the protection of the taxpayers. The hon. Mr. Jailal has referred to loans made to other people partly under this Ordinance, using the machinery of the Co-operative Credit Banks. Since 1925 Government has made loans, in respect of which the sum of \$337,000 is outstanding, quite apart from ordinary loans which are made by the Co-

operative Credit Banks. Those are rice planting and harvesting, and food production loans. It is to keep up this continuity, which Mr. Jailal has said will go on, for granting loans for planting, that it is right and proper that the Corporation should have this preference.

The suggestion has been made that other debts should not be ignored. I understood you, Mr. Speaker, to refer to debts contracted prior to the coming into force of this legislation. What is the object of this Corporation? It is to keep production up and help the small man. How do we know the nature of other debts? It may be that a landlord will lose his rent, but this is a case where the Corporation will be lending money to enable a person to produce, and it is public money that will be loaned. It seems to me that the Corporation should be given preference over other debts except mortgage debts, and I submit it is right and proper that it should be so. It is not a new principle; it is enshrined in existing Ordinances.

**Mr. Jailal:** In reply to what the hon. mover has said I would say that this is going to work adversely on a landlord if his rent is not secured. After all a landlord may be a bigger borrower from the Corporation for the purpose of providing drainage and irrigation on his estate.

**Mr. Sugrim Singh:** In clause 38 (1) it will be seen that rates and taxes due to the Municipalities of Georgetown and New Amsterdam and Local Authorities are protected. My point is why rents due to landowners should not be similarly protected?

**Mr. Bobb:** I find myself sitting between two stools, but I do not think I will come to the ground. I think there is some merit in what the hon. Member, Mr. Sugrim Singh, has said. Most of

us know the situation to which he has repeatedly referred—that in every area there are several tenants who owe their landlords for the rent of lands for planting rice, and that the landlords expect to be paid on the reaping of the crops. On the other hand I think it is legitimate and right that some protection should be provided for loans made by the Corporation. It strikes me that in investigating applications for loans the Corporation will have to take care to discover how the loans are going to be used, and, in the case of rice growing, whether the applicant has his own land or rents land. It seems to me that the Corporation will have to lend sufficient money to cover the rental of land and the cost of planting the crops, because I have a feeling that as soon as this Bill becomes law there is going to be some hesitation on the part of landlords to lend money to tenant farmers.

The Corporation will have more goodwill, more popularity, and I believe it is going to be well received by the people. I am assuming that in the first year some provision has to be made to cover past debts, but for the future the Corporation will have to make loans to cover the entire cost of production and milling of rice. In other words an applicant for a loan will have to include an amount to cover the cost of renting the land, so that the grower will deal with one lender instead of the Corporation lending him money for one part of the operation and the landlord for another part.

**Sir Frank McDavid:** I think we are all at cross purposes. What this clause seeks to confer on the Corporation is a preferent claim. It does not deprive a landlord or any creditor of his rights. It is limited to loans not exceeding \$960, and in the event of proceedings being taken against a borrower and his crop being sold, the Corporation

would have its first bite after deductions had been made for rates, taxes, etc. That is all the clause provides. I do not know why Members have hit upon this clause to paint a picture of landlords not lending money to their tenants. In these days they lend much less than they did before. Is it or is not right that the Corporation, which is being provided with public capital, should have a preferent right over ordinary debts? I think if Members addressed themselves to that particular point they would admit that that is so.

**Mr. Sugrim Singh:** I want to make my point very clear. I am not referring to claims on promissory notes but claims for rent due to landlords. Under the Rice Farmers (Security of Tenure) Ordinance of 1945 a landlord can dispossess his tenant of the land for non-payment of rent among other defaults. We are thinking of protecting tenants and landlords. If through circumstances beyond his control a tenant is unable to pay his rent the landlord loses his money. Protection is being given by this Bill to charges in respect of the Municipalities and Village Councils, but not to the landlord who provides the land.

**Sir Frank McDavid:** The reason for the insertion of those statutory claims is because, under their respective Ordinances, those statutory bodies have preferent rights, and we are preserving those preferent rights. Another question is: does land rent have any preference now in relation to other debts? Will the hon. Member please develop that point?

**Mr. Speaker:** In insolvency.

**Sir Frank McDavid:** The hon. Member is suggesting that it should have preference here. We cannot give rent preference if it does not have it at present.

**Mr. Sugrim Singh:** The hon. Member has argued quite convincingly but I would say that because landlords have not organised themselves as statutory bodies they are being made to suffer. If there is no law there is equity, and I am asking the Council to consider the question of equity. I suggest that this clause be deferred for further consideration. I am not in a position to move an amendment at the moment. I am thinking only about landlords; not of any petty debts.

**Sir Frank McDavid:** I do not want the Council to be misled. This clause does not put a landlord in any worse position than he is now. As I have said before, all it does is to give the Corporation a preference over all other debts. Why should a landlord be in any worse position because of that preference? The hon. Member has not developed that point. What does he expect a landlord to get now? Can we put in words which would elevate a landlord's debt above other debts? I do not know if the hon. Member expects the Council to insert some provision which would give a landlord's rent a preference over other debts, or over the Corporation.

**Mr. Sugrim Singh:** I was referring to the provision in the Ordinance whereby a landlord has priority over his tenant's padi.

