

THE
House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1971 - 76

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FIRST SESSION OF 1971-76
HOUSE OF ASSEMBLY

Thursday, 31st May, 1973.

Pursuant to the adjournment, the House of Assembly met at 2.25 p.m. o'clock.

PRESENT

His Honour N. G. A. MAXWELL, LL.B. (Speaker); Hon. C. E. TALMA, C.B.E. (Deputy Prime Minister and Leader of the House); Rt. Hon. E. W. BARROW, B.Sc, Econ., LL.D., (Prime Minister); Hon. G. G. FERGUSON, (Minister of Home Affairs); Mr. R. St.C. WEEKES, J.P.; Mr. W. R. LOWE, J.P., (Chairman of Committees); Hon. A. DaC. EDWARDS, (Minister of Agriculture, Science and Technology); Mr. W. C. B. HINDS; His Honour C. A. E. HOPPIN, (Deputy Speaker); Mr. ELLIOTT D. MOTTLEY; Mr. C. L. BOLDEN, LL.B. Hon. F. G. SMITH, Q.C., S.C., B.A., (Minister of Communications . and Works); Mrs. G. L. EASTMOND:

Hon. P. M GREAVES, B.A., (Minister of Housing, Lands, Labour and National Insurance); Mr. H. deB. FORDE, M.A., LL.B.; Dr. the Hon. R. B. CADDLE, (Minister of Health and Welfare); and Mr. A. MORRISON.

Prayers were read.

PAPERS LAID

Rt. Hon. E. W. BARROW:

Mr. Speaker, I beg to lay the Survey of the Barbados economy for the year 1972.

SUSPENSION OF STANDING ORDERS

Hon. C. E. TALMA:

Mr. Speaker, I beg to move "that Standing Orders Nos. 6, 16, 17, 18, 20, 21, 22, 42, 43, 44 and 47 be suspended for the remainder of today's sitting.

Hon. A. DaC. EDWARDS:

I beg to second that. v

The question was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

Hon. C. E. TALMA:

Mr. Speaker, I beg to move that Government Business be now taken,

Hon/G. G. FERGUSSON:

I beg to second that. The question was put and resolved in the affirmative without division.

Hon. C. E. TALMA:

Mr. Speaker, I beg to move that the Budgetary Proposals and Financial Statement for the year 1913-74 be the first Order of the Day.

Hon. G. G. FERGUSSON:

I beg to second that.

The question was put and resolved in the affirmative without division.

FINANCIAL STATEMENT AND BUDGETARY PROPOSALS FOR THE YEAR 1973-74

Rt. Hon. E. W. BARROW:

Mr. Speaker, the provisions of the Barbados Independence Constitution of 1966 and of the Financial Administration and Audit Act of 1964 require that all sums of money considered to be necessary for the good management of the affairs of the country should be voted by Parliament.

Some items of expenditure are fixed by law but others are debated and discussed during the passage through this House of the annual estimates of revenue and expenditure. Those items are then embodied in the Appropriation Bill which is enacted before the 31 st day of March in each and every year.

Both Houses of Parliament therefore have approved the expenditure for the financial year 1973-74 which began on the 1st day of April 1973 and will terminate on the 31st day of March 1974. Parliament

has not only approved the amounts which should be allocated but the manner in which the several sums should be spent and the purposes for which the sums are appropriated. It is the duty of the administration to ensure that the money supplies voted by Parliament are disbursed for the purposes and in the manner intended and not otherwise.

The Appropriation Act together with statutory expenditure have authorised total spending on current account of a sum of \$140.6 million for the financial year 1973-74.

Revenue has been estimated at \$120.7 million leaving an excess of current expenditure over current revenue of \$19.9 million.

Parliament has duly taken note of this estimate and this deficit.

What Parliament has not done so far is to say where the money is to come from.

Mr. Speaker, we are assembled here today with some expectation that we will hear where the money is going to come from.

We already know from whom. The answer is from us. The people who live in the country and who share the goods and services which the Government provides as manager of our communal affairs. That we always know. The budget tells us what we do not know and that is not from whom but from where.

As in the past, the financial statement and budgetary proposals which I am presenting to the House today will describe Government's fiscal proposals for meeting the projected deficit in the current estimates.

But I should like to venture a little beyond that in my approach to the problems of budgeting in a country such as ours.

In most developing countries, the scope for using the fiscal measures contained in the budget as a means of influencing the level of economic activity has in the past been restricted because of a number of factors, such as the narrowness of the tax base, lack of a developed capital market, the uncertainty of tax receipts from export activities, and so on. Increasingly, however, a number of Governments in developing countries have begun to develop a higher degree of sophistication in the preparation of their budgets, and the simultaneous development of fiscal theory and budgetary practice has brought the theory of fiscal management closer to the circumstances of the real world, and has made the budget a more effective instrument of policy. The budget which I am going to introduce today therefore is not merely designed to raise additional revenue, but is an instrument of economic growth which it is hoped will stimulate expansion in the various economic sectors.

