REPUBLIC OF GHANA

1962-63 BUDGET STATEMENT

by

MR. F. K. D. GOKA

Minister of Finance and Trade

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Mr. Speaker,

I beg to move that this House approves the financial policy of the Government for the year ending 30th September, 1963.

Last year I introduced before this House my first budget as Minister of Finance; it is at the same time a privilege as well as a great responsibility to be able to present to you my second budget.

In previous years it has been customary to deliver to this House a lengthy budget address, which deals in some detail with economic and social matters not only in Ghana but in the world at large. Mr. Speaker, I have no intention of repeating those performances. In the past, because the Economic Survey was published in June, Members of this House hardly had time to study that report before the budget statement was made. It was necessary, therefore, to include in the Budget Statement lengthy sections on the world economic situation and the economic situation in Ghana. On this occasion, however, Members must have taken advantage of the opportunity given by the extension of the financial year, to study carefully the Economic Survey which was published in August. For that reason, I do not believe there is any need for me to deal at any length with some of the matters which have been dealt with so comprehensively in that Survey. I must take this opportunity to congratulate the Government Statistician and his staff for the excellent document they have produced.

I would like to draw the attention of the House to the Estimates which have already been circulated to Members. I also wish to direct particular attention to the General Memorandum and Appendices on the Annual Estimates, and the Financial Statement for 1962–63 both of which are now being distributed to Members. As these documents indicate the nature of the new taxes to be imposed, they could not have been distributed to Members in advance of this sitting.

Last year this House approved the Annual Estimates of recurrent and development plan expenditures to be drawn out of the Consolidated Fund, totalling £G128 million. The Government hoped to find £G105 million from its own resources to finance internal expenditures and, indeed, to leave a little surplus of over £G1 million for new and urgent expenditures not envisaged at the time of the Budget. The remaining £G24 million of estimated external expenditures, it was hoped, would be covered by means of loans and credits obtained abroad and, if it became necessary, by drawing on our accumulated reserves.

During the year, a number of Supplementary Estimates were taken. These totalled £G27·1 million and included provision for transactions which had already taken place and did not involve new expenditures. For example, an amount of £G5·9 million was included in one of the Supplementary Estimates in respect of the acquisition of the gold mines which had already been paid for by drawing on our reserves. For accounting purposes, these transactions had to be provided for through Supplementary Estimates.

As Members will recall, Government decided in about May this year, that the financial year should be extended so that subsequent financial years should start on the 1st of October and end on the 30th of September. Contrary to what some of our unfriendly critics said at the time when this decision was taken, the decision to extend the financial year by three months was to enable a more accurate forecasting of revenues and a more realistic assessment of the likely financial impact of the cocoa season to be made. To provide for the extended financial year and to enable the services of Government to be maintained during that period, an amount of £G25·7 million was provided by Supplementary Estimates.

The revised estimates of expenditure covering the extended financial year from the 1st July, 1961, to the 30th September, 1962, indicate that the year will close showing a deficit amounting to approximately £G46·7 million.

There are five important reasons accounting for this large deficit. Last year, when the budget was announced, Government had then not decided to impose import restrictions. Osagyefo the President in his speech to the House a few days ago mentioned that the decision to impose import restrictions was taken in order that Ghana's foreign exchange reserves might be safeguarded. In order that that objective may be realised all Open General Import Licences were revoked on 1st December, 1961 and Specific Import Licences introduced simultaneously.

The main purpose of the revocation was to regulate the flow of imports into Ghana in such a way as to reduce the high volume of imports of relatively unessential goods as a means of improving our balance of payments position.

I am happy to say that the action the Government took in imposing import restrictions has been justified since we have already been able to remove the increasing trade deficits which the country has had since 1959. The experience of the past ten months has been very useful and it is intended that the system of issuing import licences as stated by Osagyefo in his sessional address, will be reviewed in order to bring about improvements and also make it possible for importers to plan ahead. Measures will also be taken to ensure that importers are allowed some flexibility in choosing sources of supply. I trust that all importers will procure their goods from the lowest-cost sources and also arrange for the best possible terms of payment. The effectiveness of the measures which have been taken, as has already been mentioned by Osagyefo the President in his speech, is indicated by the favourable trade balance we have obtained. Instead of the trade deficit of £G28 million which we accumulated last year, this year, for the first seven months, our trade balance has moved into a surplus of £G12 million. In this connection I must offer a word of praise to the staff of the Trade Division of my Ministry for the efficient manner in which they have done their work.

