

The State Council of Ceylon.

No. 32.

July 9, 1942.



DEBATES

SESSION OF 1942.

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STATE COUNCIL OF CEYLON.

Thursday, July 9, 1942.

The Council met at 2 p.m., Mr. SPEAKER [THE HON. SIR WAITIALINGAM DURAISWAMY] in the Chair.

CHAIRMAN, COLOMBO PORT COMMISSION.

The debate on the following motion† of the Hon. Lieut.-Colonel J. L. Kotalawala (Minister of Communications and Works) was continued:

“Pursuant to the resolution relating to new appointments of non-Ceylonese to the Public Service passed by the State Council on March 1, 1933, and appearing as item 3 (1) in the Minutes of that day's meeting, this Council agrees to make such provision as may be necessary to permit of the temporary appointment of a non-Ceylonese as Chairman, Colombo Port Commission, for the duration of the war on a salary of Rs. 2,500 per mensem without any allowances.”

Mr. G. A. H. Wille (Nominated Member): This motion has roused much feeling both in and out of this Council by reason of the seemingly exorbitant salary provided for the officer concerned. Reference was made to a rule with regard to the payment of pensioners who are re-employed. There was a rule in the old Pension Minute which regulated the salary of re-employed pensioners, but that rule has been superseded by a provision in the present Pension Minute which says that nothing in the Pension Regulations shall prevent the re-employment of a pensioner on non-pensionable terms, and no reference is made to any restriction as regards salary.

Then, Sir, this motion has been brought forward in the form of a March Resolution which I think is a mistake. March Resolutions were meant for ordinary cases, whereas this seems to be a special war measure, and I think if that had been frankly put down as a special matter it would not have excited so much opposition.

The only question, it seems, to me, that we should ask ourselves is this: has the work that is to be done become of such a nature, and has it to be performed under such conditions that no less a

† For the Observations of the Financial Secretary and the Report of the Board of Ministers, see HANSARD of July 7, 1942.

[Note.—An asterisk (*) against the name of a Member indicates that his remarks have not been revised by him].

salary than Rs. 2,500 a month is justifiable? The other question is whether the officer who is to be employed may be trusted to perform the extraordinarily difficult work which he will be called upon to do? On those two points we cannot be such good judges as perhaps the Ministers who have all the facts before them and know under what circumstances the work has to be performed, and the antecedents of the officer and his special qualifications. I am therefore in favour of this motion.

***Mr. H. A. Goonesekera (Balangoda):** I am very sorry, Sir, that the appointment of Mr. Strong to the post of Chairman, Port Commission, has been questioned in this House. Mr. Strong is a very efficient, able and experienced officer. He has been in charge of the Rangoon Harbour; and when he was in the Ceylon Civil Service he served in the Customs and Port Commission. As the Hon. the Financial Secretary said, he has been drawing three times the salary that has been offered to him here. I do not think we should throw away the services of such an officer.

Mr. Strong's abilities and the tact he possesses are well known to me, because he was a Civil Servant who was stationed in the Ratnapura District where I was Chief Headman, and during the 1915 riots he rendered very valuable services both to the Sinhalese and the Muslims. [A MEMBER: By shooting people!] Ratnapura did well in that respect. The majority of people in Ratnapura town, especially in the bazaar ward, were Muslims. To-day it is the same. There were very rich gem dealers and shopkeepers and people who owned various other businesses.

People had assembled there by the thousands, mostly from Magalkande, and they were about to loot the belongings of those poor Muslims. Mr. Strong went about with me. [Interruption.] Yes, you can question Mr. Strong as to whether it was not so. He used to go about and address people and warn people not to loot. We did not stop them by force, but by kind means, and the people listened to Mr. Strong because his kind words appealed to them. Almost every day for about a week, by 5 o'clock in the morning Mr. Strong was at my house waiting to take me out.

The services that he rendered then saved both the Muslims and ourselves. Had those boutiques and houses of the

[Mr. H. A. Goonesekera.]

gem dealers been looted, the indemnity that we would have been called upon to pay would have been enormous and could not have been borne by us. All that was due to Mr. Strong. The leading men of Ratnapura might have been court-martialled and shot. All that was prevented through Mr. Strong's good and valuable services.

Mr. H. R. Freeman (Anuradhapura):

In several of the speeches the emergency sense—the war emergency sense—seems entirely missing. I support the motion.

***Mr. S. Abeywickrama (Udugama):**

Sir, I am surprised at certain arguments that have been adduced in favour of the appointment of Mr. Strong. Some people have praised the work done by him when he was a Civil Servant: cutting roads in the Matara District; appearing at the R.M.'s Walauwa at 5 o'clock in the morning, and helping in various other ways. Those are not matters that are connected with the present question.

There is a principle involved in this matter. A Government Servant of high status has availed himself of the conditions of retirement permitted under the Donoughmore Scheme and has drawn heavy compensation for loss of career and a commuted pension. I believe Mr. Strong must have netted something like Rs. 40,000, and I believe he took the earliest opportunity of securing a job in another country. As a result of that Port falling into enemy hands, he is now out of employment. I could have understood it if he wished to come back to Ceylon and offer his services. As a result of that Port falling into enemy hands, he has returned to Ceylon as an evacuee; and we are now offering him a salary of Rs. 2,500 to be Chairman of the Port Commission.

There is another pertinent question that we have to ask at this time. What has happened to the Principal Collector of Customs who was functioning all these days? Well, he has disappeared to some other sphere of work. Reasons have not been given as to why his experience has not been utilized. He has held that appointment for a number of years.

We are asked to support a motion to enable work to be given to a person who

has lost his job through enemy occupation, and we are asked to pay him Rs. 2,500. He is also drawing a pension. There is a principle involved. I wish to know whether we are going to re-employ all the people who took lump sums of money and went away under the Donoughmore Scheme and who want to come back when circumstances are unfavourable in the countries in which they had secured better employment. Is Ceylon going to re-employ all these people and pay high salaries?

I would support the motion if the pension plus half the salary is paid to Mr. Strong and not his full pension and Rs. 2,500. I am very sorry to differ from the views put forward by my Committee.

***Mr. E. R. Tambimuttu (Trincomalee-Batticaloa):** A good many who opposed this motion have been harping on old principles and practices and are unwilling to depart from those practices. They entirely forget the present emergency, as reminded by the hon. Member for Anuradhapura (Mr. Freeman).

Sir, I have known Mr. Strong, and my experience was rather a conflagration! I called on him on one occasion, and when we were dealing with a question and discussing the matter, he was so absorbed in it that he threw out of the window the stump of a cigarette which alighted on the hood of my car and set it on fire. What struck me was the pains he took over the discussion. That is the question; and there is no doubt that he is an efficient officer.

But what happened at the Customs just after the bombing? It is known to the public that several people, including the hon. Member for Anuradhapura (Mr. Freeman) helped to unload the goods that had arrived; but after landing the goods, they were all allowed to remain heaped up, without a guard being placed over them, with the result that a large quantity of the goods landed was stolen. Prosecutions showed that goods to the value of over Rs. 300,000 were stolen because the Harbour got out of hand—I mean, there was no proper management. At that time the need was so great that someone had to be appointed—and it happened to be Mr. Strong—to put the Harbour in order.

I support the motion.

Debates.

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***The Hon. Mr. G. E. de Silva (Minister of Health)**: I should like to say a few words with regard to this appointment. Normally I would be the last person to support a principle such as the one involved in this proposal. Whether I am a Minister or whether I am a back-bencher, I would unhesitatingly do what my conscience dictated.

In this instance, I think, some hon. Members of this House have failed to understand what the state of affairs in the Harbour was at the time this appointment was considered. The Board of Ministers had to decide at a moment's notice upon a very urgent demand with regard to the working of the Harbour efficiently, because the people who had been entrusted with those onerous duties in peace-time had failed us. We then had to decide whom we were to appoint to this post. Were we going to engage a man whose antecedents we did not know, or were we going to obtain a man whose antecedents we knew and whose abilities we knew, though he had left our service some time earlier.

That is the one consideration I want hon. Members to bear in mind. Here was a man who had done this work and done it efficiently at the time he left Ceylon.

***Mr. A. Mahadeva (Jaffna)**: Not this work.

***The Hon. Mr. G. E. de Silva**: He was in charge, and he was doing a part of this work at least. He came back, and we employed him because we knew he had been associated with this class of work before he left Ceylon.

But what is the justification that we have to consider now? Has he failed? This is a temporary job, and he is not going to be kept on for an indefinite period. We are only making a temporary arrangement in order to get this work done efficiently.

But for whose benefit? It will be for the benefit of the whole country. When we consider that question, let us at the same time consider the payment of Rs. 2,500. At a moment's notice we had to decide this matter; at a moment's notice we had to obtain an efficient officer; at a moment's notice we had to secure his services, which we did. If the

results have been disappointing then you can blame the Board of Ministers, but if the results have been favourable, then you have only to endorse our action. I feel that every hon. Member of this House will agree to this temporary arrangement till we can get over the difficulties under which we are labouring now.

The Hon. Lieut.-Colonel J. L. Kotawalala (Minister of Communications & Works): When I moved this motion, Sir, I did not at any rate think that it would be debated for so long as it has been and that the arguments that were raised would have been raised, because I believed that every hon. Member of this House felt, or at least knew what the difficulties were after the raid and knew in what state the Harbour was. If the Harbour had remained in that state for a period longer than three or four days, I feel that none of us would be here to discuss this proposal.

Now the Harbour is functioning efficiently, and hon. Members, I believe, have forgotten the serious part and the importance that the Harbour plays in this country. To-day the opposition to this vote is, I find, two-fold. One is that a section of the hon. Members feel, "Here is a person who left this country, who commuted his pension under Article 88; who went for a better job, and who should not be brought back here even if it was only a saving". Then there is the other school of thought which argues that if the Harbour could have functioned properly during the time of the hon. Nominated Member (Mr. Newnham) and the late Chief Secretary (Mr. Wode-man), there was no reason for getting this officer down, and that we could have easily found someone else to do it.

Some other hon. Members feel—at least the hon. Member for Jaffna (Mr. Mahadeva) in conversation with me said—"Why do you want this man? Somebody else can run the Port". No, Sir, I am sorry that the Member for Udugama (Mr. Abeywickrama), who is a Member of my Committee and who knows everything that takes place, should have raised his voice against this proposal. Anyway, I know that he will vote with us because he is a man who is open to conviction.

[[The Hon. Lt.-Col. Kotalawala.]

But for the benefit of especially those hon. Members who feel that if the Harbour could have been run before by Civil Servants, it could still be run in the same manner, I would like to explain the difference to them. During the time that Mr. Wodeman or Mr. Newham was Chairman of the Port Commission, the Port was run in the manner in which, say, the Galle Face Hotel is run. The longer the patrons stayed in the Hotel, the more money it made, the longer the rooms were occupied, the better it was for the management. It was a case of trying to make money from the Port. It was not performing an essential service in those days as it is doing now.

This is how the Port was run before the war. The Port Commissioner was a Civil Servant: (a) he did the administrative work of supervising the Engineering staff who kept the harbour in order, or put up any building that was required; (b) he supervised the Master Attendant under whom there were the Pilots who brought the ships into harbour and anchored them; (c) he supervised a part of the Customs Office to see that Customs dues were properly paid on goods; (d) he submitted claims which were as heavy as possible in order to increase the revenue of this country. It was a very simple and an easy job. I know it, because I was associated with it for five years.

But to-day it is not so. The Harbour has turned out to be an essential service in the sense that goods in the ships such as foodstuffs, must be got into one of those grain stores or sugar stores somewhere in the backwoods of Matara or Deniyaya or Baddegama or wherever it may be. The Port Commissioner must see that goods in the ships go there, and also that the ships are turned round as quickly as possible. The days of allowing ships to remain in port indefinitely are over. Now the Port performs an essential service, and if the Port had not functioned for three days. I would not have been surprised at all if 99 per cent. of the population had starved at that time.

How was the work of landing goods from ship to shore conducted previously? It was conducted by monopolist companies; for instance, there was the

Wharfage Company, the Cargo Boat Despatch Company, lighterage companies, and so forth, all of which made money by conveying goods from ship to shore or *vice versa*.

The labour functioned in a most extraordinary manner. Everybody was out to make money out of this business. The Government exploited the situation by permitting the ship to remain in port as long as desired; the Wharfage Company tried to make more money from its clients by giving the work over to contractors and asking them to handle the goods. They never handled the goods themselves. In turn, the contractors exploited the labourers by paying them what they could and what they thought they deserved, not what was due to them. It was a case of exploitation from top to bottom; and the port functioned in such a manner, that the client always paid.

When we approached Harbour labour, we approached a lion's den. One either got assaulted or turned out by some thugs. Probably there was collection of *mutti-kasu* in this area; that is, hush money had to be paid by people before they could get some work done. That was the state of the Harbour previously.

When the bombing took place, what happened? First, the non-Ceylonese disappeared; the exploiter who was exploiting Ceylonese labour went 3,000 miles away, and we could not get at him; the contractors disappeared; the wharfage companies were put to serious difficulty, and the Port Commissioner had to carry on all the work with 7,000 to 8,000 men less in the Harbour. Ships came in, and we did not know what to do. Some were attended to, but others were turned back; and during this period who came to our rescue? It was the Navy, with the assistance of volunteers and some Members of the Essential Services Labour Corps who never had done such work in their lives before—in fact some of them were seeing the sea for the first time in their lives—it was they who did the work of unloading.

*Mr. Abeywickrama: The Hon. Leader brought 500 men.

The Hon. Lieut.-Colonel Kotalawala:

The Port had to be set to right, and set to

right quickly. That was the first time that I felt the need for a man with authority, a man who could say something straight. Such a man, I must give him credit, came on the scene—and he was no other than His Excellency the Commander-in-Chief. Conferences of the wharfage companies and all the other people concerned were summoned, and they were told, “This is our life-line. You must function, and you must all toe the line”; and I must say that every one of us—the Members of the Board of Ministers, including the Hon. Leader, who went to his constituency and brought 500 to 700 men to fill the gaps caused by those who had let us down—felt relieved. I am not telling you that Mr. Strong did all this. No. This was done before Mr. Strong came to Ceylon.