**Mr. Macnie:** I am in some difficulty in this respect. There are many landlords whose estates are situated within Drainage and Irrigation Areas. The rates in respect of those lands are due on prescribed dates, and unless the instalments of those rates are paid by certain dates the land becomes leviable for the rates due to the Drainage and Irrigation Board. The landlord is liable for those rates, and if he defaults proceedings are taken against his land.

There are many landlords who depend almost entirely upon the collection of their rentals to pay the greater part of their rates to the Drainage and Irrigation Board. As I understand, in the past they had been able to secure their rents in the form of padi at least if not in money. If that would not be possible, how are they going to get the money to pay the rates to the Drainage and Irrigation Board? I hope I have made myself clear. It may be a different line of thought developed by my hon. friend, Mr. Singh, but I think it is worthy of consideration.

**Sir Frank McDavid:** May I ask the hon. Member what is the difference? There is none at all.

**Mr. Macnie:** The hon. Member, Mr. Singh, said the landlord's rent is secured in the form of padi.

**Mr. Speaker:** Under the Rice Farmers (Security of Tenure) Ordinance the rent can be paid either in money or kind. What I want to crystallize—there is a great deal of substance in what the hon. Member has said—is this: The landlord has no preference of security at all except he is able to get possession of the padi. The bone of Mr. Macnie's contention is this: We should consider the rights of the landowner and provide that the Bank's loan on the crop should be preferential subject to the tenant's dealings with the landowner.

**Sir Frank McDavid:** All I know is that a tenant can pay his rent either in padi or cash. I am yet to be told that a landlord has any preferential right on a tenant's padi.

**Mr. Kendall:** Listening to the discussion, I do not know whether the hon. Mover would agree to clause 29 being re-committed. If it is re-committed, most of the arguments advanced by the speakers under clause 38 apply mainly to that

clause. In that clause one would find that all the produce of the land must be in the hands of the Corporation, and the landlord has no opportunity of receiving his rent by way of part of the crop. I do not know, as a Member of the Executive Council, whether it is possible—I need your guidance—when a clause of this nature comes up and a new light is thrown on it for that clause to be sent back to the Executive Council for consideration in the new light thrown upon it, especially where the Mover is also a Member of the Executive Council. I would like to know that, because I do not want to sit here and have the public feeling that Members of the Executive Council must agree to everything decided in Executive Council even though something new has been brought to bear upon it during discussion in this Council, and that they have no right to make their own observations. I think the best way out of it is that Members of the Executive Council should be given an opportunity to reconsider in Executive Council any clause or amendment in respect of which some new outlook was presented during discussion in this Council in the Committee stage.

**Mr. Cummings:** I wish to suggest a compromise. You may wish, Sir, to rule on Mr. Kendall's suggestion, but at the same time I would like to invite attention to clause 49 which gives the Corporation power to make Regulations. I would like to refer also to clause 39 which deals with "Offences in respect of Loans". It seems to me that Regulations should be made in which there may be a clause setting out a particular form of application in which any rent owing would be shown. If that is done by the Corporation, I think that would meet the objections that hon. Members have raised. It is to my mind a very difficult point. Speaking for myself, I would be quite satisfied if, as you suggested, Sir, sufficient publicity

is given to this matter so that people who now have doubts would be quite clear in their minds before the Ordinances go into force.

**Mr. Speaker:** May I suggest that you formulate an amendment giving effect to what you propose? It would regulate the discussion, and you can speak again and an opportunity afforded to examine it. I quite appreciate what hon. Members have said. The point is one the hon. Mover might consider. The hon. Member, Mr. Singh, is pointing out that the landlord has no security whatever for the advances he may have made or for rental due by the tenant. If the tenant becomes indebted to the Corporation who is being given a preferent claim under the Bill, and has not paid his rent, there is the end of the tenancy and the landlord remains unpaid. The landlord, however, has only the prepared land as his security.

The point is, it is quite true you are giving a statutory preference to the Corporation and, if the tenant for some reason cannot pay his rent, the landlord does not get immediate payment. But it must always be remembered that if a person becomes insolvent there are two kinds of preferent claims that a creditor can file with the Official Receiver viz. for—six months' arrears of rent and six months' salary. If the proposed clause is going to remain in the Bill the Corporation might in making a loan to a tenant consider how much further they can assist him having regard to the unpaid rental or advance made to the tenant by the landlord. The clause protects the Corporation but not the landlord.

**Sir Frank McDavid:** I am a little dark about it. The point is not clear as to how the landlord gets a preference which does not exist at the moment. If he has not, what can we put in the Bill

[Sir Frank McDavid]

which would give him a preference. There is nothing that can be put into the law which can give the landlord a preference over and above the Corporation, unless you want the landlord to have a preference in respect of the rent. I think hon. Members are unduly meticulous. The Co-operative Credit Banks lend money on behalf of Government to the farmers and their produce is directed to a mill. The same thing occurs here. Indeed it protects a landlord, because at least he knows where the crop is going and that there will be eventually money to pay the rent. That is clause 29, but this clause 38 merely gives the Corporation a preferential claim. I cannot see why it should arouse so much feelings on behalf of the landlord, because he has not got that preference now. If any Member is going to move a specific amendment I would be willing to consider it, but at the moment I do not know what specific amendment can be moved.