Whilst we were succeeding in curtailing imports and adding to our reserves overseas, we were at the same time not collecting all the revenues we budgeted for from import duties. We anticipated this, but we realised that it would be more satisfactory if we ensured that we were always in a position to meet our foreign commitments, if even we went a little short of funds locally.

For the second reason, last year's estimates of Government's total receipts included an estimate of £G11 million to be derived from the Compulsory Savings Scheme. As originally envisaged, all employees were to contribute to this scheme but as Members would recollect, it was decided after the budget to exempt all those in the very low income groups who were receiving under £G10 a month, from contributing to the scheme, as well as those expatriates who, for whatever their reasons, did not wish to participate in it. In the light of these decisions it was inevitable that the estimated target of £G11 million which we hoped to collect from this scheme could not be realised. In fact there was a shortfall under that head of receipts of approximately £G4 million.

At this juncture I must pay tribute to those persons and organisations who have donated their compulsory savings contributions to the Government for development purposes. Needless to say, Government is very appreciative of this patriotic gesture on the part of those concerned. In order to perpetuate the good names of these public spirited people Osagyefo, the President has directed that a special booklet should be published showing the list of those who have willingly donated their Compulsory Savings. This booklet is to be distributed free to all such donors.

The third reason for the shortfall in total revenue is the fact that when supplementary estimates, including those for the extended financial year, were approved by the House, I did not ask for any new taxes to be imposed to cover those additional expenditures.

The fall in the world price of cocoa provides the fourth reason. As a result the Agricultural Produce Marketing Board was unable to pay to Government the farmers voluntary contribution for development amounting to £G8 million. I shall refer to this matter subsequently in my speech.

Finally, we hoped last year to be able to use credits and loans to finance our external expenditures estimated at £G24 million. Although we succeeded in obtaining some credits and loans, we had to finance the greater part of our external expenditures from internal resources.

The estimated deficit has been financed by borrowing from the Bank of Ghana, by the issue of Treasury Bills and the sale of Government Stock, by a drawing from the International Monetary Fund, and also by a small drawing on our reserves. The details of the out-turn of the past year are shown in the Financial Statement to which I have already drawn the attention of Members.

Mr. Speaker, I should like, at this point, to say a brief word about our recent drawing from the International Monetary Fund. The Fund has been established:

(1) to give confidence to members by making the Fund's resources available to them under adequate safeguards, thus providing them with opportunity to correct mal-adjustments in their balance of payments without resorting to measures destructive of national or international prosperity, and,

(2) in accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payment of members.

Ghana as a member of the Fund has contributed her required quota to it and is entitled to make a drawing to assist in correcting her balance of payments position. We obtained in all £5,089,000. We drew this amount so that we may not have to sell securities to meet some of our obligations, and we are grateful to the Fund for this assistance.

In his sessional address to this House, Osagyefo the President made mention of the present position of our reserves. These reserves were accumulated particularly at the time when the price of cocoa fluctuated between £300 and £500 per ton. While these reserves were being accumulated, there was hardly any development taking place in the country. These reserves were invested on our behalf, mainly in long-dated United Kingdom securities. Some of these reserves are used as our currency cover but it has always been the intention to use a part of these to finance development projects if the current revenues were insufficient to provide for them. We are adding to our reserves, which, as you have been told by Osagyefo, now stand at over £G80 million. No country can develop without financial resources and it is inevitable that part of our reserves would have to be used to finance some of our development projects.

The whole world knows that the earnings from cocoa exports played a leading role in determining the level of economic activity in Ghana. What is not widely realised is that the world market price of cocoa has been falling continuously for four years and in the last season it touched its lowest level of the whole post-war period.