That was the condition of the Port at the time. I was thinking of the motion of censure on the Hon. Minister of Labour, Industry and Commerce that was discussed yesterday. I would have had a similar motion brought against me if the Port had been allowed to remain in that state for more than five days. To-day, if any credit is due to anybody, it is due to His Excellency the Commander in Chief, the Hon. the Financial Secretary and the Hon. Minister of Labour, Industry and Commerce. I did only the duty that was entrusted to me, and if they had not come to my rescue, the Port would not have functioned.

Every week we held more than three meetings at which all the Heads of Departments, all the Officers of the Companies and Labour leaders were present; and jobs assigned with the request that “The jobs must be done to-day”. The Port is not functioning in the fashion in which it was functioning before the war. To-day the Port is an essential service, and those who work in it come under the category of workers in “Controlled undertakings”. It means that whatever work is assigned to them must be carried out. By way of easy explanation, I might briefly say that nobody can leave the job which he has been called upon to do, and he must do it. We felt that if a company had made money before the war, whether it liked to make money or not, it must be there

and do what it is told to do whether it means a loss or not.

Blessings sometimes do come in disguise. The bombing raid on Colombo was really a blessing, from the labour point of view. To-day the *mutti-kasu* collectors have gone. To-day the thugs have gone away. To-day the labourers who come to work in the Harbour know that they will be paid even if there is no work for them. If a man comes forward and presents himself for work and there is no work for him, he gets a living wage of Re. 1 a day.

Then, the rates of pay have been standardized. In the olden days, the Wharfage Company might have paid Re. 1 or Rs. 1.50 per day, and somebody else might have paid Rs. 1.25. That has all been done away with. There is one wage for all; that is, a coal carrier gets Re. 1 or Rs. 1.25 per day whether he happens to work in the Wharfage Company, the Cargo Boat Despatch Company, the Lighterage Company or any other company.

The Government has to-day stepped into the Harbour as the guardian of the labourers. One of our officers stands by to see that the labourers are properly treated and that at the end of the day they are paid. Any complaint that the labourers may have is made to the Government Officer, and this officer has the right to tell any Company to pay the men under the conditions laid down by him. To-day any labourer coming to work in the Port gets a meal. He need not go to a boutique; he need not depend on the whims and fancies of boutique-keepers. It is under those conditions that we are working the Port to-day, and that is why it is functioning to-day.

Now I come to the other question, namely, now that the Port is functioning, we can put in anybody as the Head and it will continue to function. But is it worth the risk? Why did we get Mr. Strong? We got him because we tried to obtain at that time somebody who knew Port work, not Port work in the sense of a Civil Servant administering the business. We wanted someone who knew what the internal arrangements between companies are as regards the shipping of cargo, running of traffic from ship to shore, loading and unloading

[The Hon. Lt.-Col. Kotalawala.]
charges, barge replacements, purchases,
and so on.

Therefore, fortunately for us, from the point of view of Colombo, there were three different Ports that had fallen, from which certain persons were available. There was Singapore, there was Penang, and there was Rangoon. We tried to obtain people who were accustomed to this work. We failed to get the Singapore man. There was a Mr. Rogers whom we tried to secure. We could not get him, because he was lost. Then we tried to get another man from India, but he was snapped up by somebody else at a higher salary.

(Then, fortunately for us, there was Mr. Strong who was available. Mr. Strong never applied for this post. Mr. Strong was drawing Rs. 7,000 from the Port of Rangoon. He was paid that sum because he was worth it. He might have been dismissed if he was not good enough. He had been five years in Rangoon, and to-day he is drawing Rs. 7,000 from them. Why? Because the Rangoon Government, or at least the Rangoon Port Trust, has not died but hopes to function some day. The Rangoon Port Trust has given Mr. Strong to us, and whatever we pay is not given to Mr. Strong but to the Rangoon Port Trust. Mr. Strong could have told us that he was not willing to remain here, because he would still get his salary.

Yesterday I was discussing the matter with Mr. Strong. He said, "It was because of my desire to lay my services open to engagement by you that I came to this country, and it is not because of any financial gain to me. I felt that it was my duty to give my experience and services to a country which wants me, and to Ceylon I would give them first. But if you think that it is better that I should not be here, I can send in my resignation to-morrow, or you can have it to-day". I said, "No, Mr. Strong, I cannot let you go. The Port is functioning, and the Port must function in that way until the end of the war".

I think I have said enough, and I sincerely hope that this motion will be accepted.

Question put, and agreed to.

ASSISTANT CIVIL ENGINEER, HARBOUR ENGINEER'S DEPARTMENT.

The following item stood upon the Orders of the Day:

The Minister of Communications and Works to move,—

Pursuant to the resolution relating to new appointments of non-Ceylonese to the Public Service passed by the State Council on March 1, 1933, and appearing as item 3 (1) in the Minutes of that day's meeting, this Council agrees to make such provision as may be necessary to permit of the appointment temporarily of a non-Ceylonese as Assistant Civil Engineer, Harbour Engineer's Department, Colombo Port Commission, at an appropriate point in the scale £1,000 rising to £1,200 by annual increments of £50 and on the terms and conditions of service applicable to officers recruited from overseas on agreement for definite terms of years.

Observations of the Minister of Communications and Works.

Due to the large amount of work which at present exists in the Harbour it has been found necessary to obtain the services temporarily of Mr. C. R. Elliott, Assistant Resident Engineer, Hydro-Electric Scheme, Norton Bridge, as Assistant Civil Engineer, Harbour Engineer's Department, Colombo, for the period April 22 to June 30, 1942. Mr. Elliott has been in receipt of a salary of £1,100 per annum and a commuted travelling allowance of Rs. 60 per mensem for a minimum mileage of 250 miles, from the Electrical Department. As he has to return to Norton Bridge for a period of about one week every month to attend to work in connection with the issue of monthly certificates under the Hydro-Electric Scheme Contract, it is proposed to charge $\frac{3}{4}$ ths of the officer's salary and commuted travelling allowance to an allocation to the Colombo Port Commission under New Head 43, Emergency Expenditure, the balance being met by the Electrical Department. It is also proposed to pay subsistence and lodging allowance under Financial Regulation 1175 to the officer for each day spent in Colombo away from his permanent station.

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Observations of the Financial Secretary.

The Financial Secretary concurs.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

The Hon. Lieut.-Colonel Kotalawala:

I move, Sir, the motion standing in my name.

I have brought this resolution forward because we cannot employ, even temporarily, a man in Government Service without having a vote from this House. Actually, this gentleman is in Government Service already, being attached to the Hydro-Electric Scheme. We are short of Engineers in the Harbour, because many works are being carried out there at present. This gentleman will work in the Hydro-Electric Works for about a week in the month, and besides his salary he will receive certain allowances when he works in Colombo.

Question proposed from the Chair.

***Mr. R. S. S. Gunawardana (Gampola):** Do I understand the Hon. Minister to say that even temporarily a person who is a non-Ceylonese cannot be employed without their coming to this House? May I ask under what circumstances he appointed a Mr. Herbert to the Broadcasting Station? What is his position, and was the consent of this House obtained for his appointment?

The Hon. Lieut.-Colonel Kotalawala:

I am glad that the House has given the Ministers power not to come to the House for appointments of non-Ceylonese if they are on a temporary basis or employed during the emergency. In this particular case, I have not appointed Mr. Herbert to the Broadcasting Station. He is a person in the service of the British Broadcasting Service, and he was in Ceylon. This gentleman is now attached to the Information Department.

***Mr. R. S. S. Gunawardana:** Is he not paid by the Ceylon Government?

The Hon. Lieut.-Colonel Kotalawala:

So far as I am concerned, he is not, be-

cause he is not in any of my Departments.

Question put, and agreed to.

IRRIGATION: BERAGAMA COLONIZATION AREA.

The following item stood upon the Orders of the Day:

The Minister of Agriculture and Lands to move,—

In terms of section 6 of the Public Works Loan (1937) Ordinance (Chapter 285), it is hereby resolved that this Council authorises the expenditure, of moneys raised under the authority of that Ordinance, of a sum not exceeding Rs. 4,800 from the sum of Rs. 15,150,000 specified in the second column of the Schedule to that Ordinance, and appropriated thereby for "Irrigation Schemes", a purpose mentioned as item 42 in the first column of that Schedule.

Observations of the Minister of Agriculture and Lands.

A sum of Rs. 27,500 was released in May, 1941, to provide irrigation and drainage facilities for the Beragama Colonization Area. Owing to the peculiar characteristics of the land in this area more irrigation and drainage facilities are considered necessary to expedite development. The amount now asked for is to meet the cost of these extra facilities.

Observations of the Financial Secretary.

The Financial Secretary concurs.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Minister of Agriculture and Lands. The Board of Ministers approves.

The Hon. Mr. D. S. Senanayake (Minister of Agriculture and Lands):

I move the motion standing in my name. We have already released Rs. 27,500 for this work, and a further sum of Rs. 4,800 is required to complete the work.

Question put, and agreed to.

IRRIGATION: NUWARAWEWA TANK.

The following item stood upon the Orders of the Day :

The Minister of Agriculture and Lands to move,—

In terms of section 6 of the Public Works Loan (1937) Ordinance (Chapter 285), it is hereby resolved that this Council authorises the expenditure, out of moneys raised under the authority of that Ordinance, of a sum not exceeding Rs. 220,000 from the sum of Rs. 15,150,000 specified in the second column of the Schedule to that Ordinance, and appropriated thereby for "Irrigation Schemes", a purpose mentioned as item 42 in the first column of that Schedule.

Observations of the Minister of Agriculture and Lands.

Funds are required to extend the Right Bank channel of Nuwarawewa tank, Anuradhapura, to command 2,000 acres of orchards. The extension has become possible as a result of certain improvements to Nachchaduwa tank and a supply channel from it to Nuwarawewa. These works have been completed at a cost of Rs. 47,959. Funds applied for now are necessary to give effect to the scheme envisaged under the above improvements. Owing to the present international chaos it is expedient that this country should put forward her maximum effort to produce her own food. The sum of Rs. 220,000 asked for will enable us to provide irrigation and access facilities to 2,000 acres for such food production.

Amount required for expenditure during 1941/42, Rs. 50,000.

Observations of the Financial Secretary.

1. The total cost of the scheme including indirect charges amounts to Rs. 306,860, as follows :—

Direct Cost—	Rs.
(a) Amount already spent from Revenue	47,959
(b) Amount to be spent from Loan Funds	220,000
	267,959
	268,000

Say

Establishments, 10 per cent. ...	26,800
Transport, 2 per cent. ...	5,360
Tools, 2½ per cent. ...	6,700
Total ...	306,860

2. *Economics of the Scheme.*

Added Value—

The added value of the land after irrigation facilities have been provided will amount to Rs. 210,000 as follows :—

	Rs.
<i>Present value of 2,000 acres of uncultivated land at Rs. 25 per acre</i>	50,000
<i>Improved value of 2,000 acres at Rs. 250 per acre</i> ...	500,000
<i>Less cost of asweddimizing 2,000 acres at Rs. 120 per acre</i> ...	240,000
	260,000

Therefore added value

(Rs. 260,000 — Rs. 50,000) = 210,000

3. The above figures indicate that the scheme is barely justifiable from the economic point of view. In view, however, of the great need for increasing the Island's cultivable area, I concur in the release of the funds asked for.

4. The actual cost of maintenance in respect of the existing fields under Nuwarawewa is reported to be about Rs. 5 per acre per annum, but it is proposed to charge for the present only a maintenance rate of Rs. 2 per acre, which is the maximum rate approved by the Governor for the dry zone for a period of five years commencing from 1938. This rate should be revised at the expiry of the period of five years so as to cover at least recurrent expenses.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Minister of Agriculture and Lands and the Financial Secretary. The Board of Ministers approves.

The Hon. Mr. Senanayake: I move,
Sir, the motion standing in my name.

Mr. Freeman: The report says that the channel is to command 2,000 acres of orchards. "Orchards" is a new name in the dry zone. We do not usually find them there. These are jungle lands which will become paddy chenas, and later on fields. I do not know about orchards.

Question put, and agreed to.

WATER SUPPLY SCHEME, BANDARAWELA.

The following item stood upon the Orders of the Day:

The Minister of Local Administration to move,—

In terms of section 6 of the Public Works Loan (1937) Ordinance (Chapter 285), it is hereby resolved that this Council authorises the expenditure, out of moneys raised under the authority of that Ordinance, of a sum not exceeding Rs. 65,000 from the sum of Rs. 7,500,000 specified in the second column of the Schedule to that Ordinance, and appropriated thereby for "Water Supply Schemes", a purpose mentioned as item 45 in the first column of that Schedule.

Observations of the Minister of Local Administration.

There have been altogether three separate water supply schemes for Bandarawela in the past. The total cost of the three schemes amounted to Rs. 221,682.10, half of which was borne by the Central Government. The cost of the schemes was as follows:—

	Rs.	c.
1st Scheme, actual cost	70,154	73
2nd Scheme, actual cost	58,795	73
	128,950	46
Subsequent additions to above	3,325	0
	132,275	46
3rd Scheme, actual cost	89,406	64
	221,682	10
Government contribution	110,841	5

Owing to a shortage of water due in a great measure to the rapid expansion of the town and to the inadequacy of the supply in the dry months of the year, the question of further augmentation was raised some years back. In 1940, the

Director of Public Works formulated an augmentation scheme estimated to cost Rs. 387,000. The Council decided not to carry out the proposed scheme in its entirety owing to its high cost and requested the Director of Public Works to prepare a modified scheme costing a lakh of rupees. The purpose of this scheme, which has now been prepared by the Director of Public Works, is to supplement the existing supply with water from proposed new sources rather than to incur expenditure on alterations or improvements to the distribution system of the town.