**Mr. Bobb:** I am sorry I have to rise again. When I spoke the last time I particularly made reference to the fact that it is wise and desirable to give to the Corporation the necessary preference. I myself am in doubt as to whether it is possible to include a clause to protect the landlord. I do not see how it can be done. The point, I made then and I repeat it, is that incidentally in the working of the Corporation cognizance must be taken of the fact that the growers in many cases have to rent land and must be given loans to cover the cost of the rent, otherwise the growers are not going to be helped. I feel like many Members that the landlords are going to be reluctant to rent their lands unless they know where the payment is going to come from, unless they know they have got some kind of security. That has got to come in cash through the loans made by the Corporation. In

other words, the rent should be included in the loan and paid straightaway by the grower who would then be answerable to one person, the Corporation, otherwise I do not see how it is going to benefit the landlord.

I do not see why another clause cannot be included, otherwise there is going to be difficulty between the landlords and those who rent their lands. I also said, and I repeat it, for the present there is going to be an anomaly which has to be evened out the best way, but this particular situation is going to arise next year, because some people have already rented lands for the coming season and the Corporation may be ready to start and the people ready to apply for loans to the Corporation. So if this year anomalies have to be evened out, at the beginning of next year I think the Corporation might take care of that.

**Mr. Ramphal:** This is particularly to the hon. Mover. While we do agree that in law there is no preferential claim for the landlord *de jure*, *de facto* is it not this way — I think hon. Members can bear me out — immediately reaping starts the landlord puts his agent to watch his interest and so creates a preference and collects his rent.

**The Financial Secretary:** I think there is some confusion of thought. I do not think hon. Members are really after seeking preference for rent of lands but are seeking to preserve a usage whereby the tenant agrees to pay the landlord so many bags of padi for the rental of his land when the tenant reaps his crop. I do not think it is a preferential claim hon. Members are attempting to establish. It is an attempt to preserve that arrangement, and it should have been raised under clause 29.

**Mr. Speaker:** There appears to be some justice in the contention, and it is worth considering.

**Sir Frank McDavid:** I do not think so. However I want to make one suggestion with your permission. Defer the clause for an hour, as I want to get some more factual information as to exactly what happens now. I am sure that it is exactly the same position under the present law and in practice. We may defer further consideration of clause 38 and pass on. We will come back to it when I get information as to what happens now.

**Mr. Speaker:** Clause 38 is deferred.

#### ATTITUDE OF EX-CO MEMBERS

**Mr. Tello:** Mr. Speaker, before you go on, as clause 38 is deferred, there is the possibility of an amendment which may lead me to anticipate a division. I remember, Sir, you were very anxious to make a ruling as to the right to vote. As a Member of the Executive Council and a very new Member, I seek your guidance in this matter. I always understood the right to vote was a democratic one and no compulsion was attached to it, and that one has the right to vote with the Government or against the Government and to follow the dictates of one's conscience in the matter. I agree that one should never go to the extent of opposing a colleague or any motion moved by the Government irrespective of the person who is handling it, but I still want your guidance with regard to the matter of voting. I have always felt that the vote is democratic and that a Member has the right to use it or not to use it.

**Mr. Speaker:** The immediate question of voting does not arise, but the position of a Member of the Executive Council is this: When the policy of a proposed motion is being considered in Executive Council and he differs from his confreres either in

respect of a Bill or any clause therein, he must express that opinion in that body. I am sure no Governor or Executive Councillor would prevent any Member re-opening a decision arrived at in Executive Council, expressing his disagreement therewith and afterwards coming here and voting against it. He has an absolute right to do so, but he must intimate to his confreres what he proposes to do. The point that has arisen is, that the hon. Member has intimated his opposition to some clause in a Bill of which he has never given any previous intimation. The hon. Mover therefore has had no time to study the objection, and he was quite right to point out that the hon. Member should have done so earlier. That is quite understood. If you feel that you should differ from your colleagues in the Executive Council, you should there reserve the right to support your view and to vote against the measure. It appears that the doubt the hon. Member has expressed about the effect of the clause did not occur to him until after the discussion of the Bill in Executive Council. Sitting as he is next to the hon. Mover he could easily have mentioned his doubt about the clause before rising to speak on it.

**The Chief Secretary:** His Excellency the Governor made it quite clear to Members of the Executive Council as to what his view is and the attitude which he expects Members to adopt in such a case. He has already explained the matter to us.

**Sir Frank McDavid:** I think it is well known to Members of the Executive Council that when Bills are being considered in Executive Council Members have the right to ask His Excellency to note their desire to oppose any particular Bill or any particular clause of a Bill. It is a matter of honour and privilege that obtains

[Sir Frank McDavid]

in the Executive Council. Speaking of democratic rights raised by the hon. Member, it is very clear that intimation of Members' opposition in respect of any particular clause of a Bill they do not agree with is a democratic right. But this right does not come up except inferentially where I referred to a Member taking the course of not voting at all on a measure. My irritation was aroused by the fact that I was suddenly faced with criticism by my respected colleague on my right (Mr. Cummings). I thought he had full opportunity to refer to such a matter and to argue it in Executive Council before our actual meeting here. I do think that Members of the Executive Council should not be cross-examined by one of their colleagues when sitting around this table.

**Mr. Cummings:** Mr. Speaker, may I ask you to permit me to make one more remark on this question? Perhaps, due to inexperience, I took the line of action I took but I wish to question the correctness of the application of that rule when we are in Committee. I can quite appreciate that in Council in respect of opposing or speaking against something previously agreed with, but when having a round table discussion and something new suddenly occurs to me, am I to keep quiet about it? It does not seem to be logical. I can understand if I get "n" and oppose a Bill or a clause of a Bill. Because I am permitted to support a Bill, if I see some aspect that may be amended, am I correct in sitting quiet?