Great concern has been expressed in international circles about the collapse of the coffee market and its repercussions on certain developing countries. In point of fact, Mr. Speaker, the collapse of the cocoa market has had even greater repercussions. As compared to the post-war peak prices of 1954, the United States was paying 58 per cent less per unit of coffee but 68 per cent less per unit of cocoa during the first quarter of 1962. Prices of cocoa have fallen from £352 per ton in 1958 to an average of £G177 per ton in 1961.

Mr. Speaker, Members of the National Assembly, as you are all aware, in spite of this decline in the prices of our exports in the terms of our international trade, the economy of Ghana has maintained a steady rate of expansion of nearly 7 per cent per annum from 1955–1960. During that period, our economy was among the fastest growing in the whole world. The deficits that inevitably arose in our balance of payments and our budgets during the period, owing to our rapid expansion programme, were covered by a judicious use of our external reserves and by the willingness of our people to shoulder an increasing burden of taxation. There can be no denying the fact, however, that until last year's budget, taxation in this country was among the lowest in the whole world. Even now, it is still very low but we enjoy a very high standard of living, much higher than in many countries in a comparable stage of development.

Returning to cocoa, Ghana has participated with other cocoa producing countries in an effort to arrest the decline of cocoa price. Owing to the unwillingness of some of the industrialised countries and manufacturers of cocoa products to participate effectively in these conferences,

these measures have so far yielded only negligible results. The Government, however, proposes to continue to find ways and means of obtaining such co-operation amongst producers and manufacturers of cocoa products. Meanwhile, Government hopes that the newly established Cocoa Alliance will help in bringing about an improvement in the world price of cocoa.

Five years ago, the Government gave an undertaking to the farmers to retain the price of cocoa at £G3 12s. a load for a period of 5 years. As I have already mentioned, since the past 4 years the price of cocoa has been falling. As the Agricultural Produce Marketing Board is under an obligation to pay the farmer £G3 12s. a load, the Board is losing between £G8–10 million a year. In spite of this situation, the Government has decided to maintain the price of cocoa at the level promised to the farmers. Mr. Speaker, I am sure you will agree that this situation is far from satisfactory, and we must seek every avenue to improve the world market price of cocoa, so that we may not find ourselves compelled to reduce the price paid to the farmers. Here again, Mr. Speaker, allow me to pay a warm tribute to the farmers for their loyal and unflinching support to Osagyefo, the Party and the Government.

For the next financial year, to which I am sure all Members are particularly anxious that I should turn my attention, in respect of which draft Estimates have already been circulated, a total budget of £G127·7 million is being presented. This provides for recurrent expenditures amounting to £G78·8 million and development plan expenditures, including expenditure on the Volta River Project, amounting to £G48·9 million. In addition, I am presenting the Estimates of the Railway and Harbours Administration totalling £G16·8 million to be financed out of the receipts and earnings of the Railway and Harbours Administration. Members would be glad to know that the Administration has budgeted for a surplus of £G488,000 for 1962–63. Last year, the Administration budgeted for a similar surplus but actually obtained over £G1 million surplus. The Administration must be congratulated for this achievement.

Mr. Speaker, I would like to draw the attention of the House to a very important matter relating to the size of the Budget. The original estimates which were submitted by the various Ministries and Departments for both recurrent and Development Expenditures amounted to nearly £G170 million. This is a tremendous amount and reflects the enthusiasm of all my colleagues and indeed of all the people of this country to see Ghana continue to develop at a very fast rate. If Government had accepted those estimates as presented, I would have had to call upon the country to provide greatly increased funds through taxation, both direct and indirect, to meet these expenditures. Now, Mr. Speaker and Members of the National Assembly, let us have a homely chat on this Budget. Let us now take a look round the whole country to see the developments which have taken place: new roads, health centres and schools, to mention a few. Are we satisfied that these developments are all we want? Don't we want more? Each time Osagyefo visits a Region we read on the placards which welcome him, demands for improved water supplies, electricity, the building of better roads, and the establishment of more health and educational centres. At present Government

gives virtually free treatment in all Government Hospitals and Clinics. Primary and Middle School Education is fee free, and these are to be expanded. Let me ask you, who is to pay for these expanded services? Are we not the people to pay for them? And how are we to pay for them? Is it not through taxation, direct or indirect that we can pay for them? Let us face facts, we cannot demand that Ghana should develop at this fast pace and at the same time resent it if we are called upon to pay for them. We have a choice either to scale down the expenditures of Government to a level which requires no additional taxation, or we maintain a reasonable rate of growth, develop the country as we all wish to see it developed, and finance this development by raising the additional taxes we need.