In a similar vein, it should also be noted that other fiscal proposals which have been made by Government from time to time have been so designed as to ensure that the economic effects of any particular tax measure designed to raise revenue are such as to assist and not retard the process of economic development I refer for example to the land tax which was introduced this year which is a far more rational fiscal measure from an economic and social point of view than the tax which it replaced,

2.35 p.m

I am happy to say on this occasion that I am able to return to the practice which I introduced as long ago as 1964 of laying before the House the Annual Economic Survey at the same time as the budgetary proposals and financial statement are being presented. In order to achieve this it has been necessary in certain areas - for example, foreign trade - to present incomplete data for the year 1972, but I feel that it is better for the House and general public to have a reasonably complete picture of the performance of the economy in the recent past as an essential background to the consideration of new fiscal measures than to wait for a few more months in order to present the final data.

The survey gives information on all the major areas of activity in the economy during 1972 and I do not propose to repeat this in detail in my presentation. For the benefit of those who would not yet have seen the document I shall merely quote the Summary contained in the Survey on the behaviour of the economy in 1972.

"SUMMARY

The information which is currently available hardly permits more than a tentative assessment of the performance of the economy in 1972. Available data suggests that the Gross Domestic Product at current prices in 1972 was in the region of \$357 million. That figure represents an increase of \$35.5 million, or 11 per cent over the 1971 revised figure. Over the same period the price level, as indicated by the Index of Retail Prices rose by 10.4 per cent. It seems, therefore, that the real growth recorded in 1972 was less than 1 per cent.

Among the reasons which account for the modest performance of the economy in 1972 are the continuing difficulties of the sugar industry. Production of sugar was a mere 111 thousand tons - the lowest figure recorded for many decades. Although the increase in sugar prices under the Commonwealth Sugar Agreement allowed the value of sugar exports at the end of September, 1972 to reach \$27 million, the shortfall in sugar production had a significant impact on our export performance.

Other key production sectors experienced considerably smaller rates of growth than in former years. While the number of tourist arrivals increased significantly in 1971, by 20.9 per cent the rate of growth in visitor arrivals in 1972 was only 11.3 per cent. This decline in the rate of growth of visitor arrivals has had an impact on the rate of growth of earnings from the tourist industry and on the contribution of that industry to the economy as a whole.

All available indicators point to the fact that our economy is undergoing a process of transformation. It is, perhaps, inevitable that in such a process growth will be more measured, even though it will be more self-sustaining."

International Monetary Scene During the period which has elapsed since presentation of the last budget, the International Monetary scene has been characterised by continuing uncertainties and constant changes. The devaluation of the United States dollar in August, 1971 which resulted in an effective revaluation of the pound by 8.5% was followed in June, 1972 by the decision of the British Government to adopt the system of a floating exchange rate, and to impose exchange controls against sterling which resulted in the virtual termination of the sterling area arrangements. These exchange

control regulations have created a number of problems for Barbadian nationals living in the United Kingdom who want to make various remittances and payments to Barbados and Government and I myself personally, have made several representations to the United Kingdom Treasury in an effort to secure modifications and relaxations in the regulations.

The East Caribbean dollar, because of its statutory link with sterling, floated with the pound down to its new parity of 2.38 to the dollar which was below the original fixed exchange rate of 2.40 to the U.S. dollar. During this period the Governments of Guyana and Trinidad and Tobago decided to let their currencies float with sterling while the Jamaican Government decided to link its currency with the dollar. In March, 1973 the US dollar was again devalued and in addition to the pound, a number of other major international currencies were allowed to float against the dollar. The United States devaluation against the pound, according to the latest information, is in the region of 7 to 8% so that within the CARIFTA region there has been an effective devaluation of the Jamaican dollar against the East Caribbean, Guyana and Trinidad and Tobago dollars.

Efforts at the negotiation of a new international monetary system have been continuing through the Group of 20 and the Committee of Deputies set up by the International Monetary Fund last year. Unlike on previous occasions, the developing countries have representation on these two groups. The outcome of these negotiations appears uncertain as they are being increasingly linked with the solution to a number of important international trade problems between the developed countries which will shortly be discussed within the framework of the General Agreement on Tariffs and Trade. It is therefore difficult to forecast when there will be a return to more stable monetary conditions. European Economic Community

Britain finally entered the European Economic Community in January this year. It has of course been known for sometime that Barbados along with a number of other Commonwealth Associates will shortly be engaged in negotiations with the enlarged Community about the arrangements for continued access for traditional and other exports which were formally marketed in the United Kingdom. The Barbados Government has been working along with its CARIFTA partners in an attempt to negotiate a formula for association which would be compatible as far as possible with the common requirements of the economics of the region.