**Mr. Speaker:** You may find yourself speaking against the policy by doing so.

**Mr. Cummings:** I am not against the policy. Your Honour has ruled and I accept it. I am solely concerned with

the principle of sitting down in Committee of this Council and not saying anything new that may occur to me.

**Mr. Speaker:** Whether it is in Council or in Committee it makes no difference to the attitude an hon. Member in your position should take up.

**The Chief Secretary:** If a new point occurs to a Member he should bring it to the notice of his colleague. If he considers it a very important point, that can be quite easily done by whispering to him or, if his colleague is on the other side of the table, by going round to him and telling him quietly. There is no need for him to stand up in this Council and apprise everybody of the point, particularly as it may not appeal to the hon. Member in charge of the Bill.

**Mr. Ramphal:** While we appreciate that, I think it is equitable to feel that once Members have come around this table they can exercise the right to vote, and I do question the constitutionality of a decision to prevent a Member from exercising the right to express his view. If a member of the Government reports a renegade member, the Executive Council can bring its influence to bear on him, but I think that while he is in this Council if he wants to express a view contrary to that of Government's, he can take that responsibility entirely upon himself. I do not see how, in this Council, we can deny him that right.

**Mr. Speaker:** The point is this: If a Member in Executive Council expresses his views and there indicates his support of the principle of a Bill in its entirety, if he subsequently finds that he is not in agreement with any part of it, then it would be his duty to let the Member in charge of the Bill or his confreres in the Council know that he has subsequently found himself not in agreement, and ask that the Bill be

not introduced until he has had further opportunity of considering the Bill or the part thereof with which he has found himself in disagreement. The hon. Mover would then request that further consideration of the Bill or the part concerned, be deferred. No Member of the Executive Council should lead his colleagues to depend upon support of a measure and then suddenly find him withdrawing that support.

**Mr. Ramphal :** I agree with you, Sir, but this is a forum and not a place to train Members of the Executive Council what to do. The hon. Member who disagreed just now was taking his political life in his hand, and he should stand or fall by it.

Clause 39 put, and agreed to.

**Clause 41—Persons authorised to prosecute on behalf of the Corporation.**

**Mr. Lee:** If I may object, I would say it appears that a prosecution could be filed by any person in the employ of the Corporation. I am suggesting that the prosecution should be filed by a specified person.

**Mr. Speaker:** I take it that the Corporation will have a legal adviser to deal with those matters, including civil claims. It must also be borne in mind that there is a difference between a claim and a prosecution.

**Sir Frank McDavid:** With respect to that word — “prosecution” — I would point out that (as stated in clause 44) proceedings for offences arising out of this Ordinance must have the *fiat* of the Attorney-General.

**Mr. Speaker:** I take it that in civil claims for the recovery of debt some authorised person will appear on behalf of the Corporation. Clause 40

refers to cases of a criminal nature, and I think that is what the hon. Member (Mr. Lee) is pointing out. Has the hon. Member any objection to the wording of this clause?

**Mr. Lee:** Your Honour has explained the position satisfactorily. I have no further objection to raise.

Clause 41 put, and agreed to.

**Clause 43—Limit of time for prosecution.**

**Mr. Luckhoo:** Out of abundant caution, I think we should have an amendment of this clause. I make the suggestion as a result of a point I heard taken some time ago, and I think I should mention it. Here you have an Ordinance providing the right to make Regulations, and those Regulations are also to cover this question of the limit of time for prosecutions. Out of abundant caution, however, I think the hon. Mover might consider the advisability of inserting the words “or of any Regulations made hereunder” between the words “Ordinance” and “may”.

**Sir Frank McDavid:** Under clause 49 the point was exercising my mind as to whether the Regulations, when made, would cover this phase of prosecution.

**Mr. Speaker:** Why do you wish to limit the time within which a prosecution should be brought for an offence?

**Sir Frank McDavid:** The question to be examined is whether or not the point is not covered in the Regulations.

**Mr. Speaker:** Why have the five-year limit at all? Do you want to let a man off after a period of five years

[Mr. Speaker]

has elapsed since he committed an offence if you may be able to succeed in convicting him in the sixth?

**Sir Frank McDavid:** If the hon. Member wishes to press his suggestion and have it translated in the form of a motion, I shall accept it.

**Mr. Luckhoo:** I formally move that the words "or of any Regulations made hereunder" be inserted between the words "Ordinance" and "may".

Amendment put, and agreed to.

Clause 43, as amended, passed.

Clause 48.—*Protection of persons acting under this Ordinance. Chap. 254.*

**Mr. Luckhoo:** May I suggest the insertion of the words "in the execution of his office" between the words "acting" and "under" in the first line of this clause. I take it that a person acting under the provisions of this Ordinance will be acting in the execution of his office. Section 14 of the Justices Protection Ordinance, Chapter 254, states:

"This Ordinance shall apply for the protection of all members of the police force, all constables, all commissaries of taxation, and all other persons for anything done in the execution of their office under and by virtue of any Ordinance: and in all other cases whatsoever, and whether protection is given or not to the members of the police force, constables, and commissaries of taxation, or any of them, or any other person, by any Ordinance, they, in each and every action brought against them, or any of them, for anything done by them, or any of them, in the execution of their or his office, shall be entitled to the protection afforded by the provisions of this Ordinance."

One can well envisage cases in which a person might be acting under

the provisions of the Ordinance but not acting in the execution of his office. It is really that type of individual one wants to protect.