The Government does not wish to see the country stagnate, and I am sure no Member of this House wishes to see this happen. At the same time Government does not intend to place too great a burden of taxation on the people. For this reason the Estimates have been scaled down from nearly £G170 million to £G127·7 million. Even at this level, Government is not satisfied that all the wasteful and unproductive expenditures have been eliminated and I am very happy that Osagyefo has decided to appoint a committee immediately after the budget to examine the expenditures, the staffing and the procedures of Government Departments to enable this element of wastefulness, extravagance and unproductiveness to be identified and cut out.

We have again, as we did in the previous year, divided our total expenditures of £G127·7 million into those which will be incurred internally and those which will be incurred externally. Our internal expenditures amounting to £G107·7 million consist of all our recurrent expenditures and the internal component of the development plan expenditures, including the £G7 million which Ghana will provide as her contribution to the Volta River Project. We intend to provide for these expenditures from our own internal resources. The external expenditures amounting to £G20 million, we intend to finance by raising loans and credits abroad.

At existing levels, Government's revenues are likely to amount to a little over £G94 million. In addition to this, we can count on receiving another £G7 million from the Compulsory Savings Scheme (an estimate which is £G4 million less than the original estimate for last year). The total receipts of Government therefore amount to a little over £G101 million and this is short of our estimated internal expenditures by approximately £G6·7 million. I have therefore no alternative but to raise this amount by additional taxation.

I have given very careful thought to this matter and I have decided that in raising this additional amount and also providing for a little surplus for subsequent urgent but unforeseen expenditures, we must bear in mind Osagyefo's direction that the burden of taxation must be fairly spread and related to one's situation so that those in the low income groups would bear proportionately less and those in the high income groups proportionately more. This is the principle on which I have based my proposals. We must all bear our fair share of the burden to enable

us to maintain a steady rate of growth in the country, to industrialise for our future progress and advancement, to press home our plans for the intensification of agriculture and to lay down foundations for a healthy and prosperous country.

Mr. Speaker, to enable me to raise the additional revenue to balance our internal budget, I have decided to raise more money from personal income tax. Last year, I dealt exhaustively with the new proposals regarding income tax. I do not propose to deviate from them. I wish only to emphasise that personal income tax in Ghana is one of the lowest in the world. At existing rates, a person receiving £G40 a month is completely exempt from payment of Income Tax. A person who receives £G41 a month pays only 6d. a month and a person who receives £G80 a month pays only £G1 a month. These are very low rates indeed. I have therefore decided to increase the rates, so that a person who receives £G40 a month will pay only 5s. a month, and that the person who receives £G80 a month will pay only £G1 10s. a month. I have also decided to spread the burden of taxation, so that those who are earning over £G20 a month will pay a very small tax. To enable me to do this, I have decided that the first £G20 income shall be completely exempt from income tax. On the next £G20, tax will be assessed at the rate of 3d. in the £G, so that a person who receives £G21 a month would have been liable to pay only 3d. a month. I have however decided that the minimum monthly tax payments should be 1s. Mr. Speaker, I mean only the very small contribution of 1s. a month. Surely that cannot be too great a burden on any person. The tax rate will increase progressively from 3d. in the £G until it reaches its highest point of 6s. in the £G for those whose earnings exceed £G7,200 per annum, as in the table shown in the Financial Statement.

I have had printed a schedule which shows the amounts to be deducted from each person's earnings so that the deductions may commence at the end of this month. Copies of the schedule will be distributed but let me tell the House that Members of Parliament will be called upon to pay £G5 15s. a month, Deputy Ministers £G11 10s. a month and Ministers £G47 a month. Generally those in the high income groups will have to pay income tax which is approximately 50 per cent more than the amount they were paying previously.