The scheme has been prepared in two parts. The estimated cost of the first part is Rs. 100,000 as follows:—

	Rs.	c.
(1) Fencing around site and construction of intake	6,700	0
(2) Hume reinforced concrete pipe line	22,000	0
(3) Balance tank	2,750	0
(4) Laying and jointing existing 4-in. and 3-in. C.I. pipes in parallel, providing all specials, valves, &c.	22,000	0
(5) Construction of chlorinator house providing and installing Paterson Chlorinator	14,700	0
(6) Connecting pipe from new and existing sources to chlorinator intake and connecting chlorinator to reservoir	2,000	0
(7) Overseerage and contingencies	7,307	80
	77,457	80
(8) Acquisition of land at intake and balance tank (2 acres)	6,500	0
(9) Acquisition of paddy land 10 acres deprived of water	7,000	0
(10) Allow for compensation to tea bushes and right of way for pipe line	1,900	0
9 per cent. Departmental charges	7,142	20
	100,000	0

The second part of the scheme consists of the construction of a new source, the improvement of the hydraulic efficiency of the existing pipe line between certain balance tanks, the acquisition of land for conserving the intake situated in an open estate cultivation and the improvement of pipe lines. The estimated

cost of this portion of the scheme is Rs. 11,000 as follows:—

	Rs. c.
Acquisition, compensation for tea bushes, fencing and intake ...	4,300 0
3-in. dia. C.I. pipe line to balance tank No. 3 using old pipes and improvements to balance tank	4,100 0
Relaying sections of pipe line ...	1,100 0
Overseerage and contingencies ...	713 2
Departmental charges ...	786 98
	11,000 0

In addition to the above it is also proposed to construct a service reservoir to supply the higher levels of the town on the Upper Drive and also the area of the town proposed to be extended to the north of the Upper Drive. The estimate for this work and for its connection with the existing mains is Rs. 19,000 as detailed below:—

	Rs. c.
(1) Service reservoir and valve chamber ...	6,355 35
(2) Cast iron specials at reservoir	2,968 0
(3) Fencing and gate ...	65 0
(4) New pipe line from Badulla road to new reservoir ...	5,113 0
(5) Temporary connection from new reservoir to existing main ...	1,350 0
	15,851 35
Overseerage and contingencies 9 per cent. Departmental charges ...	1,579 84
	1,563 81
	19,000 0

The total cost of the proposed modified augmentation scheme therefore amounts to Rs. 130,000 (Rs. 100,000+11,000+19,000). There will be no increase in revenue to the Council by way of water rate or private water service fees from the proposed scheme. The additional cost of maintenance would be the cost of chlorine gas for the chlorinator which would be approximately Rs. 200 per annum.

It is proposed to make a grant of half the cost of this modified augmentation scheme, viz., Rs. 65,000, to the Council. The balance cost of the scheme, viz., Rs. 65,000, is to be financed by way of a loan from the Local Loans and Development Fund. The Director of Public Works reports that all the materials necessary for the scheme are obtainable in the Island at present except the chlorinator which would have to be im-

ported from India and on the export of which it is understood no embargo has been placed.

Observations of the Financial Secretary.
The Financial Secretary concurs.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Minister of Local Administration. The Board of Ministers approves.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** I move the motion standing in my name.

A water supply scheme for Bandarawela has been a very great need. A number of schemes for the purpose were prepared; finally the Public Works Department has prepared the present scheme for which, as half-grant to the Urban Council, a sum of Rs. 65,000 is required. The balance sum of Rs. 65,000 that is required will be met by the Urban Council, by raising a loan from the Local Loans and Development Fund.

This work can be done with materials in the country. It will not necessitate the importation of materials which at a time like the present it would be difficult to find.

Question put, and agreed to.

BADURELIYA-KALAWANA ROAD.

The following item stood upon the Orders of the Day:

The Minister of Communications and Works to move,—

In terms of section 6 of the Public Works Loan (1937) Ordinance (Chapter 285), it is hereby resolved that this Council authorises the expenditure, out of moneys raised under the authority of that Ordinance, of a sum not exceeding Rs. 8,500 from the sum of Rs. 4,221,123 specified in the second column of the Schedule to that Ordinance, and appropriated thereby for "New roads and bridges and other works of development", a purpose mentioned as item 46 in the first column of that Schedule.

Observations of the Minister of Communications and Works.

On a resolution of Council passed on July 8, 1941, a sum of Rs. 150,000 was authorised to be spent from item 46 of the Schedule attached to the Public Works Loan (1937) Ordinance, on "Extension of road from Badureliya towards Kalawana (8 miles)". This amount was based on pre-war rates. From tenders received for certain sections of the road it is found that on account of the prevailing high cost of materials the work cannot be completed for Rs. 150,000 and that a further sum of Rs. 8,500 is required to allow for the present ruling rates.

The resolution now submitted is, therefore, for the release of a further sum of Rs. 8,500 from item 46.

Observations of the Financial Secretary.

The Financial Secretary concurs.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Minister of Communications and Works. The Board of Ministers approves.

The Hon. Lieut.-Colonel Kotalawala:

I move the motion standing in my name. As I have stated in the Observations, this money is required to complete a particular portion of this road for which we voted money at one time. Owing to the higher cost of materials, we require this extra sum.

Question put, and agreed to.

EXCESS PROFITS DUTY (AMENDMENT) BILL.

The following item stood upon the Orders of the Day:

The Financial Secretary to move,—

That the Bill intituled "An Ordinance further to amend certain provisions of the Excess Profits Duty Ordinance, No. 38 of 1941", be now read the first time.

Observations of the Financial Secretary.

The yield of Excess Profits Duty which is estimated at Rs. 5,000,000 for the current financial year is estimated to be increased by about Rs. 18,000,000 per annum at the present level of profits if

this Bill becomes law. From this should be deducted Rs. 2,500,000 per annum consequential reduction in the yield of Income Tax, giving a net increase of revenue of Rs. 15,500,000 per annum, or Rs. 31,000,000 for the two years for which duty is imposed by the Bill, provided always that profits continue at this present level.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Financial Secretary.

The Board of Ministers approves.

The Hon. Mr. H. J. Huxham (Financial Secretary): I rise to move the motion standing in my name.

I need not dwell, Sir, on the whole of the past history of the excess profits duty legislation in Ceylon, or stress how much better off the Government would have been if the House had accepted the original Bill early in 1940. Last year, in September, the House accepted the Excess Profits Duty Ordinance which imposed that duty on all businesses except agriculture and plumbago-mining from 1941 onwards in the case of businesses which make up their accounts till 31st December, and from corresponding dates in the case of other businesses.

The Bill before the House now proposes to impose an excess profits duty on agriculture and plumbago mining from 1942 onwards, that is one year later than in other cases. There are various concessions made in this Bill both to agriculture and plumbago-mining.

As regards agriculture, a provision is inserted that the value per acre of a mature tea, rubber or coconut estate shall not be taken at less than Rs. 800 in the case of tea, Rs. 600 in the case of rubber and Rs. 400 in the case of coconuts. With a percentage standard of 10 per cent. this means that no liability will arise unless the profits exceed Rs. 80 per acre in the case of tea, Rs. 60 per acre in the case of rubber and Rs. 40 per acre in the case of coconuts. The House will agree that these are high minimum figures and will afford great relief to all but the very best estates in the Island.

[The Hon. Mr. Huxham.]

There is a further interesting relief as regards rubber. It is proposed in that case to charge the full duty up to 75 per cent. of the standard production, half duty only on the profits derived from production between 75 per cent. and 100 per cent. of the standard assessment, and no duty at all on production above 100 per cent. of the standard assessment. These provisions, it is hoped, will have the effect of encouraging maximum production.

In the case of plumbago, there is a small concession in that the cost of sinking pits is allowed as revenue expenditure, but the main concession is to impose a rate of 30 per cent. duty instead of 50 per cent. which is imposed in all other cases.

The reasons for this discrimination are as follows:

The mining of plumbago is largely a war-time industry. During peace-time it jogs along, making very little profits and has some difficulty in keeping its head above water. It is thought that to take a standard based on peace-time conditions and compare it with war-time profits is unduly hard on that industry, and it is therefore proposed to charge a lower rate of duty.

Another consideration which has to be taken into account is the fact that plumbago is a wasting asset. Where there is only a certain quantity of plumbago in each mine, and each ton taken out reduces the life of the mine. On that ground also it is claimed that a lower rate is appropriate.

A further argument in favour of a lower rate is the necessity to allow plumbago mine owners to create reserves to provide for the very serious depression which is bound to fall upon the industry as soon as the war ends. Such a depression may, of course, overtake other industries; it may, or may not do so, but in the case of plumbago it is perfectly certain that the end of the war will see a very severe fall in prices.

In the case of both agriculture and plumbago, it is proposed to give relief for export duties which were imposed last year. As the House will remember, at much the same time as the Excess Profits Duty Bill was passed exempting

agriculture and plumbago, additional duties were imposed on those industries to make up for their exemption from the excess profits duty. The Bill now before the House intends to bring about a position whereby each agriculturist and each plumbago mine-owner will in effect pay whichever is the higher of the duties, export duty or excess profits duty.

In order to make the necessary calculations, it is necessary to arrive at what the profit would have been if no export duty had been paid, calculate the excess profits duty, and then deduct from the excess profits duty the full amount of the export duty. Provisions will be found in this Bill which will have that effect.

A further interesting Clause in the Bill is one which grants postponement of collection, when there is a Government buying scheme and products are available for sale under that scheme which have not been taken over by the Purchasing Officer. It is considered that if Government—whether the Ceylon Government or the Imperial Government—in effect owes money to an agriculturist or plumbago miner on a contract to purchase his produce, it would be harsh to impose penalties for non-payment of excess profits duty until that money is paid.

Sir, it has been put to me that this Bill is inadvisable and that the same amount of revenue could be obtained with much greater ease and with equal fairness if enhanced export duties were imposed on agricultural produce and plumbago. When that suggestion was made, I drew the attention of the hon. Member who made it to the fact that under the agreement for the sale of Ceylon produce any increase in export duties is to be paid by the purchaser, and that his suggestion appeared to be a delightful way of getting out of all our financial troubles by imposing higher and higher export duties on our produce until our Budget balanced, those extra export duties being paid by someone else. He assured me that that was not his idea, but that he contemplated additional export duties which would be paid by the Ceylon producers.

I then asked him to consider what was really behind the suggestion. Obviously those who made it hoped that by its adoption they themselves would pay less by means of export duties than they would have to pay as excess profits duty, and if we are to get the same amount of

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revenue, the amount by which their taxation would be reduced would have to be paid by someone else.

Now it is quite clear who would get the benefit of that suggestion and who would suffer by it. The big and prosperous concerns which would have a large amount of excess profits duty to pay would pay in lieu export duty of considerably less amount, and the difference would be recovered from the less prosperous large concerns and from the large body of small producers who would not in any case be liable to excess profits duty. I therefore informed the hon. Member that I could not possibly support the view that increased export duties would be preferable to the imposition of excess profits duty.

Question, "That the Bill be now read the first time," put, and agreed to.

Bill read the first time.

Mr. H. W. Amarasuriya (Galle): May I inquire whether the second reading of this Bill will be taken up after the Appropriation Bill has been disposed of?

The Hon. Mr. Huxham: It is hoped to take up the second reading of this Bill either immediately before or immediately after the second reading of the Appropriation Bill, so that it may be referred to a Committee, and its third reading may be taken up when the third reading of the Appropriation Bill is taken up.

Mr. H. W. Amarasuriya: This is an integral part of the Budget proposals, and should be taken up after the second reading of the Appropriation Bill.

The Hon. Mr. Senanayake: Yes.

Mr. Speaker: There is no objection to that, I think.

***The Hon. Mr. Bandaranaike:** Immediately before or immediately after the second reading of the Appropriation Bill.

REORGANIZATION OF BUS SERVICES.

The following item stood upon the Orders of the Day:

The Minister of Local Administration to move,—

That the following recommendations of the Executive Committee of Local Administration for the re-organization of bus services be approved—

Administration for the re-organization of bus services be approved—

(a) bus services shall not be operated along any road except under exclusive licence, subject to such conditions as may be attached to the licence, including a condition that the grantee shall compensate any persons at present operating buses under licence along the route who are displaced;

(b) if the persons at present operating buses under licence along a route shall form a limited liability company, that company shall be granted the exclusive licence for that route, provided that the grantee compensates any person operating a bus under licence along that route who does not elect to join the company and whose rights to participate in the company have not been acquired by any other person.

Observations of the Minister of Local Administration.

The road passenger services of the Island are provided by 759 bus owners who operate at present about 1,200 buses. It is essential (for defence purposes) that in the event of an emergency the Government should be in a position to direct the use to which these buses shall be put. It is not possible to control the movement of buses in the hands of such a large number of owners scattered all over the Island, and for that reason it is essential that the number of owners should be reduced and the garaging of the buses concentrated at relatively few centres.

2. It is considered desirable that this reduction in the number of owners should be effected in such a way as to give the present bus owners the opportunity to remain in the industry and to preserve their means of livelihood. This can only be done by an amalgamation of the owners on each route. For the purpose of control the bodies thus formed must be legal entities and as there are a number of operators on most of the routes the new group will generally take the form of a limited liability company. A looser

form of association such as a union will not achieve the desired objects as the individual would continue to be the operating unit.

3. The development of road services leads logically and universally to a merger of the interests involved and the trend is already observable in this country. It was foreseen by the Hammond Commission, which in paragraph 125 of its Report expressed the view—

“that one of the results of control will be to hasten the merging of the comparatively small undertakings of to-day into larger concerns and we consider that this will be in the interests of the public and should be encouraged

The bigger firm has or should have greater financial stability and so can make adequate allowance for depreciation and reserves. Its fleet can, therefore, be kept more up-to-date and thus offer better accommodation to its passengers, while at the same time it benefits by the cheaper working of the more modern vehicle. Having more routes to serve, it can use its buses and crews more economically. In addition, the larger concern has the advantage of being able to spread its overhead charges over a wider field. For these reasons we consider that amalgamation, and even monopoly, will be to the public advantage, provided it is subjected to the safeguards which we have prescribed.”

4. The effect of the present proposals which are based primarily on the urgent needs of the moment, will be to hasten the process of development of the bus services from a position where they are operated by individuals owning on an average less than two vehicles each, to a basis of controlled monopolies. Such monopolies, besides achieving the object mentioned in paragraph 1, will consolidate the present precarious position of the bus owner with small resources, will provide more reliable and efficient services and will eliminate many of the evils of competition.

5. As the Hammond Commission pointed out, a monopoly must be accompanied by safeguards against exploitation of the public. The grant of a valuable concession in the form of an exclusive

road service licence will carry with it the obligation to provide regular, adequate and efficient services at reasonable fares. The obligation will be enforced by conditions attached to the licence setting out the time-tables to be observed and the fares to be charged, and providing for the operation of vehicles of a certain type and their proper maintenance at all times. The bus business is a remunerative one and under monopoly conditions a bus company can hardly fail to make a success of its undertaking unless it is grossly mismanaged.