**Mr. Cummings:** I appreciate the hon. Member's point but section 14 of the Justices Protection Ordinance limits the protection to an act "in the execution of his office". Clause 48 of this Bill incorporates that.

**Mr. Luckhoo:** It is an extension to other officers of the protection of the Ordinance. It is by virtue of that section that we are able to incorporate that section in this Bill, because under the Justices Protection Ordinance there is an extension of the provisions of the Ordinance to other officers who may be similarly protected. In that section the words "in the execution of their office" specifically appear.

**Mr. Speaker:** If you look at section 232 of the Georgetown Town Council Ordinance, Chapter 86, you will see that these are the words used. It says:

"232. The Council, and each and every member thereof, and each and every officer and servant thereof, and each and every person acting under its direction, shall be entitled, with respect to all matters and things done or intended to be done under the provisions of this Ordinance, to the benefit and protection of the provisions of the Justices Protection Ordinance."

That is a very useful provision.

**Mr. Cummings:** That is the point I was making. The fact that section 14 of the Justices Protection Ordinance does limit it to the execution of their office, and this clause incorporates that, it covers the hon. Member's point.

**Mr. Luckhoo:** Section 14 of the Justices Protection Ordinance does not limit it but extends it to those persons.

**Mr. Speaker:** In other words you are saying that the clause is not comprehensive enough.

**Mr. Luckhoo:** I think we would do well to follow the wording of that section.

**Mr. Speaker:** That is a section which was approved of a long time ago.

**Sir Frank McDavid:** I do not appreciate the difference between the simple wording in clause 48 and the elaborate wording of the section in Chapter 86. The phraseology should be more meticulous in order to make it quite clear that the protection of an officer is understood when he acts in the execution of his office. Is there any possibility of a person acting under the provisions of the Ordinance acting in any other manner than is consistent with his official position in the Corporation? He could not be acting under the provisions of the Ordinance if he did not act in the execution of his office or his functions under the Ordinance. We all know what is intended and what is wanted, and I cannot conceive myself of any person, said to be acting under the Ordinance, who was performing a function outside of the same Ordinance. In that case he would not be acting under the Ordinance. It is a question of phraseology.

**Mr. Luckhoo:** I see the point made by the hon. Member. It is a good point but I can still distinguish between a person who is acting under the provisions of the Ordinance and not acting strictly in pursuance of the execution of his office. I think it is because of that we have section 14 of Chapter 254 which is really an extension to other persons of the protection of that Ordinance, as stated in the marginal note. Maybe I am being a little meticulous, but as those words are in that section I do not think it

would do any harm if we introduced them in clause 48 out of abundant caution again, perhaps.

**Sir Frank McDavid:** I accept the advice of the hon. Member for Labour, Health and Housing (Mr. Cummings).

**Mr. Cummings:** I can see no harm in adopting it but I think the clause as worded is very similar to section 232 of the Georgetown Town Council Ordinance which has been tested time and time again. It is always safe to do something out of abundant caution but it does not appear to me to be necessary. The wording of section 14 of Chapter 254 seems to me to be the same as that in clause 48. My friend is suggesting that we should make it more specific, but the mere fact that section 14 says that any person "acting in the execution of his office" under any Ordinance to which the provisions of the Justices Protection Ordinance is extended, seems to make it somewhat redundant. but if the amendment is desired out of abundant caution I have no objection to it.

**Mr. Luckhoo:** I would suggest that we use the whole of the wording in section 232 of Chapter 86.

**Sir Frank McDavid:** If two lawyers are not satisfied as to what is proper—

**Mr. Luckhoo:** I will not worry about section 232. I move that after the word "acting" there be inserted the words "in the execution of his office."

**Sir Frank McDavid:** Wouldn't it be better to add the words "or duty"? I am prepared to accept that.

Clause 48, as amended, agreed to.

Clause 52.—*Accounts and audits.*

**Mr. Ramphal:** I would like to ask the hon. Mover whether it would not

[Mr. Ramphal]

be better if the Colonial Auditor were made responsible for auditing the accounts of the Corporation. I think the Governor in Council might appoint him, and it should be stated in this clause that the Audit Department would be in charge of this function.

**Mr. Raatgever:** I would like to support the hon. Member's suggestion. After all the Corporation will be a branch of Government.

**Mr. Speaker:** The hon. Member has made a suggestion. I do not know whether the mover will accept it.

**Mr. Ramphal:** If he does not I would have to move an amendment to the effect that the audit should be done by the Colonial Auditor.

**The Financial Secretary:** The correct designation is the Director of Audit.

**Sir Frank McDavid:** The hon. Member has not explained the reason for his amendment. I notice there is a certain tendency to move amendments and expect argument and reply from the Mover. I would be obliged if the hon. Member would say why he wishes the amendment.

**Mr. Ramphal:** I certainly will do that. I want to assure the hon. Member that I never really avoid giving my reasons. In this case I think my reason is so obvious that it is quite unnecessary. But the reason is this: This is a Government undertaking and its ventures are going to be very many. We want to be assured—while I expect all auditors are persons of the highest trust possible and there is no doubt of their integrity so far as I am concerned, but I want to be assured—that the accounts of this Corporation are going to be audited by the Director of

Audit. That is my intention. I know there are pseudo-Government Departments in which the audit is not done by the Director of Audit, and I speak correctly when I say that the present Director of Audit is alarmed that so many Government undertakings are being audited by outside auditors. He considers it part of his functions—and I think it is—that it should be done by the Government Auditors.