I also propose to introduce amendments to the Income Tax Ordinance to make non-resident individuals who derive incomes from Ghana to pay tax on their Ghana earnings and to revise the capital allowances granted to companies and business houses in Ghana, but before I put forward my proposals I intend to hold consultations with representatives of interested parties in the country.

These amendments will, I trust, bring in a total of approximately one million pounds.

I also propose to introduce a modest entertainment tax on football matches, cinema shows, night club and other entertainments where admission charges are made. It is proposed to print tickets for sale to those places of entertainment which will include in its price tag the entertainment tax. I propose shortly to introduce legislation to make this collection possible. I hope to raise by this tax approximately £100,000.

Mr. Speaker, Osagyefo the President in his speech to the House emphasised the great importance being attached to our agricultural programmes. This is understandable, for Ghana is basically an agricultural country and it is unfortunate that a country like ours should spend so much money in importing food which she could very well produce herself. The reorganisation which is taking place in the Ministry of Agriculture is designed to enable the Minister of Agriculture, assisted by the state and co-operative farms, to produce so much food in the country that nobody need go hungry at all. Osagyefo the President has given us a target that we must produce food so cheaply that the lowest paid person can be fully fed for not more than 2s. a day. This is a challenge to our Ministry of Agriculture, our co-operative farms and state farms. When we have succeeded in our programme, we would derive not only the benefit of providing cheap food for all our people but would also derive a great improvement in our balance of payments position, because our food imports would then have been substantially reduced if not completely eliminated. I cannot emphasise too strongly the fact that our growing food imports contribute to our unfavourable balance of payments position and wherever possible Ghanaians and indeed all those who serve in this country should use locally grown food in preference to imported food. I have therefore decided to impose some taxes on imported foods. Let me emphasise that the taxes would only be on imported foods and not on any of the foods we produce locally. I have decided to put a tax of 3d. a lb. on rice, 3d. a lb. on flour, 6d. a lb. on vegetables, 1s. a lb. on fruits, 1d. a lb. on tinned fish, 2d. a lb. on fresh and frozen fish, 3d. a lb. on meat, 1s. a lb. on butter, butter substitutes and cheese and approximately 1d. on a tin of milk.

In this connection let me mention that arrangements are being made to control the prices of essential commodities throughout the country. The first list of prices will be published very soon. These prices are the maximum wholesale and retail prices above which no wholesaler or retailer will be allowed to sell his wares. The Control of Prices Act, 1962 was designed to establish an effective machinery for the control of prices. The marking of prices regulations have been published to make it obligatory on all shopkeepers and salesmen, etc. to display the prices of controlled commodities. The Act also empowers the Minister to appoint Price Inspectors. It will, however, be the duty of every citizen to ensure that he or she does not pay any price higher than those published in the list of controlled items.

Mr. Speaker, side by side with the desire to intensify our agricultural production, we in Ghana are determined that we shall not remain for ever only an agricultural country. We intend to industrialise as well and the next seven-year Development plan, which is due to be inaugurated at the beginning of 1963, will also place great emphasis on our industrialisation programme.

During the year, over 80 investment proposals for industrial projects were studied, and about a quarter of these were selected for implementation. The largest number of these were in the food processing field where the economy needs most strengthening, and the offers accepted are well

distributed between the Eastern and Western hemispheres. Almost the entire field of industry was covered by the combined activities of both the public and private sectors. Thus, the construction of the first iron and steel mill, and of factories for the manufacture of sugar and cocoa products and other foods based on the processing of local food-stuffs was commenced; plans for the production of leather footwear, pharmaceutical products, aluminium cables for the transmission of electricity, and a second textile factory, the oil refinery, a rubber tyres and leather tanning factory, among many others reached an advanced stage of preparation. Both Government and private industry consolidated their grounds and launched out on expansions, some of which have resulted in the country attaining self-sufficiency in many fields, among which may be mentioned the production of aluminium roofing sheets, cigarettes, several kinds of plastic products, matches and some types of rubber footwear.