6. It is proposed to encourage the existing bus owners, the majority of whom own only one bus, to amalgamate in order to form companies which can be entrusted with the route monopolies. Save in exceptional circumstances there will be no overlapping of routes and the company will be freed from the pre-occupation of trying to get the better of its competitors and will be able to devote itself to providing, under guidance from the Authorities, an efficient and regular service. If a particular individual does not wish to join the company formed by the operators on his route, he will be entitled to compensation by the company, provided one of his fellow operators does not acquire from him his right to participate in the company. The capital to be allotted to each owner will be based on the earning capacity of his vehicle so that after allowing for any difference in seating capacity all owners will receive the same allotment in respect of each of their buses, whether the bus be old or new. The company would in addition take over the buses at a valuation and there will be equal opportunity to all owners to contribute capital in cash up to a fixed amount. Several bus companies have already been formed on this basis and are awaiting registration. Any roadworthy buses not required by the company may be acquired by Government.

7. In the unlikely event of the operators on a particular route being unwilling to amalgamate, applications will be invited for an exclusive route licence, subject to conditions as to operation and also to a condition that the grantee would compensate all bus owners who were displaced.

8. There is no intention to stifle bus services in the interest of the Government Railway. The public interest is paramount and the prosperity of the country depends upon the provision of efficient transport systems both by road and by rail. There is ample room for both and there is no need for road to be subservient to rail. To enable the two systems to be co-ordinated the road services must, however, first be organized and freed from uneconomic competition amongst themselves.

Observations of the Financial Secretary.

The proposed amalgamation of bus services is not likely to result in any appreciable decrease in revenue.

Report of the Board of Ministers.

The financial implications are as explained in the Observations of the Financial Secretary. The Board of Ministers approves.

***The Hon. Mr. S. W. R. D. Bandaranaike (Minister of Local Administration):** I move, Sir, the motion standing in my name.

This proposal provides a further advance in the reorganization of road transport, a matter which has been exercising the minds of Members of this House for a number of years now.

The House will recollect the circumstances out of which arose the first step that was taken by this House when it approved the obtaining of the services of a Special Commission to report upon the Railway, the road transport system and upon desirable steps to be taken to co-ordinate those two branches of transport. The Hammond Commission, which came out to Ceylon as a result of that decision of this House, reported in 1937. I would like to draw the attention of the House to some of the difficulties with regard to road transport to which the Hammond Commission refer. On page 12 of their report (paragraph 12) they say this:

"As a result,....."

of certain circumstances which they mention earlier—

"As a result it is difficult to describe the condition of affairs in the motor omnibus industry

without appearing to exaggerate. Omnibuses are driven at high speeds far beyond the legal limits in the effort to snatch passengers. Many of the vehicles are in a dilapidated condition and have tyres worn down not only to the canvas but through some of the layers of canvas as well. Drivers are employed at the wheel for 16 hours at a stretch.

Fares of all kinds are, of course, cut down to figures which not only do not permit of any margin for depreciation, interest on money invested, or even proper maintenance, but barely cover day-to-day expenses. Hire purchase allows anyone to go into the business who can raise enough money to pay for the first instalment and the licence duty, with a little over for the first day's wages, petrol and oil. In view of these conditions, it is not astonishing to hear, as we did from several witnesses, that most of the bus drivers now employed belong to a low and undesirable class and that no lad of decent education and upbringing would take up the trade. There are a few substantial concerns to which this description does not apply, but there are, unfortunately, a preponderant number of the others who live a hand-to-mouth existence. When one of these fails there is always someone ready to continue the service, and the buses are in the market again at a reduced figure."

I quote these two paragraphs of section 12 of the Report merely to show the state of affairs which was apparent, not only to the public of this country and to this House, but also to the Hammond Commission after their very close inquiry into the position here.

The Hammond Commission made certain recommendations which were presented to this House by me, as far as road transport was concerned, in the form of a report. That report was discussed and accepted by this House, and, subsequently implemented by an Ordinance—the present Motor Car Ordinance.

There were various provisions in the Motor Car Ordinance which were intended, in pursuance of the recommendations of the Hammond Commission, to set right—or shall I say, at least, to ameliorate—the state of affairs that existed at the time; for instance, there are the powers under the Motor Car Ordinance under which the Commissioner of Motor Transport lays down routes for these vehicles—I am restricting myself to buses only—to deal with questions of fares, of time-tables, of wages and hours of work of the employees.

What happened was this: at that time there were a very large number of buses plying along every single route.

[The Hon. Mr. Bandaranaike.]

We did not, at the very start of the operation of the Motor Car Ordinance impose an undue restriction upon the licences which were issued to these buses to ply on the various routes. In other words for the time being we issued licences to all those who had licences before, in the hope and expectation that, as time went on, we would be able to tighten up the control and secured that degree of increased efficiency that the Hammond Commission thought their recommendations would result in.

The House will remember that, after a certain period of experiment with the measures taken, such as they were, the position still had not improved, and a motion was introduced in this House in September, 1941, to obtain the services of a Transport Expert, not merely to come here and present a report, as in the case of the Hammond Commission, but to come out to Ceylon and also spend some time here, and to examine how far the Hammond Commission's recommendations were put into effect by the Railway as well as by road transport. That expert was to find out what the deficiencies were, and to recommend and take the necessary practical steps for the placing of all transport in this country on a proper and more efficient footing.

The House will remember the debate that took place on that occasion, and the various complaints that justifiably many Members of this House made as to the existing state of affairs in spite of the recommendations of the Hammond Commission which had been partially implemented. I will not refer to the speeches which many hon. Members made in this House on that occasion. But, after a very full discussion, that motion was passed, and, as a result, the services of Mr. Nelson were obtained and he came out to this country.

At the time Mr. Nelson arrived in Ceylon, the position had greatly changed. That is to say, the outbreak of war, and the creation of emergencies of all kinds, of special problems as a result of the war, rather changed the original position. Therefore, rather than Mr.

Nelson setting himself to the task in a leisurely manner, as under normal conditions, of making suggestions for the improvement of the transport system, the Government felt that his services could be much better utilized if he was appointed temporarily as Director of Transport, to deal with the immediate and pressing problems that had been created by war conditions.

Sir, that point was made clear to this House when the question of the precise nature of the position Mr. Nelson now occupies was debated on the Floor of this House a few weeks ago. Mr. Nelson, in carrying out those duties, found that the very first thing necessary was—I am dealing with omnibuses at the moment—to put into effect some such scheme as I am now placing before this House.

The House must realize that there are two aspects of the present proposals; one is the need that exists as a result of war conditions—the need of taking certain action as an emergency defence measure. The House will, no doubt, appreciate some at least of the more important needs that arose as a result of war conditions. For instance, there is the need for the Government to be able to control transport, to control it in the sense of having vehicles available at a moment's notice; the need to immobilize vehicles; the need to put vehicles to the greatest possible use as a result of new problems that have arisen in the region of transport. Secondly, there was, of course, the question of a more long-sighted policy. The policy of taking that step effectively will, at the same time, eventually result in a more permanent reorganization of road transport on more efficient lines.

Mr. Nelson, Sir, came to the conclusion that it was impossible to serve the first purpose without some such step as that suggested in this motion, which is, incidentally, a measure of a more permanent nature. Hence it is that this motion has come before the State Council, as very rightly it should. But I would like to ask the House to bear in mind both those needs—of an emergency defence measure dealing with the very important subject of transport

as well as the suggestion that, in achieving that object, certain steps should be taken which will result in the permanent improvement of road transport.

Now, I might say further that this motion comes before this House with the approval of the Executive Committee of Local Administration, of the Board of Ministers and of the War Council. It is a proposal that has not been sprung upon either the bus-owners or upon the public. The Director of Transport, as a preliminary step, went all round the country addressing various meetings of bus-owners, explaining this proposal in detail. Subsequent to that, I myself had a Conference at which a number of bus-owners and others interested in the bus industry were present, where we made an effort to discuss certain objections which certain bus-owners put forward and to answer them. Following that I requested the owners or representatives of buses to send in writing any points on which they had doubts or difficulties, and a memorandum was submitted to them answering the various points they had raised.

I will, in moving this motion, make matters easier for hon. Members who will be taking part in this debate by dealing with many of the points, all the points that have been so raised as difficulties or objections to the scheme that is now before the House. If there are any other points which hon. Members wish to raise, I shall make every endeavour to deal with them also in the course of my reply.

Sir, at present the House will realize, as has been stated in my Observations, that there are 759 bus-owners who operate about 1,200 buses. It works out at an average of less than two buses each. There are a very large number of routes along which these buses ply. I will also draw the attention of the House to the fact—it is stated in paragraph 3 of my Observations—that the Hammond Commission themselves contemplated the formation of smaller units dealing with routes as a step that was very desirable and necessary for the more efficient working of buses and bus routes.

The point is this. In view of the emergency circumstances that have now arisen, we cannot wait for a period of

5, 10, 15 or 20 years till the operation of ordinary laws of economy will push out some of the smaller owners and create a tendency towards the formation of larger units operating on these routes. I will also point this out at this stage—a point which sometimes appears to be lost sight of—that when we are dealing with transport services we cannot consider them purely as private business concerns run for purely private profit.

Particularly, in the performance of a service of this nature, the public interest begins to dominate over the simple and pure question of private profit. In other words, in dealing with a transport service, we must bear in mind not only the paramount importance of the needs of the public, but also, let us say, the interests of the operatives in that industry, the workers. I must say that I have found it impossible to make the Motor Car Ordinance at present effective with regard to the provisions therein dealing with operatives; particularly, hours of work and wages are matters that are extremely difficult to control at present when you have a large number of owners plying their vehicles. But when there is competition among themselves, apart from competition with the Railway which still continues, the one cry is that in a hundred and one ways bus-owners get round the provisions with regard to wages and hours of work, and it is next to impossible in practice to enforce them.

I had a complaint of a strike recently in the Fort-Mount Lavinia bus route, and I had a number of conferences regarding the matter. It seemed to be clear that in many particulars the rules were not being observed by the owners. It is not only that, but every kind of measure was adopted by them to stifle the demands of the workers.

I say that that is a very serious consideration. But when you are dealing with entities like this, one single entity operating on a route, it is much more easy to enforce conditions not only with regard to workers but also such matters as fares as well as time-tables.

The present proposal, it will be seen, is that bus services shall not be operated along any road except under exclusive licence, subject to such conditions as

[The Hon. Mr. Bandaranaike.] may be attached to the licence, dealing with the questions of fares, time-tables, and so on, and with the proviso also that any bus-owners who are now operating on those roads will be duly compensated if they get out of working on that particular road. In the event of a limited liability company being formed of those who are operating on those various routes, the licence will be issued to such company. There also it is required that such company shall make adequate compensation to any bus-owner who would leave that route.

As it is a matter of some importance—the question of compensation—a matter that has exercised the minds of some hon. Members, I would like to explain it a little further. If a limited liability company is formed of those operating on a particular route, what happens? Let us say there is an owner of a single bus. He has the right to become a shareholder in that company. If he does, shares will be allotted to him calculated on this basis: No. 1, the goodwill involved; in other words, Sir, what would be his normal earnings plying on that road, let us say, over three years, or something of that kind? Whatever is reasonable in such a matter will be taken in calculating the goodwill, his earning capacity.

It will be realized that in calculating the earning capacity it makes very little difference whether the bus is old or new; the only point that will matter is the seating capacity of the bus. Whether the bus is old or new, as long as it can ply on the road and carry a certain number of passengers, the earning capacity will be the same.

***Mr. B. H. Aluwihare (Matale):** Will not the age of the bus be taken into account?

***The Hon. Mr. Bandaranaike:** Yes, the age of the bus will come in dealing with another point regarding compensation, that is the vehicle itself. The goodwill will be the first matter to be considered. The second point will be the value of the vehicle itself; for instance, in calculating it, the roadworthiness and the present state of the bus will be taken into account, and the present market value will be the value given

to it. In that way shares will be allotted to those bus-owners in this new company.

There is one difficulty that my hon. Friend the Member for Matale (Mr. Aluwihare) pointed out, it was this: there probably are a certain number of bus-owners who are not outright owners of their buses at present, who have entered into agreements with some such company as the Motor Finance Company and who have not yet fully paid up the instalments by which they are paying off the amount due to the Motor Finance Company. Now, what happens in such a case? Well, the question of goodwill is there. That ingredient in the calculation of compensation is unaltered. In dealing with the value of the bus, what will happen is that the limited liability company will take over the bus from this individual, together with his remaining liability to the Motor Finance Company. That liability will be taken over by the bus company.

Let us take a specific instance and see how it works out. There is a bus-owner. The value of his bus was Rs. 5,000. He has up to the present paid Rs. 2,000, and there is Rs. 3,000 due to the Motor Finance Company. Very well. When the new bus company is formed, they give him shares as against the goodwill; that is not altered. When it comes to the question of the value of the bus, they take over the liability of Rs. 3,000, consider the present condition of that bus and pay him what is reasonable against the amount which has already been paid. The Rs. 3,000-liability is taken over, and against the Rs. 2,000 which he has paid, he will be given what is reasonable in view of the present state of the bus; in other words, he may be given shares for Rs. 1,000, if he has paid Rs. 2,000 and if the bus is a rickety old vehicle which has been used for a certain number of years, while the whole of that Rs. 3,000-liability to the Motor Finance Company will be taken over by the bus company who will continue to pay the instalments to the company monthly.

In other words, I can give the House the assurance that there will be no danger of some such body as the Motor Finance Company indirectly in this way becoming a large shareholder in the bus

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company itself and then trying to control the bus company. That is a danger that may be present in the minds of certain Members. That simply would not exist.

If the bus-owner does not want to become a shareholder at all, if he wants just to get out of it altogether, he will not be allotted shares, but on the calculation of compensation he will be given compensation by the bus company who will just buy him out. Or he may be in a position perhaps to transfer to some other shareholder of the bus company his interest in running that particular bus upon that particular route. Those are all matters that are easily adjusted and will no doubt be adjusted when it actually comes to a point.

I have dealt with the question of compensation. Another point that arises is the question of capital. Will these bus companies be able to raise the capital that may be necessary for the flotation of this company, payment of compensation, and so on? They may not have, in their hands at the moment, or be able to produce sufficient money for that purpose. Well, I do not think that difficulty will arise, because loans upon the most easy terms, I have not the least doubt, will be available from banking concerns, particularly from a semi-Government banking concern such as the Bank of Ceylon. I do not think therefore that that problem will arise to any serious extent at all.