**Sir Frank McDavid:** I am surprised to hear how much the hon. Member is in the confidence of the Director of Audits. I did not enjoy so much of his confidence when I was Financial Secretary. I have listened in this Council during discussions on the different Departments of Government to the most serious criticism of his organization, as Your Honour well knows. Within recent times, however, it is being urged that the only proper manner in which Government accounts can be audited is by the Director of Audit organization. I can recall when Members of this Council were not always quite so satisfied. I only mention that in passing.

The point is this: The Colonial Audit Department, as I have said many times, is an extraordinarily very good organization which has its headquarters in London and its branches in the territories which have accepted that organization for its governmental audit. The organization works well, its direction in London is good and the auditors who are sent out these days are usually men with training and experience. But one must never forget this about the Colonial Audit Department. They are auditing with a specific objective in view—(a) to ensure that the prescriptions of the Constitution and of the Legislature are duly honoured; (b) to ensure that Rules and Regulations are adhered to. They themselves work under specific regulations.

They are not—and they will say so themselves—commercial auditors. Their examination has reference to what is to be done under set rules—so much is to be spent, this person is to authorize that and not that person, the Legislature might give sanction to the expenditure, etc., etc. That is the kind of auditing in which they are trained and which they carry out. But in the case of a commercial audit the basis is entirely different. The whole situation is different, and that is why where Government has set up a commercial undertaking, it has been usual in this Colony that we employ commercial auditors, auditors qualified in accordance with the Companies (Consolidation) Ordinance, that is, Chartered Accountants or persons holding equivalent qualifications.

In this case, what we are going to set up is a commercial organization to promote industries, to assist industries and agriculture. At some times their transactions may appear to be the incurring of bad debts, and to my mind a Government auditor would often have very great difficulty in appreciating the actions of the Board; he may want to criticize the action of the Board for reasons for which they ought not to be criticized. I myself think that the proper auditor for this undertaking is a commercial auditor. Nevertheless, the clause as printed permits the Governor in Council to direct the Director of Audit to do it. May I say that the Director of Audit does not audit the accounts of the Co-operative Credit Banks. It is done internally by an officer of the Department in charge of those banks. Consequently if you are going to impose on the Director of Audit the duties of performing this audit, one can envisage a substantial increase in his staff. My personal view is that in this instance, what is recom-

mended is that chartered accountants be appointed as auditors here and not Government Auditors.

**Mr. Macnie:** I might suggest to my hon. friends who desire amendments to this clause to leave it as it is, as the hon. Mover suggests. During the last war I was a sort of officer on a Commodities Control Board. At the beginning of the war I did not know the meaning of F.O.B. or C.I.F., but I soon found my way around. Then I found myself being the sole importer of flour and having to guarantee overdrafts on the Bank, but I was also fortunate in finding myself not with the Government Auditor, because I am quite sure that he never would have understood the transactions and the Government system of auditing would not have worked. We were fortunate then, thanks to the hon. Mover who was then Colonial Treasurer, to obtain the services of a firm of chartered accountants who advised on the system of accounting. They actually prepared the books, which was indeed a fortunate thing, as when carrying out those enormous transactions we had a commercial auditor. The Government Auditor at the time was the very first one to admit that he was glad he had not to do it because the system was something quite different from the usual Government system of accounting. I feel that we should leave it to the Governor in Council to decide whether it should be put on to the Government Auditor or otherwise. The hon. Mover has said that decision has not been made as to how it is to be done, but I take it that the Governor in Council would consult the senior officers of the Corporation. I suggest that we leave it as it is.

**Mr. Lee:** I disagree with the last speaker. As I understand it and from my experience in this Council of certain

[Mr. Lee]

Government institutions with a commercial auditor, he just signs the Balance Sheet and says "I have examined the accounts and vouchers and I am satisfied that they are correct" and gives a certificate to that effect. But this is public money to be invested by a Committee or otherwise, and a Government Auditor or the Director of Audit should certainly probe into every investment that is made so that a satisfactory account can be given regarding the loans. The Report of the Director of Audit is examined here. It is not that we fear they will spend the money recklessly, but at the same time the Legislative Council will be able to scrutinize more in detail the Report of the Director of Audit than that of a commercial auditor. I am not saying anything against the commercial auditor. My point is that we would prefer it to be stated in the Bill that the work is to be done by the Director of Audit.

**Lt.-Col. Haywood:** From my years of experience in business I can say that in a case like this a commercial auditor will report on anything that is not right.

**Mr. Carter:** Notwithstanding all that has been said in favour of chartered accountants, if we read sub-clause (1) of the clause we would see that the whole Corporation seems to belong to the Government. It says:

"The Corporation shall not later than six months from the end of each calendar year submit to the Governor in Council a report."

As the hon. Member, Mr. Lee, has said, this is public money and the public will be looking forward to this Corporation as their salvation. It is not that we have no faith in chartered accountants; we feel that the Colonial Auditor should be responsible for the

auditing of the accounts of this Corporation.

**Mr. Speaker:** The question is whether the clause as printed should stand part of the Bill. I will put the amendment.

Question put, and the Committee divided and voted as follows:—

<i>For</i>	<i>Against</i>
Mr. Singh	Mr. Jailal
Mr. Correia	Lt.-Col. Haywood
Mr. Carter	Dr. Fraser
Mr. Lee	Mrs. Dey
Mr. Ramphal	Mr. Rahaman
Mr. Raatgever—6.	Rev. Bobb
	Mr. Macnie
	Mr. Phang
	Mr. Lord
	Mr. Tello
	Mr. Gajraj
	Mr. Smellie
	Mr. Farnum
	Mr. Kendall
	Mr. Cummings
	Sir Frank McDavid
	The Financial Secretary
	The Chief Secretary—18.