More countries now participate to a greater degree in the development of industrial projects by offering credit for factory buildings and related civil engineering as well as for machinery and equipment. They of course, continue to offer technical knowledge and training facilities too. This is a welcome gesture, since it does not only reflect confidence in our economy, but also enables us to press forward with our industrialisation policy at a faster rate.

It is essential that a young country which is industrialising should give adequate protection to her young industries and for this reason a number of measures will be introduced to enable the industries at the inception of their programmes, to compete satisfactorily with cheaper goods imported from abroad. I have therefore decided that where locally produced goods of reasonable quality is available, some protection needs to be given to the local industry so that they can compete with the imported goods. We seek by this means to direct consumers to support local industry. It is for this reason that I am increasing the duty on imported aluminium roofing sheets, biscuits, confectionery, knitted and interlock fabrics, singlets and undervests, paints, plastic articles, soap, cigarettes, beer, edible oils and travel goods. Wireless sets under £G9 each which were formerly completely exempt from duty will now be subject to import duty of $33\frac{1}{3}$ per cent *ad valorem*. I have done this because we are manufacturing in this country confectionery, biscuits, aluminium roofing sheets, metal bedsteads, singlets, paints, plastics, cigarettes and beer which should satisfy our demands. We are soon to produce soap in the factory being built in Tema and our crystal mills are producing oil of very high quality which should satisfy the most fastidious of tastes. Our transistor radio assembly factory will soon come into production and there should be no need whatsoever to bring into the country imported sets of the same variety. I am sure that members of this House would support this move. We hope we shall soon see established a car assembly plant and a bottle and glass factory. Mr. Speaker, there are innumerable fields in which investment can take place and those investors who have decided to set up industries here can be assured of protection.

In this connection, Mr. Speaker, let me emphasise what Osagyefo the President has already said in his speech, which with your permission I would like to quote.

" I have directed that there should be introduced during this session of Parliament an Investment Bill which will provide legal backing to Government's policy with regard to investment and define the nature of concessions which Government proposes to make to investors. Let me repeat what I have said time and time again, that Government will continue to encourage private investors to establish in Ghana."

" Our Government has no plans whatever to take over industries in the private sector; it is neither its wish to do so nor its aim of policy. Where Government has taken over private industry, it has done so either because—as in the case of the acquisition of the gold mines—the owners had indicated their intention of closing down, or—as in the other cases—because the owners had themselves made the proposition to Government. Government has in no case attempted to expropriate any property or investments of private enterprise and does not wish to do so. Where it becomes necessary to take over private business at the request of private enterprise itself, Government will ensure, as it has always done in the past, that adequate compensation is paid to the owner."

" Some investors seem to think that it is Government's policy to seek participation in private investment as a condition for permitting their entry into Ghana. This is not the case. Government would rather use the money to invest in other fields into which private investors may not wish to enter. The Ministry of Industries has authority to approve proposals for investments by private enterprise in any field, except in essentially public enterprises which are reserved to the Government. When private investors enter into fields where state enterprises operate, they will compete on absolutely equal terms without discrimination."

This quotation from the President's speech should impress our foreign friends that Ghana's policy of indigenous socialism is not incompatible with private enterprise. Indeed Ghana hopes to see established a society in which private and state enterprises can co-exist without conflict. In connection with the recent requirement that all firms operating in Ghana should re-invest 60 per cent of their profits, after paying tax, I wish to give an assurance that no obstacles of any sort will be placed in the way of investors, when they apply to be permitted to repatriate the remaining 40 per cent of their profits for payment to their shareholders as dividends.

Mr. Speaker, a bill will shortly be introduced into this House for the registration of all distillers in Ghana. This bill will strengthen the present legislation and provide for the levying of excise duty on locally produced spirits. It is expected that this registration and the excise duty to be imposed on local spirits will contribute about £G500,000 to the national revenue.