I come now to the objections that are raised to this proposal. I would like to mention them and deal with them if I may, because they represent more or less the doubts and difficulties which bus-owners have in mind.

I have received a letter from the Lanka Omnibus Owners' Association of which the Patron is my hon. Friend the Deputy Speaker and the President is another Member of this House, the hon. Member for Colombo South (Dr. de Zoysa). You can take it therefore that that is a fairly authoritative statement of the objections that can and no doubt will be raised to this proposal in the course of this discussion.

The first objection is this :

" Mr. Nelson, as Director of Transport, is still reluctant to put down on paper what his plans are as regards the different routes. If he takes

one route, say the Colombo-Kandy route, and tells them how many buses he proposes to allow on this route and at the same time make up time tables and fare tables . . . we should at least have some idea of his plan . . . "

Probably the hon. Member for Colombo South (Dr. de Zoysa) has a copy of this letter. It is the very last letter written to me by the Association. Perhaps I might take the letter before that and deal with all these objections. They more or less overlap. The first letter is dated 10th June, 1942. There it is stated :

" Except for harping on the formation of limited liability companies, Mr. Nelson has given no details of that scheme. It is difficult to get behind the ramifications of Mr. Nelson's mind when he is delightfully vague . . . "

Now, the objection raised is that details with regard to the particular route, termini, the number of buses plying, the fares to be charged, and the precise number of buses to be used on that route are not given.

I would very respectfully submit to the House that it is not possible to work out every such single detail with reference to every route prior to the approval of the general principle. In other words, it is really left to those companies when they are formed to comply with the general instructions required by the Central Government in the interests of efficiency. They can themselves say how many buses would adequately serve the needs of a route. If the Central Government feels that that is not sufficient, then some alteration may be made. With regard to details of garaging and termini on a particular route, surely those are details to be worked out subsequent to the formation of the company. It is not possible for the Central Government to present, with reference to every single route full details dealing with matters of that type before any step is taken to form a company. Therefore I feel that some misunderstanding exists with regard to that type of objection.

There is this, further: there is apparently a misconception in the minds of the bus-owners that they now have the power to fix time-tables and fares, and so on. They do not have any such power. That power is vested in the Central Authority by the existing Motor Car Ordinance. But we will proceed in the future, as we

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 have proceeded in the past, by way of the fullest discussion with themselves before any kind of order is made by the Central Government regarding these matters. There is, the House will recollect, a Motor Advisory Board. This Motor Advisory Board is composed of various interests, to a great extent also of bus-owners and bus-workers and various other interests. Advice would be taken from all these, and the Government will certainly not proceed to any arbitrary action in dealing with details of that kind.

That, I think, is the only reasonable answer I can give to that objection, and I do not think any particular difficulty in that direction will arise without that being worked out beforehand. It is impossible to work it out now before the scheme is even considered—to work out the details in that way.

The next point is this :

"Hitherto the omnibus owners have received no information from Government that the present bus service is unsatisfactory. Like a bolt from the blue we have Mr. Nelson's statement that the present system is not up to the mark.

I do not think that is quite correct. It is true that to some little extent we implemented the Hammond Commission Report, but it was simply for the reason that the position was not satisfactory that Mr. Nelson was brought out to this country at all, as hon. Members will see by reading the debate on the motion for obtaining his services. I am not blaming these bus-owners. I think in many instances they have gone out of their way to be helpful. I have no grudge or grievance against them personally that they have wilfully tried to do something wrong; nothing of the kind. I am very grateful to all of them for the assistance they have given Government, particularly at this time, in the operation of road transport as far as it concerns omnibuses.

The question is not whether there is something very unsatisfactory now being found, that something very unsatisfactory in the present state of affairs has suddenly been discovered by the ingenious Mr. Nelson. The unsatisfactory state of affairs was realized by hon. Members of this House when they obtained Mr. Nelson's services. The only point we have in view is to speed up our action in view of the present emergency

conditions, to speed up action which in any case would have been desirable.

Their third point is this :

"The grandiose plan envisaged by Mr. Nelson is not possible at this critical juncture."

That objection is also due to a misunderstanding. This critical juncture is one of the chief reasons which have necessitated the expediting of this scheme. I do not wish to say anything more on that aspect of the question.

Their next point is :

"It is impossible to secure new chassis and spare parts for renewal."

I should like to give an answer to that question. We are not only making every effort, but we have also every prospect of obtaining a large number of new chassis. Although they are mainly lorry chassis, they can and will be utilized, wherever there is necessity for it, for buses plying on the various routes.

They next say :

"Shortage of tyres and petrol is another serious problem that confronts the much harassed omnibus owners."

Why should they give me arguments to use against their case? Surely, that is an argument that I could have used, certainly with considerable force, in pressing this motion, namely, the difficulties that exist at the present moment are all difficulties that are enhanced in the case of small owners working on the various routes who have not enough capital behind them to deal with the difficult situation that has arisen, as a result of the increased cost of spare parts, the increased cost of petrol and the difficulty of obtaining petrol, etc. Such a situation can more easily and effectively be dealt with by a bus company of this nature than by individual small owners who are now actually working, to say the least, under very great difficulties. I would therefore say that this measure is going to protect the small owner, for this reason :

What is the present state of affairs? The big bus-owner comes along like a shark—I am only using the word metaphorically, and not in a deprecatory sense—[*Interruption*]. Sharks also have their good points sometimes. They come along, and their one object is to "squeeze" out the small man and obtain

control of the route on which he plies his vehicles. They are doing it now, and they are doing it in a way in which the small man is ruined. Under my proposal, the small man's interest in the company would be secured on a reasonably equal footing with the other shareholders. According to his interests, he will be a shareholder in the company, without being just thrown out into the street, a sort of process which apparently is the one contemplated by some people.

Their next point is this:

"Till Mr. Nelson gives clear cut facts and figures as to the number of buses he proposes to allow on each route, and also how many routes he will allow to each company, it is not possible to gauge the amount of capital required for each company."

I would like to point this out to the House, that already a certain number of companies have been formed, the details of which I should like to give the House. There are six such companies that have already been formed. One company was formed in 1941, with a capital of Rs. 500,000, namely the Yatiyantota Motor Service Company Limited. Five such other companies have been formed quite recently. On February 18, 1942, the Panadura Motor Transport Company was formed with a capital of Rs. 500,000. Then there is the bus company, plying between Kandy and Matale and another bus company plying between Alawatu-goda and Matale, also with a capital of Rs. 500,000. There is yet another, the P. S. Bus Company plying between Kandy and Muruthalawa, formed with a capital of Rs. 50,000. All these companies have been approved and registered and will be legal entities in the very near future.

Mr. H. W. Amarasuriya (Galle):

Can the Hon. Minister inform the House of the number of buses that will be run by these companies?

***The Hon. Mr. Bandaranaike:** I am not sure of the precise number of buses on each route.

***Mr. Aluwihare:** How many people plying buses on the Kandy-Matale route have joined that company? The implication is that that company was formed by only one bus-owner.

***The Hon. Mr. Bandaranaike:** I do not know whether the bus company plying between Kandy and Matale was floated by one individual, but I do know that there are a large number of bus-owners as shareholders in the Kandy Town Bus Service Company, which was floated with a capital of Rs. 200,000. I know that there are a large number of shareholders in that company. I think the Hon. Minister of Health will be able to give the necessary details about that company. I think there are about 20 or 25 buses plying in that area.

Mr. Susanta de Fonseka (Panadura)

They are all private companies.

***The Hon. Mr. Bandaranaike:** There are those companies already formed. The bus-owners want us to give the precise facts and figures with regard to the number of buses that would be allowed to ply on the various routes in order to enable them to find out the capital needed by the companies. As I pointed out in dealing with their first objection, there are no details with regard to each route that we can give them. It is for each of those individual companies to work out those details, according to their own needs, when the question of the formation of bus companies arises. I do not know whether it is necessary for us to say now that a certain capital would be required for a particular route. How can we do that? That is a matter that is left entirely to the company. It is not for the Central Government to dictate to the companies the capital that they should have. It is a matter that should be left to them. They are the best judges with regard to that matter.

The next point is:

"The feeling is generally prevalent in the minds of the bus owners that Mr. Nelson is actuated by the desire to place the insolvent Ceylon Government Railway on a sound footing, if it is humanly possible, and that this method of Mr. Nelson, namely, the company system, is an attempt to make the bus service play second fiddle to the Railway.

With regard to that objection, I can only reiterate what I have already mentioned in my Observations, that there is no desire whatever on the part of Mr. Nelson, who would be exceeding his instructions in dealing with this problem if he had dealt with it in that way—neither

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 the Board of Ministers nor my Executive Committee has any such desire—to make the bus play second fiddle, as they call it, to the Railway; in other words to reduce road transport to the position of a purely subsidiary feeder service to the Railway. That matter has been dealt with in the Hammond Commission's Report, and it has been thrashed out in this House. There is no intention whatever of doing anything like that.

Far from that being the case, the present suggestion will have the opposite effect. It will establish bus companies on the various routes and will place them in an extremely powerful position, not only in a powerful position but also in a position to open up new routes or unremunerative services as subsidiary routes to the main routes that they will now be plying buses on. That is, if a bus company is plying between Colombo and Kandy and if it is powerful and is making profits, it may be able to take on various subsidiary routes which are not remunerative and which would not be worked by one or two single small bus owners—because they will not pay. But it will pay these bus companies to work those routes. In other words, the system now proposed would result in increasing the importance of road transport rather than making road transport subsidiary to the Railway.

With regard to the question of fixation of fares, etc., hitherto we have, in pursuance of the policy laid down by the Hammond Commission, consulted the Railway on the subject. We have not agreed to what they suggested, but they have been consulted throughout. The bus-owners know that. As a matter of fact, the bus-owners participated very willingly in such consultations themselves before the existing fares were fixed. There is no suggestion whatever in this proposal to make the road transport service subsidiary in this way to, what they call, a dead or dying Railway system.

Their next objection to this proposal reads thus:

“Under the present Ordinance, it is possible for all owners on one route to form a limited liability company if they are so inclined and if

by some untoward event the company proves a failure the individual owners, after the dissolution of the company, will possess the right to run their buses on the route as they have done before the formation of the company.”

What they say is this, that at present if they of their own accord form themselves into a bus company and if that company by any chance comes a cropper, it would still be fair and proper for individual owners to ply their bus, but that under the new scheme proposed it will not be possible for them to go back to the method that existed in the bad old days, when individuals ran their buses themselves, and that some legal entity would work the whole of that route.

I would ask the House to consider this problem from the point of view of public interest, from the point of view of securing the enforcement of the provisions with regard to time-tables, fares, wages of workers, hours of work, and so on—all of them matters which must be considered as of paramount importance—while at the same time not doing any injustice to the bus-owners themselves. Hon. Members should look at this proposal from those points of view. This is not a question of giving people the choice of going back to a state of affairs that existed seven or eight years ago, when individuals plied buses on the road without any reasonable control at all. A progressive imposition of some such control as this is necessary to secure an efficient road transport service. The bus-owners want the opportunity to go back to that old system which we are struggling hard, by getting down Commissions, to avoid. The small owners look upon that old system as a sort of haven to which they can always retreat if a storm arises outside. In case of trouble, they want to have the opportunity of winding up their company and plying their buses individually themselves. I do not think the House can agree to the implications of that particular objection.

They refer to certain companies which, according to them, had been started but had failed. They say that certain bus companies had been started in this country before, but that they had not succeeded. I should like to say that a bus company of the kind proposed has the guaranteed use of a particular route and therefore cannot fail. This is not a case

where the dangers that confront, shall I say, a small boutique-keeper arise. The company has the use of a particular route, and as such it will pay them to work that route. There will be sufficient traffic on that route to enable them to make a fair and reasonable profit.

There is, however, an interesting aspect of one of their objections, that such companies would not pay. They seem to be convinced at the back of their minds that they are going to make profits, and they therefore urge that the bus companies be exempted from the excess profits duty. That is a matter which the House will have to consider. The Board of Ministers have come to no decision in the matter. If a case can be made out why these newly-formed bus companies should receive some concession by way of exemption from excess profits duty, it will certainly be considered. I am merely showing the House the contradiction in their arguments. On the one hand, they say that the companies would end in failure and, on the other, they say that one of their fears is that these bus companies will have to pay excess profits duty. That was one objection; otherwise everything was bright and beautiful in the pleasantest of all worlds. That was the one objection. I merely mention that; the House can consider that question on its own merits in due course.

Subsequent to that, there was another communication more or less dealing with the very same points, which I need not repeat. The same points were raised.

There are further points to which I would like to make some reference here. There is objection now being taken even to the Observations of the Hon. the Financial Secretary appended to this motion. Even that apparently is not quite correct with regard to the financial implications. That, of course, does not deal with this question. It will be observed that the Hon. the Financial Secretary's remarks are these:

"The proposed amalgamation of bus services is not likely to result in any appreciable decrease in revenue."

That is the view of the Hon. the Financial Secretary. Now, out of consideration

for the revenue of the Central Government we are told that the Hon. the Financial Secretary is all wrong and that there will be a serious decrease.

Apparently the argument urged is that by following such a scheme in Malaya, there was a reduction in the number of buses. They urge that that would result in a reduction in revenue to us from licensing duties, registration, and so on. We are nothing unless we are philanthropists in this House, and let us be prepared to run the grave risk of a certain loss of revenue which I do not think will eventuate in that manner, because in Malaya it was found that there was a certain small decrease, a reduction of the number of buses on each route. But actually the number of operatives greatly increased, the number of people working.

It is rather an unfortunate example for them to quote Malaya. There were all kinds of races concerned. There were a large number of these small owners with private buses; they not only formed these companies, but the whole scheme is working extremely satisfactorily there.

***The Hon. Mr. G. E. de Silva (Minister of Health):** Even now?

***The Hon. Mr. Bandaranaike:** I beg your pardon. I am sure that the Japanese may claim that it is working better: I really do not know. But the case of Malaya is a very interesting example.

The point is made that the records of the Bank of Ceylon and the other Finance Companies show that the bus owners started their business either by mortgaging their lands or their buses and that they were induced to do so by the reliance they placed on the security of tenure granted by Ordinance No. 45 of 1938. They also say that this Ordinance has eliminated competition. That is the one thing the Motor Car Ordinance has not succeeded in doing. That is the one refrain from hon. Members—that the Motor Car Ordinance generally eliminated this competition and that therefore a

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further expert was necessary to go into the matter and put that state of affairs right.