*Did not vote*—Miss Collins—1.

Amendment negatived.

Clause as printed stand part of the Bill.

Clause 54—*Powers of Governor-in-Council.*

**Mr. Ramphal:** I am not offering any amendment. I desire just to make a statement in relation to clause 14 where we find the general functions of the Corporation are detailed. Sub-clause (1) says:

"It shall be the duty of the Corporation to promote the economic develop-

ment of the Colony and with that object to provide financial credits where necessary and desirable and to stimulate and facilitate private investment in the Colony by local and external capital."

Clause 54 gives the Governor-in-Council the right after consultation with the Chairman to give to the Corporation directions of a general character. I merely want to offer a suggestion, which may be taken by the hon. Mover, that it may be a very proper thing for the Governor to invite the Chairman of the Corporation to be a member of the Economic Council, so that he would be at all times fully aware and apprised of Government policy.

Clause 54 put, and agreed to.

*Clause 55—Transfer of assets and liabilities.*

**Mr. Macnie:** I should like to say that the remarks I intend to make do not relate to the wording of this clause, but to the principle or what underlies it. They apply equally also from clause 55 to clause 60, and relate to the question of the local credit banks and their affairs of which I informed the hon. Mover two days ago. Some of my friends in the country have spoken to me or got in touch with me in other ways about the elimination or absorption of the credit banks and their functions by the Credit Corporation, and I am satisfied that it is a matter which is causing some concern in the rural districts among members of the local credit bank Committees.

In moving the second reading of the Bill, the hon. Member for Agriculture, Forests and Lands and Mines very properly paid high tribute and commendation to the work done by the local credit bank Committees right up to date. Therefore, I do not think there can be any suggestion that those bodies are being disrobed—or whatever else it may

be called—because of any failure or error of omission on their part. I appreciate fully that the organisation which we are now setting up will have much more money—its scope would be much greater and its range of work much wider—and we hope that it will indeed lead to the development of peasant agriculture and small industries. At the same time, the information which has come to me—and I know some of these people fairly well indeed, for the greater part of their lives—is that they feel very much concerned over the situation, especially because they had little or no information of this Bill until they read it in the newspapers or the *Gazette* when it was published on May 15.

They also feel—one of those who came to me indicated this—that while it was not so much a question of a slight, they ought to have known that their services might not be used. They would be available, but might not be used in the new set-up. Having regard to that fact—and I will here inject my personal opinion as to the work done by these Committee members—I think it would be a great pity if the services of all of them—those that are available—are not used any longer, because of the knowledge and experience they have of the areas and of the people who live in them. It is probable that these people will in future become clients of the Corporation, since this organization would afford greater facilities as regards borrowing and so on. These persons will be out of office very shortly, and I think it will be most unfortunate if their services are not utilized.

I am not in a position to say or know whether other local credit bank Committees will be formed, nor am I in a position to say whether the members of the old Committees who have given good service in the past will be

[Mr. Macnie]

relied on. I strongly suggest that that should be done and, in fact, I wonder whether it is absolutely necessary to abolish these old local credit banks. Those of us who have served in the Legislature prior to the introduction of the 1953 Constitution, know that it was proposed to set up a central body which would co-ordinate all of Government's lending activities. That was no secret; it was under consideration for some time and, subject to correction, I think it is in the original Ten-Year Development Plan. But, is it not a new idea that the local credit banks—their Committees and members—should be just set aside and replaced by something else? Some of the persons who came to see me in the matter, like most countrymen, when they get hot they can speak pretty strongly. They were most vehement and used some pretty strong words. They made their feelings clear and used words like "undemocratic" and so on.

I do feel that I would be lacking in my duty if I did not make the remarks I have made, and express my views as I have done, reporting what these friends of mine have said. I would ask the hon. Mover of this Bill—and I have a feeling that I will be supported by hon. Members—I have done no lobbying but was told that I have to be quick on my feet if I wanted to be heard because there were Members on the other side who wanted to say much the same thing and I might not be heard before tomorrow—to consider seriously a few things. The first is, whether there has been sufficient consultation in this matter. I would be the last person to suggest that there has not been sufficient consultation with those old bodies that have done excellent work in the past, but I would ask whether it is absolutely necessary to replace them and introduce some-

thing new. If it is absolutely necessary to do so, I would not know. Even if you replace old names, however, would it not be possible to use those men who have given good service in the past? These men have knowledge and experience which, I am convinced, would be of use to the central organization.

**Sir Frank McDavid:** I am very glad indeed that the hon. Member took the opportunity of jumping before some other Members who wished to speak. I do not think the hon. Member was here when I moved the second reading of the Bill.

**Mr. Macnie:** Yes, Sir; I was here.

**Sir Frank McDavid:** Well, if he was, I do not think he listened to my remarks. I gave a brief historical review and referred to the Council of 1952 which endorsed the decision of the then Government to set up what at that time was to be styled a Central Agricultural and Government Loan Bank which was to absorb all the existing credit banks; and I went on to point out that what we are doing here is to pursue the recommendations of the World Bank Mission not only by the establishment of an Agricultural Bank, but to go much further and extend facilities to industrial and other activities in this Colony. I went on to say also that I was very sorry I was unable to go around to the various districts and speak to the members of the existing credit bank Committees who were working all these years.