Mr. Speaker, last year, for the first time, Purchase Tax was introduced at rates varying from 15 per cent to $66\frac{2}{3}$ per cent in some cases. I have reviewed this and I have decided to bring some substantial modifications

by reducing the purchase tax on bicycles from 15 per cent to 5 per cent, refrigerators from 66⅔ per cent to 33⅓ per cent, musical instruments, gramophones and gramophone records from 66⅔ per cent to 33⅓ per cent. Domestic stoves, ovens, cookers of all kinds from 33⅓ per cent to 10 per cent, domestic electric equipment like washing machines, vacuum cleaners, floor polishers from 66⅔ per cent to 33⅓ per cent, irons, kettles, boilers and toasters from 33⅓ per cent to 10 per cent, carpets and carpeting from 66⅔ per cent to 33⅓ per cent. This last item will exclude linoleum and mats which will not attract Purchase Tax.

At the same time I have decided to bring considerable modifications to the purchase tax on vehicles. Last year, as the House will remember, the tax did not make any distinction between commercial vehicles and cars. This year we want to make a distinction between the two. Our main aim in imposing Purchase Tax on vehicles was to save foreign exchange. It is, therefore, not the size of the engine which is the important factor but rather how much foreign exchange is spent in acquiring the vehicle. The new purchase tax Act which will be introduced into this House after my statement will, therefore, base purchase tax on the value of a vehicle. Cars with a value of under £G500 will attract a purchase tax of 10 per cent; a person can therefore still buy a car by paying only 10 per cent purchase tax. As the value of the car rises, more purchase tax will have to be paid so that where the value exceeds £G500 but does not exceed £G700 a purchase tax of 15 per cent will be levied. Cars with a value exceeding £G700 but not exceeding £G900 will attract 25 per cent purchase tax; cars with a value exceeding £G900 but not exceeding £G1,200 will attract a purchase tax of 33⅓ per cent. The expensive and luxurious cars ranging in value between £G1,200 and £G1,500, between £G1,500 and £G2,000, and over £G2,000 will attract 45 per cent, 66⅔ per cent and 75 per cent respectively. This new method of assessing purchase tax on cars will raise the price of some luxurious cars which in the past because of their relatively small engine capacity, attracted very low purchase tax rates. It will, however, reduce the price of some relatively inexpensive cars, which, because they had big engines, attracted higher tax. This system will bring about a fairer and more logical assessment of purchase tax.

This year a distinction is drawn between commercial vehicles and cars. Last year's tax on commercial vehicles, which was the same as that on cars, put many commercial vehicles into a very high purchase tax category. Whilst it is Government's intention to restrict the spending of foreign exchange on vehicles generally and also on commercial vehicles, it is not the Government's intention that these should cease to be obtainable. A considerable modification has therefore been made to the purchase tax levied on commercial vehicles. A distinction is made between commercial vehicles which are imported assembled, and those which are assembled locally. Those which are imported assembled where the value does not exceed £G800 will attract 5 per cent purchase tax. On those with a value exceeding £G800 but not exceeding £G1,500 the tax will be 10 per cent. Commercial vehicles with a value exceeding £G1,500 but not £G2,500 will attract 20 per cent tax, and those exceeding £G2,500 in

value 33⅓ per cent. Members will agree that this is a tremendous concession to our business men and our " mammy lorry " drivers who in the previous year, were required to pay as much as 66⅔ per cent on many of their commercial vehicles.

For locally assembled vehicles, an even lower purchase tax rate will be levied. Locally assembled vehicles with a value less than £G800 will attract no purchase tax whatsoever; those with a value exceeding £G800 but not £G1,500 will have only a 5 per cent tax imposed. Those with a value exceeding £G1,500 but not £G2,500 will attract a tax of 10 per cent and those above £G2,500 in value only 15 per cent. We have done this to give protection to our local industries. We have a vehicle assembly plant which can produce vehicles of certain types for the ordinary needs of our people. We want to encourage this industry to expand, to provide for our needs, to give employment to our people and to introduce new skills. We hope that this concession will encourage other manufacturers to establish in the country.