Mr. R. C. Kannangara (Morawake):

The letter of 8th June says that the Commissioner of Motor Transport said—it is stated that he said this in your presence at a conference—that there is no competition now.

***The Hon. Mr. Bandaranaike:** I am glad that my hon. Friend has drawn my attention to that fact. That is not correct. The Commissioner of Motor Transport is only too well aware—through no fault of his own; he is one of the best officers whose patience and tact as well as ability are unquestioned—of the present situation, and if that statement is made, I can only say that that is not correct, that that is not the view of the Commissioner of Motor Transport at all. That there is no competition now is certainly not his opinion.

***Mr. Aluwihare:** We will adjourn to hear some evidence.

***The Hon. Mr. Bandaranaike:** On that point therefore, it is not necessary for me to say anything more. They have made a further point:

“The formation of a company at this stage will not help them in the least as the Company will not take into account the large sums paid by them for the route and the time but allow only the amount on the scale proposed by the Minister.”

That is, again, a detail. I do not quite understand what this objection is. The opponents to the scheme themselves urge that an old bus can earn as much as a new bus; they say that the earning capacity is the same. There they seem to be under a misapprehension when dealing with the seating capacity. We are not valuing it at the same figure. It is the actual earning-capacity based upon the seating capacity and the amount of custom it will have on that particular route.

I think I have now dealt with most of the objections that have been raised or are likely to be raised by this scheme. I appreciate some of the difficulties which

the bus-owners have put forward. It is our duty to see that no injustice is done. But having gone into every detail of the matter, in view of the present position of road transport and the particular situation arising out of the war and in view of the fact that the main objection, namely, that regarding compensation and that regarding capital can be dealt with without causing any difficulty to the bus-owners who are now plying on these routes, I feel that I can reasonably place this motion before the House in the hope that it will meet the present situation as well as improve the state of road transport without involving any hardship or injustice except that hardship and injustice that can always be imagined in any new move.

The House will remember that when income tax was proposed, the arguments that were seriously advanced by my hon. Friends the European Nominated Members particularly and the Chamber of Commerce—every one of them—were, in actual practice, exploded. I feel that these bus-owners themselves will realize that this is to their advantage: that it will not harm the big bus-owners, that it will help the small bus owner, that, as far as the operatives go, they are going to benefit by this scheme, and as far as the public of this country is concerned, that the public will be supplied with a much more efficient road transport system than exists at present.

I have much pleasure in placing this motion before the House.

Mr. R. C. Kannangara: Before the Hon. Minister concludes, I would like him to tell us the particular method that is going to be adopted in valuing these buses. There is a great difference of opinion with regard to this matter.

***The Hon. Mr. Bandaranaike:** If I may consider my speech, by construction, as uninterrupted, I should like to answer that question although I sat down. The compensation for the buses will be calculated in the manner which I explained, namely, the compensation will fall into two parts—one is the goodwill; in other words, according to the seating capacity

of that bus. What will that mean? The amount earned by plying that bus on that particular route over a certain period.

Mr. R. C. Kannangara: That is the point. Perhaps the Hon. Minister will pardon me. I will read this paragraph from the letter of the Lanka Omnibus Owners' Association:

"We regret we are unable to accept the Minister's basis of valuing buses. He proposes to make the same allotment of capital for buses whether old or new with the necessary allowance for seating capacity. It is manifestly unfair that a Chevrolet bus, say of 26 seating capacity, 10 years old and which originally cost Rs. 3,000 should be given the same allotment as a Diesel Benz bus of 26 seating capacity 4 years old which originally cost Rs. 12,000. We therefore suggest that a uniform rate"

***The Hon. Mr. Bandaranaike:** I thank my hon. Friend for drawing my attention to that paragraph. The objection arises out of a misunderstanding. As far as the goodwill is concerned, it does not matter whether it is a Diesel bus or an old bus or not. It will earn the same amount according to the seating capacity, and the number of trips it does. But the difference will come in here, when you give compensation for the value. Therefore there is no flat rate for all buses, whether old or new or Diesel or Chevrolet; otherwise one bus may be worth Rs. 1,000, while the Diesel bus may be worth Rs. 6,000 or Rs. 7,000. Therefore the value will be calculated on the actual market value. The compensation will have to be paid by the company.

***Mr. Aluwihare:** How?

***The Hon. Mr. Bandaranaike:** In cash or, if the owner joins the company, by way of shares.

Question proposed from the Chair, and debated.

Mr. Speaker: The sitting is suspended till 4.30 p.m.

Sitting accordingly suspended until 4.30 p.m. and then resumed.

Dr. A. P. de Zoysa (Colombo South): Sir, the Hon. Minister has put before this House a scheme which according to him, is to benefit war purposes, the public and the bus-owners. But if we examine the scheme more carefully we will find that it has not all the advantage which the Hon. Minister claims for it.

If the Hon. Minister knows the history of the bus services in this country, what the buses have done and what they are doing for road transport, and if he also realizes the conditions under which the bus-owners work in this country, I believe he would have had quite a different opinion on the whole subject. Unfortunately the Hon. Minister is not in touch with the bus services. Nor does he know how the bus services are carried on and under what conditions the owners work. He does not know the different types of owners that we have. He travels in an exclusive type of car, and he knows nothing of the bus services.

To make matters worse, Mr. Nelson, who is an expert, came from Malaya. He was wanted as an adviser. He was asked perhaps to direct motor transport. He himself has had no experience in this country. He looked first at England. He knew how developed the English bus services were. He looked at Malaya. Evidently at the time he started his work in Malaya, things were in a worse plight than they are here in Ceylon. So he came here and wanted to put into practice what he had done in Malaya forgetting the fact that Ceylon is far more advanced than Malaya with regard to bus services.

At one time, Sir, Ceylon was in the same position as Malaya. There was competition, unhealthy competition, among bus-owners. There were no time-tables for buses; buses were not run according to time-tables, and we had no set fares. All those things are past. It was the Hammond Commission that put matters right. Mr. Nelson, before he recommended this scheme, ought to have gone deeper into the matter. At least he should have seen how these services worked. I doubt whether he had any experience of the local bus services. He has been in this country for such a short

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time that we have to assume that he has not had sufficient time to know fully the circumstances in this country with regard to bus services.

But there is one officer—the Motor Transport Commissioner—who is well versed in this matter. I should say that he is an authority with regard to buses in this country. The Hon. Minister very kindly paid a compliment to this officer for his patience, tact and ability. That this officer had to tackle a very difficult situation, I think, is admitted.

There is no unhealthy competition among bus services now. There was not only unhealthy, but undesirable competition among bus-owners in the past. But the Motor Transport Commissioner, by fixing time-tables, by himself taking the owners into his confidence, by advising these owners, by sometimes refusing to grant licences, by sometimes limiting licences and getting out certain buses from certain routes and offering licences on other routes, has tackled the situation very well. So that, Sir, after the Motor Ordinance came into operation these buses have been doing very well. Unfortunately the war broke out when the bus services were making progress.

Neither Mr. Nelson nor the Minister seems to have asked the Motor Commissioner for a report on the bus services. If that had been done, the Minister would not have spoken in that strain with regard to the inefficiency or the competition of the buses to-day. It was the duty of the Minister to have asked for a report from the Motor Commissioner before putting forward this scheme. A report from the Motor Transport Commissioner should have been before the Executive Committee of Local Administration or before this Council. I do not know whether the Minister had asked for such a report, or whether Mr. Nelson had got into touch with the Motor Transport Commissioner and had gone into the matter with him.

According to our Motor Ordinance, there is a Motor Traffic Advisory Board composed not only of Government

Officials but also of members of the public. This Advisory Board is expected to report to the Minister or the Commissioner of Motor Transport about the state of buses in the country. We have no such report. Nor does the Motor Advisory Board condemn the present-day bus services. The Minister thinks in terms of the past. He is not in touch with the people or the bus services, and so he imagines that conditions are the same now as they were in the past. He does not give credit to the people who by their own efforts have improved the bus services.

Without a report from the Motor Advisory Board or from the Commissioner of Motor Transport—parties who, under the law, have authority to speak on the matter—the Minister has asked Mr. Nelson to put forward his plan. The Minister has shown scant courtesy to the Motor Advisory Board and to the Head of the Motor Transport Department who has served him faithfully and who has served the country and the public in an able manner by tackling the very difficult task of putting motor bus traffic into order and placing it at a point from which it could progress.

I should like briefly to convey to the House the history of motor bus services in this country. Evidently they were started somewhere about 1922. In that year, or a little later, Messrs. Boustead Bros. started a bus service. This was a limited company, but they found that they could not carry on. It was not that they had not the buses or the licences to run the buses, but they found that their overhead charges were so heavy that they could not earn any profits. The result was that that company ceased to run buses. There were other companies formed, and I shall refer to them later.

Seeing the need for this form of transport, the Government did not come to the help of the people. The people found that they needed to use buses or other motor vehicles, and in these circumstances, some people mortgaged their properties, their jewellery, and purchased buses. Sometimes the owner of the bus himself drove the vehicle. In order to see to the running of their buses and to

carry out necessary repairs on the road, these owners and drivers had sometimes to work hard. They worked like mechanics. They struggled to keep their business going, and those who succeeded, those who had earned sufficient money, those who at one time owned one or two buses and who drove their own buses, now own fleets of over 100 buses.

It is a great credit to them. I admire more than any other the man who, through his own efforts, starting with just one bus, with very small capital, with but little help from the Government, with all the difficulties placed in his way by the Police and other authorities, struggled on and now has become one of the few men who own over a hundred buses. In any other country, the success of such men is greatly appreciated and remembered because they have done a service to the community. These are the few who have succeeded, but there were hundreds of other bus-owners who were ruined.

These men performed a service to the public in that they helped the Government to improve the road services of this country. Before the advent of these buses, our roads were in a very poor condition, but with the revenue brought in by motor licences, the duty on petrol, and in other ways, the Government was helped to improve the roads. More than that, these bus services showed the people that road transport could serve the public needs better than the railway, and the people responded by making greater use of the motor transport services, because they found it less expensive to do so. They also found that by using the bus they could save the time and trouble of travelling to and from the Railway Stations, and that their luggage was more safely and cheaply transported on the bus than on the railway. There was in addition the personal sympathy extended to them from the people running the bus services. These men sometimes allowed free travelling to patients going to hospitals; they allowed poor students to travel free to their schools. There were many other advantages which the people derived from the bus service.

After all this struggle and effort, a time came when some of the bus-owners,

having earned a considerable sum of money, were able to improve the quality of the vehicles they put on the roads. The Government is now in a position, if not to help them, at least to direct them. It is an accepted principle of law that even when you are sentencing a man to death, you ask him what he has to say before the sentence is passed on him. But here you are trying to hang the bus-owners without giving them a chance of saying anything in their defence. Without even an indictment, they are to be hanged.

The Minister or the Commissioner of Motor Transport, or the Advisory Board, could have told these bus-owners, "Look here; your buses are not satisfactory; they are not large enough; we want you to improve the service". They could have told the bus-owners what the defects were, and they should have given them time to improve the service, and, if they failed to do so, they could have been punished.

Has that been done? Nothing like that has been attempted. They were given a time-table and asked to run their buses according to it, but later most of the buses owned by these people were commandeered for military purposes. Then rationing of petrol was introduced, and the bus-owners found it difficult to run their buses according to the old time-table.

Although minimum fares had been laid down, the bus-owners have not raised the fares. You can still travel from Fort to Mount Lavinia for 10 cents, whereas in all other directions the charges have gone up. The Railway has increased its fares, and the prices of all commodities have gone up. The price of petrol, tyres, and so on, has gone up, but these bus-owners, who, according to some Ministers, are not doing their duty to the public, have not increased bus fares. They have the right to do so, but they are continuing to ply their buses on the old fares.

Without giving the bus-owners a chance to improve their service, the Minister gets the idea that limited liability companies would produce better results, that they would serve the public better. The Minister makes accusations against the

[Dr. de Zoysa.] bus-owners, but instead of making these accusations here, the Minister, or the Head of his Department or others, should have made their accusations against bus-owners in their presence and told them what were the defects in their service, and given them time to remove those defects and improve the service. Has the Minister made any such effort?

He must remember that this is the only big business that is in the hands of the Ceylonese. If he is so anxious to serve the public interest, the best thing he can do is to get the whole business into the hands of the Government. Let the Government buy up the services and run them as a Government concern. The whole country would welcome that idea. If, on the other hand, the Government has not got the necessary funds to do so, let it allow some European firm or firms to run the service—if the Minister is solely concerned with public interest.

These bus-owners have struggled to earn a living, but at the same time they have served the public; they have performed a very useful service to the country, and this is how the Minister proposes to treat them. Without giving them a chance to improve their services, he wants to punish them by asking them to form impossible limited liability companies.

I say "impossible", because these bus-owners have not been told what the routes are. I will explain that. For instance, between Colombo and Matara, how many routes does Government intend to establish? If the Minister thinks that that is one route, and that all those who ply between Colombo and Matara should form themselves into a limited liability company, he is mistaken. There are routes within these routes. There are a number of bus services plying between Colombo and Mount Lavinia; Colombo and Moratuwa; Colombo and Panadura; Colombo and Kalutara; Colombo and Alutgama; Colombo and Ambalangoda; Colombo and Galle; and between Colombo and Matara. There are also branch services.

Without defining what these routes are, the Minister indulges in ridicule and says, "Oh, these are details which we

can meet later". Does the Minister call the bus service between Colombo and Mount Lavinia a route? If these bus-owners are told, "For this service, we consider that only 50 buses are needed", they would know how many buses they are going to have, and how many buses they will have to buy up, what expenses they will have to incur.

But without giving them any details which would help them to judge what the results would be, the order is given, "Form companies. From next year licences will be given only to those who belong to a limited liability company". I can understand a command like that being issued in Nazi Germany, or Fascist Italy, but, Sir, I cannot understand the action of a Minister who stands for democracy and says that by law people should be forced to form companies.

These are business men, and it is an insult to them to make this demand of them, without giving them information as to what their liabilities would be, what capital would be necessary. A company is not formed by merely getting the buses together. Even if the buses are there, the owners must know what the overhead charges are going to be. I will explain later how these buses work.