The co-operation credit banks did not have any easy time, especially when it is considered that they were criticized by people abroad. There were areas that created heaps of difficulties owing to the need for more money by which more of their activities were directed. There

was the desire to have a full turn over, and I am inclined to repeat what I said a few weeks ago—that the machinery of these banks has been over-used and strained to a considerable extent. In speaking of the activities of banks I pointed out that between 1945 and 1953, Government used their machinery for lending a sum of money amounting to \$1,850,000 of which \$377,000 is still outstanding. These and many other things came within the Ordinary framework of the co-operative credit banks, and the whole situation had become so strained that I myself hoped, as other people did, that the central organisation we had asked for would come about very soon indeed.

The fact of the matter is that you cannot have so many organizations existing at the same time for investing public money in the form of loans. While you are setting up your Credit Corporation for lending and so on, you cannot, at the same time, have another Credit Banks Board under the existing Ordinance and with a series of governing and managing Committees under this Board, all doing the same thing—trying to lend Government money under various powers and subject to various restrictions and limitations. It would become, obviously, dislocated from the Central Organization. If you wish, as you do wish, to expand rural loans—especially short-term loans—you should form credit societies under the Co-operative Societies Ordinance.

I want to point out that the Committees to be set up after this Credit Corporation Ordinance has been passed, are going to be Advisory Committees. They are not going to be Managing Committees in the sense that the credit banks now operate. The District Committees to be set up under this Ordinance are merely going to advise. Let us see what is going to happen if the principle in this Ordinance is

retained so far as the Credit banks are concerned. The hon. Member (Mr. Macnie) was speaking, more or less, on behalf of the Managing Committees; he was not speaking on behalf of the members of the banks.

**Mr. Macnie:** My emphasis was to the effect that it should not be thought I was speaking on behalf of the staff of the banks.

**Sir Frank McDavid:** However, most of his words seem to me to be directed towards the position of the members of the Managing Committees rather than the shareholders themselves. The shareholders of the existing Banks have been created by virtue of the provisions of the Co-operative Credit Banks Ordinance which require a person who wishes to borrow to take shares in a Bank. He has to have a share before he becomes a borrower. Therefore, everybody who is a borrower is also a shareholder. So that a large number of people have become compulsory shareholders. Their position under this clause is a completely favourable and advantageous one.

That compulsion disappears, and they will now get back all their capital and, as I pointed out in my speech in moving the second reading of the Bill, they will get back the whole of the reserves of the Banks. In several cases those reserves are so large that they will get back 100 per cent. for their shares and 100 per cent. for the reserves. Therefore the shareholder-borrower is in an extremely advantageous position. He gets back his capital and he is now in the favourable position of being able to borrow more cheaply, and perhaps with less security than he would have been called upon to provide by the existing Co-operative Credit Banks. So that from the shareholders' point of view this is a very good proposition.

[Sir Frank McDavid]

I do appreciate, and I myself would have strong views of that nature if I heard that Government were appointing Committees, and that members of the existing Committees were being superseded without receiving a word of thanks. People certainly have a right to feel irritated in a position like that, if after having given service they find themselves out of position, so to speak. I am indeed sorry I was not able to go around the countryside and call the members of the various Committees together to explain the position. The policy which has been followed in this Bill was decided upon long ago. I thought I would have been able to go into the country and explain it to the Committees of the Banks, when perhaps I would have heard some of the hard words which the hon. Member, Mr. Macnie, heard.

As regards the Committees themselves and their membership, we did have a discussion on the previous clause as to the formation of Committees under this legislation, and I have indicated that the intention is that the Regional Development Committee and Area Sub-Committees should in any case be appointed by the Corporation. It is a matter for the Corporation, and if circumstances should necessitate that other Committees should be formed I do not know if hon. Members will take that into account.

Another thing I want to say is that the Corporation intends to promote and expand the credit societies under the Co-operative Credit Societies Ordinance, and I can think of nothing better for the shareholders of the existing Banks to do than for the Committee members themselves to get together and

form credit societies, because it is one of the functions of the Corporation to assist credit societies financially. My colleague, the Financial Secretary, has already said that he hopes that there will be a good deal of small lending on short term. The Corporation will do a lot of work through the credit societies. We want as many credit societies as possible, widely spread throughout the Colony. I feel that the shareholders of the Co-operative Credit Banks who will get back their money can do nothing better than join an existing credit society, form a new one, or call upon the services of any Committee member who may wish to help in the formation of credit societies. I can think of one Credit Bank — the Georgetown Co-operative Credit Bank — which is a pretty large Bank. I can see no reason at all why the shareholders of that Bank, who will come into possession of a fairly large sum of money which they never expected to get, at once forming a credit society so as to get credit from the Corporation for the specific purposes for which they borrow money. To my mind it would be extremely impracticable for the Co-operative Credit Banks to remain in existence alongside the Credit Corporation.

Lastly, I do hope that if and when this Bill is passed and the Credit Corporation has opened its doors, that the ordinary borrower will see no change at all. The offices of the existing Credit Banks will become the offices of the Corporation, the existing staffs of the Credit Banks will take over, and the ordinary borrower will see no change at all. Business will go on as usual.

**Mr. Speaker:** I think this is a convenient point to adjourn until tomorrow afternoon at 2 o'clock.