Having made these concessions, let me say that it is well known that our motor vehicle licensing fees are very low. I propose to double the motor vehicle licence fees for private cars, but to make a concession for " mammy " lorries, buses and commercial vehicles generally by imposing only a 50 per cent increase. We have done this because we are spending so much money on roads. Our road system is unquestionably one of the best in this part of the world. The more roads we build the more we spend in maintaining those roads and with rising costs, the more money we spend per mile of road maintenance. We must therefore pay more for our roads. These licences are generally paid once a year or quarterly if a person so wishes; they should not therefore be a great burden on our people.

I have at the same time decided to raise the duty on petrol by 5d. a gallon. Petrol is still relatively cheap in this country and the bulk of it is used by private vehicles. I am sure that an additional tax of 5d. a gallon can be sustained. I have decided not to put any tax on diesel fuel which is used by most of our mammy lorries and commercial vehicles for the simple reason that I do not wish to place any greater burden on them or on our industrial establishments. Finally, Mr. Speaker, I have decided to ask all people who hold driving licences to pay £G2 a year to renew them. These driving licences are in effect professional certificates. In other instances, to obtain a professional certificate, a person has to pay very much more and I am sure that our drivers will not grumble if I ask them, once a year, to pay £G2 to retain their professional certificates.

It has been decided that the minimum postage on sealed letters should be 4d. and that the minimum charge for a telegram should be 2s. 6d. A legislative instrument to bring these into effect will be published shortly by the Ministry of Communications.

Mr. Speaker, I would like a note to be made of the fact that I have not placed any additional taxes on textiles, sugar, imported spirits, locally produced cigarettes and beer to mention only a few. This must be regarded as a concession.

Mr. Speaker, last year we attempted to raise £G21 million in additional revenue from changes in taxation. This is the highest amount the Government has ever tried to raise in a year. This year, in comparison, I am attempting to raise a modest amount of £G7·9 million.

Mr. Speaker, I have only a few more words to say before I take my seat.

This is the last budget before the inauguration of Ghana's new 7-Year Development Plan in 1963. Its emphasis on agriculture and industrialisation has already been given great publicity. I therefore do not intend to comment further, as Members would have every opportunity to debate the plan when it is published.

Osagyefo in his speech last week made mention of the National Investment Bank which has already been established with a capable and experienced Ghanaian banker as its first Managing Director. This Bank has not yet began to operate since it is yet to be incorporated but the Managing Director has already started negotiations with institutions and business houses which have expressed interest in the Bank and are prepared to assist in its financing. As the President has told you the United States Government is already taking an active interest in the Bank and has loaned us experts who have carried out a survey as to how best the institution should be set up. The report of the experts is expected any time now. In this connection I should like to mention that during my recent visit to Washington D.C. to attend the World Bank and International Monetary Fund meeting, I took the opportunity to discuss with the United States State Department and the World Bank officials, among other things, our National Investment Bank. I gained the impression from those talks that they were keenly interested in the establishment of such a Bank. Apart from the United States of America I don't see any reason why help from other industrialised countries should not be forthcoming. The Bank will operate independently as a commercial enterprise and will lend money for all economically feasible projects without discrimination. I hope to introduce into this House during the present session a Bill to incorporate the Bank when I will have more to say about the Bank's operations.

Finally, Mr. Speaker, I should like to take this opportunity to say how grateful we are to the International Bank for Reconstruction and Development for the assistance which they continue to give us. We have with us two of their experts—Dr. Baranski and Dr. Wignaraja—who are helping us in various ways. These gentlem n have been most understanding in their approach to our problems. We are grateful to the International Bank for Reconstruction and Development for sending us these gentlemen and we hope their stay with us will be of mutual benefit.

Mr. Speaker, and Members of the National Assembly, I have presented to you, as Osagyefo the President has already assured you, a carefully considered budget. We have a challenge to meet. Let me therefore repeat what I have already said. We must all bear our fair share of the

burden of taxation to enable us to maintain a steady rate of growth in the country, to industrialise for our future progress and advancement, to press home our plans for the intensification of agriculture and to strengthen the foundations for a healthy and prosperous Ghana.

Mr. Speaker, I beg to move.

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