The Minister says in his report that 750 bus-owners own and operate 1,200 buses. It may be very desirable that only one person should own all these buses, but, Sir, we have here 750 owners to whom their buses provide their only means of livelihood. If you realize that, you would have more respect for the rights of these bus-owners. If there is a general demand throughout the country from the people that these bus-owners should give up their present means of livelihood for the sake of the public good, I can understand the Minister bringing forward a motion such as the one before us, but when he says that these 750 bus-owners own 1,200 buses, he forgets that 800 or more of these buses have already been taken over by the Military authorities. The Military took over the best buses, and the owners gave them over ungrudgingly. The Minister now says that the services are inefficient, that the vehicles are old and not road-worthy. It is not fair to make those

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accusations against these people who have made sacrifices for a noble cause, to help the war effort, and have given up their best vehicles.

***The Hon. Mr. Bandaranaike:** I am not accusing them.

Dr. de Zoysa: The Minister ought to have had more sympathy for these people who, in spite of the fact that their best vehicles have been taken over by the Military, yet maintain the service with great difficulty.

The Minister says that it is essential for Defence purposes that these limited liability companies should be formed. Now, if the Chief Secretary had told us that bus-owners should form themselves into companies for Defence purposes, I could have understood it. Even then, I should like to ask him for what Military purposes they have taken over a large number of buses. Do they want these owners of buses to form companies? Does the Hon. Minister mean to frighten the enemy by making the buses look like tanks, and patrolling with them? What is this Defence purpose for which he wants these buses?

Perhaps it may be that for Civil Defence purposes the buses are necessary, or they may be necessary for other purposes, but where is the authority for the Hon. Minister to make such a statement? Shall we take it for granted that the Hon. Minister, in his enthusiasm to help in the war effort, imagines that these buses may be required? Then, it is nothing but fair to the owners of buses, instead of compelling them to form liability companies, to give them an order. He may say, "Your buses may be needed for Military or Civil Defence purposes; in future put all your buses in certain garages". Fix them to that order and say, "All buses that come to Colombo should be at the Fort bus-stand and all buses that go to Galle should be there". Or else, if necessary there are the Police Stations and the Headmen. If buses are garaged in villages, the Headmen can be asked to take charge of them and say that they will be needed in a case

of emergency. If the buses are needed for essential military service, this should have been indicated by means of a circular, containing instructions to the Government Agents or the Police Stations, or bus-owners might have been written to individually.

The Hon. Minister does not believe in that. He thinks that the only way in which he can get a bus when required is by forming limited liability companies. Even there he fails. If he thinks that forming liability companies is a method of getting all buses together, he is sadly mistaken. Sometimes, when a man owns two buses he uses his compound as a garage. Those who have a large number of buses may have a special garage to keep their buses. Supposing limited liability companies are formed, can they, in a day, decide where the garages should be built? It will take six months to build a garage, if not more, because, first the company has to be formed. When a company has been formed, there must be one large garage or shed. Where will that be, and who will spend for it? How long will it take to build it? Can the Military commandeer a school or some other shelter and say, "Here, use this place as a garage"?

Sir, the Hon. Minister has done a great service in getting the Motor Car Ordinance passed, and seeing that bus-owners carry out their services. But the present proposal is a sad mistake. We might rue the day, if this motion is passed. The Hon. Minister has made a great blunder and blundered seriously thinking that he is doing a service.

If the Hon. Minister wants to be the Commander of the Forces, he should await his time. If he imagines that he is a Commander of the Forces, and that the entire defence of the country has been cast on him, and he tells Mr. Nelson, "Order or threaten these bus-owners and say that Defence Regulations will be used if limited liability companies are not formed", and Mr. Nelson innocently obeys him, you will want to know from where the Minister derived that authority. In the Conference we had, Mr. Nelson said that he carried out the Minister's orders. I do not blame Mr. Nelson. He

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 thought that the Minister was the Government. It may be a mistake or a misunderstanding, but whatever it be, the bus-owners got frightened and thought that Defence measures would be used. They were a little disturbed at the start as to what use these buses would be put.

Sir, if the Hon. Minister had had orders issued by the correct source, by the Commander of the Forces, or the Commander of the Navy, or the Defence Minister—the Chief Secretary—to say that those buses would be required in case of an emergency, all the bus-owners would have obeyed such an order. They would have not only obeyed him but also willingly co-operated and helped him. But when they think that the Minister, mistaken as he is, is trying to force people to form limited liability companies, what will be the position?

The Hon. Minister in his report says that it is not possible to control the movements of buses in the hands of such large numbers of owners. That is his plea. But whether the owners are reduced to one, or whether the number of owners is increased, the buses, if they are plying, will be garaged in certain places. The only thing he could have done was to instruct the owners as to where the buses should be garaged after they had done their work. He has not done that, and his idea of a Defence measure must be dismissed as an excuse.

Hon. Members will realize that this is a plea for him to carry out his wishes. He is misguided or misled. I do not say that he is trying to deceive us, but his idea that this is the way in which the bus service should be organized is wrong. If he says that it is necessary for Military purposes, where is his authority for it? Will he get up and say that he had the orders of His Excellency the Governor or the Commander-in-Chief or of the Navy or any other Military authority or even the Civil Defence Commissioner to the effect that all these buses are wanted and that this need can only be supplied by the formation of limited liability companies?

*The Hon. Mr. Bandaranaike: Yes, that is correct. It is the view of all the

Services, as well as everyone else, that this is the only possible step.

Mr. Susanta de Fonseka: Is it on their orders that you are acting?

*The Hon. Mr. Bandaranaike: No, it is on the decision of the Board of Ministers.

Dr. de Zoysa: The Ministers are responsible to us, and to the country for what they do. If they make a mistake, it is not they who suffer; it is not we who suffer. It is the poor of the country and the people who have to depend on their buses as a source of living who suffer. Those are the people who stand to lose.

Therefore, this is not a matter that we should trifle with. If the Board of Ministers have agreed, they must have had certain reasons. Unless we hear about them from some Ministers, we do not know what those reasons are. But it is quite clear that the Defence measures do not demand the formation of limited liability companies. If that is said, perhaps it would be good matter for *Punch* for a cartoon. I think, if this is known in England—that as a Defence measure in Ceylon, the Minister thinks that limited liability companies of buses should be formed, the Editor of *Punch* will get at it and he will write something.

Now, in the second reason given, the Hon. Minister says that the amalgamation of owners is proposed in order to reduce their number. That means that he wants limited liability companies. It was pointed out that by the formation of unions, at the same time retaining the ownership of the buses, they were ready to carry out the wishes of the Minister and his Ministry. I was shocked to realize how reasonable these owners were. They are not in any way people who are subservient. They are not people who will unjustly give in to a Minister or to anyone—I can assure you that—but they are reasonable. They say that if the Hon. Minister thinks that for the sake of carrying out certain matters during these hard times unions are necessary, while retaining their ownership they are prepared to form unions and carry out all the wishes of the Minister.

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But then, the Minister says, "No, they should be legal entities". Why? If they are ready to give the buses to the Military, to the Minister or to any authority when they are needed, if the bus-owners are ready to run the service according to the wishes of the authorities during this time, why does the Minister want these limited liability companies formed? The more the Hon. Minister presses this idea of limited liability companies as a necessity, the more the bus-owners begin to think there must be something behind his action. They cannot understand it. The Hon. Minister thinks that these unions will not answer the purpose. We want to find out why. If the owners themselves freely offer to form unions and to carry out all the conditions the Hon. Minister desires with regard to licences, with regard to the method of running the bus services, and still, if the Minister says that he wants limited liability companies formed, the owners feel that behind all this there must be something.

If the companies become bankrupt or insolvent, the result will be that Government will buy them up without paying compensation. Now, that is very unfair. That is the idea behind it, instead of saying, "Yes, you have worked this service well. For your goodwill and the expenses involved, Government is prepared to pay so much and buy up your bus". Nobody will object to that; in fact, the whole country would welcome it.

On the other hand, there is another fear in the minds of the bus-owners which I must put bluntly before you. Some of these owners fear that if they form limited liability companies and if they lose in the business and become insolvent, it would be the signal for American, Indian and British capitalists to step in and either buy up the shares of these companies or form a huge limited liability company and take over this last and only big business which is in the hands of Ceylonese. There are good grounds on which to base such suspicions, because of the unreasonable pressure on the part of the Minister. We do not say that the Minister in any way intends that these limited liability companies should be sold to foreigners. But what we fear is that

the ultimate result of the formation of such companies would be that this business which we have been able to build up with such difficulty will go into the hands of foreign capitalists.

I dare say the Minister has no such intentions—I am quite sure of it—but to allow such suspicions to remain in the minds of a large number of bus-owners is not very desirable at a time like the present. These people carry on the bus services even at a loss sometimes, because they feel that after the war they could at least retain their rights. So at a time like that, when they get the idea that these limited liability companies would ruin them and the whole business would get into the hands of foreigners, you can imagine the agitation and dissatisfaction to which such a suspicion would give rise.

Sir, I must say that these bus-owners have been extremely loyal to the Government. The Minister knows it. Let it be a carnival; let it be some Military or social matter for which the Government wanted some buses—it may even be for a picnic party of some Government school—the bus-owners were always ready to give their vehicles free. Not only that; they gave their drivers experienced drivers. They contributed large sums of money for various purposes. In every way they have been loyal.

Instead of acting in this manner, the Minister could have addressed the owners and convinced them that this was the best thing to be done in their interests. If he had done that, if he had convinced them that it was in the best interests of their business to form limited liability companies, I am sure there would have been no need for this motion; they would have readily agreed. He would have been hailed as a person who came to their help. Instead of doing that, the Hon. Minister holds out the threat of the Defence Regulations. Besides that, when the people have not got enough capital, by forcing them to form limited liability companies, the Minister is creating—I would dare to say it—a Fifth Column in this country. Perhaps the Minister is not aware of the actual state of affairs, the dissatisfaction

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that prevails. The bus-owners say: "If this is the attitude of the Minister and the Government, if they are forcing us to form limited liability companies when we do not even know how much we may have to spend in doing that, if they try to place obstacles in our way when we are carrying on a legal and harmless business to earn our livelihood, if that is to be thwarted, hampered in this manner by forcing a law on us, well, we think that there is no difference between the British Government and the Nazi Government".

The Nazi Government is represented as a Government that imposes its will on the people whether they like it or not, and destroys the idea of democracy. And here is a Minister who is following the principles of the Nazi Government and forcing the people to accept a measure that they do not like. Not only these bus-owners, there are about 20,000 people employed in different capacities under these bus-owners—as drivers, cleaners, mechanics, carpenters and so on—and all these people protest against this proposal as they fear that it would create unemployment amongst them.

The Hon. Minister may have meant well. But it is his duty at a time like the present not to allow any panic to be created, to persuade the people, rather than force them to take a certain kind of action. The Hon. Minister has been very tactless in this matter; there is no doubt about it.

In giving his reasons for this measure, he quoted from the Hammond Commission Report about the development of road services, and he said that it led logically and universally to a merging of interests. That is so. It is going on. Take the case of the Fort-Mt. Lavinia bus service. Originally there were eighty or more bus-owners—perhaps each owner had only one or two buses—but gradually they came to realize that it did not pay them to carry on like that; so they sold their buses to larger owners, and the result is that to-day on that route there are owners who have as many as twenty and thirty buses.

If only the Hon. Minister had some patience, it would have been easier at a later stage to point out to the owners of

buses the value and the usefulness of forming limited liability companies. But the Minister is impatient. The Minister's impatience is known not only to the House, but perhaps it is known to everyone in the country. He had ample opportunities, instead of hurrying this measure through the Council, to educate the public, the bus-owners, about the value of forming limited liability companies.

Sir, if limited liability companies are the remedy for bad business, then why does he not take up the question of these boutiques where rice and other foodstuffs are sold? It is more important where our rice, our food, is concerned to force these people to form limited liability companies so that they may give us better food, better service, liveried attendants, and so on. That needs large capital. But he does not think of that.

Then, think of another means of road transport. Think of the plight of the rickshaw puller. Sometimes, Sir, an old man, perhaps hardly able to walk, is made to carry in his rickshaw a hefty, strong young man, and he is paid a meagre fare. It is cruelty to human beings. Why should not the Minister think of the plight of the miserable rickshaw coolies and get them to form limited liability companies and get the Government to subsidize them?

Limited liability companies are quite all right in their place where large capital is invested and banks are prepared to lend money. But do we have all those advantages? We know what a limited liability company in Ceylon is when we look at certain instances. Take the Railway. The Hon. Minister pointed out that so long as there were passengers, no limited liability company would fail. He was very clear on that point. But then I ask him to look at the Railway. From Kandy to Colombo there are sufficient passengers, but has the Railway paid? Have we not lost every year and counted our losses in millions? It is an admitted fact, though the Railway is overcrowded now, that we are losing on the Railway. In the same way, when limited liability companies are formed, the companies may fail because

If you go to a countryside tea kiosk, you will find that the man who prepares the food, who serves the meal, who takes the money and does everything else is the owner himself. It is the same with boutiques that sell rice and other sundries. The same thing applies to some of these bus services. The owner is the driver and the cleaner and the mechanic, and he earns his livelihood by plying his bus. With the formation of liability companies come the overhead charges. There will have to be a set of Directors and Managing Directors whose salaries will have to be paid. Instead of mechanics, there will perhaps be Engineers, there will be Inspectors, and so on, and what the companies earn will perhaps be hardly sufficient to meet the overhead charges. Not only overhead charges, there will be embezzlement. Everyone knows that when you employ outsiders very often the money disappears. Even the Hon. the Financial Secretary is now thinking of employing dogs in addition to the watchers in his Departments to protect Government goods and materials. I read in the papers that dogs are to be employed along with the watchers.

5.30 P.M.—

***The Hon. Mr. Bandaranaike:** May I move the suspension of Standing Orders 2 (4) and 2 (5) to carry on this debate till 6 o'clock?

Mr. Speaker: It should have been done before the debate began; yesterday we made an exception.

***The Hon. Mr. Bandaranaike:** I merely draw your attention to the fact that this is an important debate and as we only have two hours to-morrow morning, it is desirable that we go on with this debate.

***Mr. Aluwihare:** We will finish it to-morrow without—

***The Hon. Mr. Bandaranaike:** It will give hon. Members a better chance of expressing their views if we continue till 6 o'clock.

Mr. Speaker: To-morrow the only business to be taken up in the afternoon is the Appropriation Bill. After that no other business will be taken up, I believe.

***The Hon. Mr. Bandaranaike:** To-morrow we will have only two hours in the morning. The first item that will be taken up in the afternoon is the motion of the Hon. Leader of the House, the motion relating to the the first reading of the annual Appropriation Bill. It has always been the custom of this House not to take up any other business after that, but to adjourn the House for the second reading. Therefore it is only to-morrow morning that will be available for this debate. If this debate is continued now, it will give hon. Members a greater opportunity to express their views.

Mr. Speaker: Does the Hon. Minister want the debate to proceed during the next half hour, and also during to-morrow's sitting in the morning?

***The Hon. Mr. Bandaranaike:** Yes, with your indulgence and that of the House.

***Mr. Aluwihare:** May I make one suggestion? After all, if this is going to be a long debate—and it is an important debate—there is no harm in breaking a little custom and carrying on with the debate after the first reading of the Appropriation Bill to-morrow.

***The Hon. Mr. Bandaranaike:** But you do not know how long the Leader of the House will take in moving the first reading.

***Mr. Aluwihare:** I can tell that. It will be just one and a half hours, because it is a stock speech.

***The Hon. Mr. Bandaranaike:** No, Sir.

Mr. Speaker: We will decide that to-morrow—whether this debate should be

[Mr. Speaker.]

continued after the first reading of the Annual Appropriation Bill for the next financial year.

***Mr. G. G. Ponnambalam (Point Pedro):** I oppose the proposal to continue this debate now. I do not think that hon. Members have been told that there is going to be a continuation of the debate after 5.30 P.M. to-day. I should like to tell the House why it is wrong in principle to continue the debate now. Certain Members may not have anticipated the continuation of this debate after 5.30 P.M. and may have left the Chamber, and supposing there is going to be a division on the motion to-day—

***The Hon. Mr. Bandaranaike:** I shall undertake not to call for a division to-day and to move the adjournment of the debate at 6 o'clock.

***Mr. Ponnambalam:** After the repeat performance of the Leader of the House to-morrow, we will still have a couple of hours left in the afternoon.

Mr. Speaker: I am inclined to accept the motion of the Hon. Minister of Local Administration. Does any Member second that motion?

The Hon. Mr. G. E. de Silva seconded.

Question, "That Emergency Standing Orders 2 (4) and 2 (5) be suspended to enable the debate on the motion before the House to be continued", put, and agreed to.

Mr. Speaker: We will continue the debate till 6 P.M.

The hon. Member for Colombo South may now continue his speech.

Dr. de Zoysa: I was touching on the recommendations of the Hammond Commission when I was interrupted. The Hammond Commission did not recommend that a hasty step should be taken

with regard to the amalgamation of bus services. They only pointed out the advantages of such amalgamation. The Hammond Commission, as they went into this question more thoroughly and deeply, realized the interests of the small bus-owners. Unfortunately, the small bus-owners seem to be a thorn in the Minister's side. He has a sort of feeling against these people. He despises these people. If he knows that the bus service which they render is the only means of livelihood of these small owners, that they have put into that service all their fortunes, that they have borrowed money by pawning their jewellery and mortgaging their lands to run their buses in order to earn a living, the Minister will not treat them in that manner. The Minister despises these small owners as men who run rickety buses.

I should like to point out to hon. Members that these small owners, men who have and run one or two buses, have done a great service and are doing a great service to the country. There are many parts of this country where neither the railway, buses nor any other form of transport exists. The only form of road transport that is available is the old-fashioned single or double bullock cart. When people in those areas have a little produce, they feel that they should start a bus service. They have not the money to buy a new bus, and they therefore buy an old bus for about Rs. 200 or Rs. 300. They just manage to run it; and that bus, however old it may be, is like a Heaven-sent car to the villagers who have never been in a bus before. That bus may break down every 3 or 4 miles, but still for all it is a great thing to the villagers. They use that bus to transport their produce to the nearest town and to get to different places to fetch their needs. In this manner, these small bus-owners render a certain service in the remote parts of this country. The Minister has a saloon car to go about, but the poor villagers have to travel either by bullock cart or by an old bus.

People who can afford to invest Rs. 200 or Rs. 300 or Rs. 500 in an old bus do so in order to serve the immediate needs of the travelling public in these out-of-the-way places. We should not look down on their efforts because buses on

a grand scale are run in the town. Buses on a still grander scale are run in other parts of the world, but these small owners in the villages invest in these old buses in order to help the other village folk to take their produce to the nearest fair or market place.

We must therefore sympathize with the position in which these small owners are placed. The Hon. Minister may as well say that the bullock cart is out of date, that it is a hindrance to the other traffic using the roads, and introduce a measure to do away with bullock carts. We must sympathize with the efforts made by these small bus-owners, subsidize them and help them because they, in their humble way, are trying to serve the needs of the village people. If limited liability companies are formed and these poor small bus-owners are also netted into those companies, it would be said that their buses are not worth anything. The small man would be told that his bus was only worth, say, Rs. 50—as scrap iron—and that the company would pay him Rs. 100 or Rs. 150 as compensation. Is that a just reward to a man who had tried to help himself and the country?

It is quite a different matter if the Minister says that the whole of the motor transport or road service should be taken over and maintained by Government and that whatever the expense may be it would be met out of the taxpayers' money. Even if limited liability companies are formed, unless the Directors of such companies are mad, they could not be expected to run unremunerative bus services. You cannot expect a man in his senses to run a bus service on a route that does not pay. The type of small bus-owner that I have mentioned does one trip to town in the morning and on the return trip he takes passengers to his village. Can you expect to persuade the Directors of a limited liability company to run such a service?

The hasty formation of limited liability bus companies would do away with the poor, humble, small bus-owner; it will cut off the remote backward areas from the towns. There are some people who want to go from one village to another, and there may be one bus that does one trip up and one down on that route and people take advantage of the convenience

afforded by that bus. There may be tea or rubber estates along the route that bus takes, and the people in that area are served by that bus. Those people only look at the need of one village to communicate with a few other villages and towns. If the Minister hastily introduces the proposed measure, he would not only be depriving these poor bus-owners of their means of livelihood, but would also be denying the poor village people their only means of speedy transport.

Ideas of comfort vary with the wealth and the comforts to which people are used. To the poor villagers, the old bus, which the Minister says is rickety, is a God-sent vehicle of transport. Instead of teasing the bulls to pull up a hill, they find that they can reach the top of a hill quite conveniently in the bus. Perhaps the small owner will rest there and attend to repairs to the bus and then go down the hill.

To the Minister, rushing down in his saloon car, these old buses which do such useful service are an eye-sore. He says that the country should have a most efficient road service. He is going to compete with the London Omnibus Company and put buses all over the country. We do not grudge it if he is prepared to spend for such a service. But he asks the present owners, when they have not the means to ply their buses, to get first-class new buses. I say that that is an irrational and unreasonable suggestion to make.

The fourth reason given by the Minister is that his proposal will consolidate the present precarious state of bus-owners with small reserves. I should like to read out to you his fourth recommendation, because it is very interesting. He says:

"The effect of the present proposals which are based primarily on the urgent needs of the moment . . ."

I have proved to you that they are not urgent needs at the moment. I have advised the Council to leave the bus service alone till the end of the war. The Minister continues to say:

"will be to hasten the process of development of the bus services from a position where they are operated by individuals owning on an average less than two vehicles each, to a basis of controlled monopolies. Such monopolies, besides achieving the object mentioned in paragraph 1 . . ."

[Dr. de Zoysa.]

Paragraph 1 refers to war purposes, but the proposed system can be used in another way:

" will consolidate the present precarious position of the bus owner with small resources, will provide more reliable and efficient services and will eliminate many of the evils of competition."

According to the Commissioner of Motor Transport, there are no evils of competition under the existing system. The Minister thinks that he is going to help the poor bus-owners in their precarious condition, but by his proposal he is actually going to harm a set of bus-owners who are serving an essential need in the poorer parts of this country.

Then the question of monopoly is raised. This is against all principles of democracy. In olden days monopolies were discouraged; people were greatly dissatisfied with the granting of monopolies. The subjects of the King in the early days asked that there be no monopolies created. The general tendency is to oppose monopolies. Here is a Minister—he is not in the Middle Ages; not in the backward days but in the twentieth century when the world is progressing—pleading for monopolies. Has he forgotten his days at Oxford? Has he forgotten the British Constitution? Has he forgotten the principles of democracy? Has he forgotten the principles of politics studied through Greek literature, that monopolies should not be encouraged? The dangers of monopolies are known to him.

The Hon. Minister is trying to give one man the right, the sole right, to make use of a public service in this way when there is competition, healthy competition. That is the secret of success in a democracy—there should be competition. I admit that there was unhealthy competition. But thanks to the Hon. Minister—I give him that credit—and his Commissioner of Motor Transport that unhealthy competition has been removed. There is now healthy competition.

I can give you certain instances. The Hon. Minister of Health will know about this. Along the Kandy Road there are better buses, good buses, plying. These buses are a great improvement on the old bus service. Why is it that you give a monopoly to a man? What will happen if you do that? It is very easy for

him to use the oldest type of bus and not think anything of it. But when there are good buses, passengers are glad to travel in them. They say, " We are waiting for such-and-such a bus because travelling in it is more comfortable ". Such ideas are getting into our own heads, and the bus-owners themselves have started improving the buses. They took the earliest opportunity of selling buses of the old model to backward parts of the Island so that they may start new routes of travel.

Instead of encouraging that, the Hon. Minister says, " Create limited liability companies; have Directors ". Do you think that the Directors of these limited liability companies are people who, for the sake of charity or for the sake of public service or social service, are only concerned with trying to give the best service to the country? Their idea will be to make as much money as possible. If you have healthy competition on any route, who stands to benefit? It is the public, the passengers, and the services that will be helped.

At a stage when the services have improved the Hon. Minister comes forward with his theory of monopoly which has been discouraged in all other parts of the world. The monopoly will only succeed when the Hon. Minister becomes dictator of the country. Then monopoly will have some meaning. He can perhaps behead those who, having had the monopoly, do not do their duty properly. These dangers are known to the Hon. Minister, and I beg the Hon. Minister to consider the dangers which he is about to introduce into a business which is actually making, though humble, gradual progress. He should not in such a hasty manner try to do away with a service that is of great benefit to the country.

I would also like to point out that, though the Hon. Minister in the course of his remarks said that he can compensate bus-owners, he cannot properly do that. His fifth reason is that monopolies must be granted against exploitation of the public. He says that monopolies should be granted with a safeguard so that the public should not be exploited. We appreciate his idea. But once there is one company, he may impose certain conditions. But I ask, cannot these same conditions be allowed to different owners

before giving them the licence? If the Hon. Minister wants to form a company and says that all buses would be licensed with certain conditions attached—that they must not exploit the public—I say that the same conditions can be imposed on a licence granted to an individual owner. If a man feels that he cannot ply his bus under such conditions, the next thing will be that he will sell his bus to a richer person and ultimately the number of owners will be reduced. The Hon. Minister can realize that.

The Hon. Minister proposes that regulations should be made to have an efficient, adequate service, at reasonable fares. After the introduction of the Motor Car Ordinance, the regularity of the services has been maintained in this way. A bus which plies from Colombo to Kandy, during its entire route, has to report at different Police Stations the time at which they arrive at those stations. The Commissioner of Motor Transport thinks that the owners are running buses according to a certain timetable. It is not done to-day. I do not know whether it is owing to the war that this practice has been stopped, but it was the custom some time ago. I remember travelling from Kandy to Colombo when buses stopped at several Police Stations and reported their times of arrival. The bus conductor has to take the book to the Police Station and have it signed. Then there are supervisors employed by Government to find out whether fares are properly charged.

With regard to the charging of fares, the owners have been all throughout lenient, have been actually reasonable to the general public; they have asked minimum fares. Before the Motor Car Ordinance was introduced, a person travelling from Colombo to Galle had to pay about 75 cents. The Commissioner of Motor Transport fixed the rate at Re. 1 so that bus-owners may not charge less than what is charged by the Railway. If the Hon. Minister wants to help the Railway the best thing will be, instead of fixing a minimum charge, to fix the charge at Rs. 2 instead of Re. 1, so that people may feel that it is less expensive to travel by train than by bus. I hope that that attitude will not be adopted, and I hope that the Hon. Minister will give us the assurance that it will not be done.

Of course, owing to war conditions, owing to the limited supply of petrol available, the bus services have become less or inadequate. But I can assure the Hon. Minister on one point, that the buses were running according to timetables before the war. When a bus left Colombo at 10 A.M. the next bus was scheduled to start at 11 A.M. Therefore there was no competition or racing between buses as there used to be formerly. There was also a check to find out whether the buses reached the different places at the correct time. The fares charged are also reasonable, and they are as decided by the Commissioner of Motor Transport.

The fifth reason of the Hon. Minister is that time-table conditions should be attached to the licences so that buses will be run according to times and fixed rates charged. He is evidently misinformed with regard to this point. The time-table need not be attached to licences, because the licences are regarded independently of the time-table. Time-tables and fares are adhered to according to the regulations.

The Hon. Minister says that under monopoly conditions a bus company can hardly fail. What better example can I give than the Railway? How does he account for the failure of the Railway?

Mr. Speaker: The hon. Member has referred to that already.

Dr. de Zoysa: But I am dealing now with the fifth reason of the Hon. Minister. He has given different reasons; he has given eight reasons in his Observations. Because this reason has been repeated by the Hon. Minister I have to revert to it. He mentioned this fact earlier in his Observations and now brings it again under reason 5. I would ask the Hon. Minister to look at the Railway.

Mr. Speaker: I believe the hon. Member is concluding his speech to-day. Other hon. Members should have an opportunity to speak on this motion.

***Mr. Ponnambalam:** He is only establishing a monopoly; it is the fashion!

Mr. Speaker: I am not stopping the hon. Member if he wants to continue his speech. But it is better to give other hon. Members also a chance of expressing their views.

Dr. de Zoysa: I do not propose to prevent other hon. Members from speaking. Yesterday I remember when a very important matter was being discussed and I was about to express my views, the closure motion was moved by a Member. I thought that I had made a mis-

take in not getting up earlier, so I took the opportunity of speaking early in this debate.

The debate was adjourned.

ADJOURNMENT.

Mr. Speaker: The House will now adjourn till 10 A.M. tomorrow.

Adjourned accordingly at 6 P.M. until 10 A.M. on Friday, July 10, 1942.