Recent information coming out of Europe about the attitude of beet sugar interests and of various European Governments to the nature of the commitment which the Community has given to the Commonwealth Sugar Producers indicates that it will not be an easy task to reconcile the various conflicting interests and to arrive at a satisfactory arrangement which will guarantee to the developing sugar producing countries continued access for existing tonnages at remunerative prices.

World Bank

The Barbados Government earlier this year submitted a formal application for membership to the World Bank, and it is expected that formal accession will take place in time for the forthcoming meeting of the Board of Governors of the Fund and Bank in Nairobi in September, 1973. This will give Barbados access to additional financial resources, and preliminary discussions have already been held with the Bank about the possibility of receiving loans in the fields of secondary and technical education and export agriculture. In addition, it is hoped that funds from the World Bank will be channelled to

Barbados through the Caribbean Development Bank. 2.45 p.m.

Other International Institutions

In December, 1972 the Board of Directors of the Inter-American Development Bank approved a loan of \$5.6 million for the expansion and equipment of the Community College. Several other projects including the expansion of the Deep Water Harbour are currently under discussion with this Bank. Two loans, one for the

development of the dairy industry and the other for the carrying out of research into the uses of separation equipment in cane mills were secured from the Canadian International Development Agency and negotiations for a loan for the expansion of Seawell Airport are well advanced. The Barbados Government also negotiated in 1972 its first loan of \$3.3 million from the Caribbean Development Bank for construction of factories on industrial estates.

Barbados Development Bank

The Barbados Development Bank became operational in 1969. Since then it has contributed meaningfully to the national economic growth especially in those areas where new capital formation is created. During the fiscal year ended March 31, 1973 the Bank approved forty-two (42) loans totalling \$1.2 million. There were 65 loans outstanding totalling \$1.6 million, compared with \$1.5 million at the end of the previous year. In addition at March 31, the Bank had a loan commitment of \$1.1 million. During the year, the Bank made a direct investment of \$75,000 in the share capital of International Sea Foods Ltd., which, along with shares held by the Barbados Marketing Corporation, gives the government agencies a controlling interest in the revival and expansion of the shrimp industry.

Commercial Banking

Total deposits at commercial banks continued to expand during the year although at a slower rate than previously. During the period March, 1972-March, 1973 deposits increased by \$23.7 million to a total of \$242.8 million, as compared with an increase of \$27.8 million between March 1971 and March, 1972.

Advances increased during 1972 by \$30.4 million to \$234.3 million. At the end of March, 1973, the ratio of advances to deposits was approximately 96.5% as compared with 93% at the end of March, 1972.

The commercial Banking Sector continues to be a net importer of funds to the extent of approximately \$13 million at March, 1973. This is in keeping with a trend which started in December, 1971 when the total liabilities of the commercial banks to banks abroad exceeded the balance due by banks abroad.

Central Bank

During 1972 the Central Bank of Barbados became operational and there have been a number of appointments to key staff positions. The General Manager supplied by the International Monetary Fund completed his assignment and a replacement is expected to assume duties around the middle of 1973. Negotiations for the orderly withdrawal of Barbados from the East Caribbean Currency Authority are

well advanced and it is hoped that the first issue of Barbados currency will take place during the last quarter of 1973.

Common External Tariff

The Heads of Governments of the Commonwealth Caribbean agreed in Georgetown in April that the Caribbean Community and Common Market should be implemented among the independent countries by 1st August, 1973 and that those non-independent territories which desire to accede to the treaties would have until May, 1974 to do so. Implicit in the commitment to this further step in Caribbean economic integration is a commitment to the introduction of a common external tariff which means that the members of the Common Market will enjoy free trade among themselves and will have a common tariff against the rest of the world. The tariff has been deliberately structured to stimulate the production within the Common Market of goods which can be economically produced within the area and to provide for low or nil duties on foodstuffs and on raw materials not producible within the area and on capital goods. It is a tariff based on the concept of maximising the use of national and regional resources, especially human resources, and seeks to discourage the importation of frivolous or luxurious goods which do not meet basic requirements and which waste scarce foreign exchange.

Current Revenue and Expenditure in the last Financial Year

The approved estimates of current expenditure for 1972/73 amounted to \$107.5 million, which together with supplementary estimates of \$5.9 million made a total approved expenditure of \$113.4 million. The provisional total of the actual expenditure for the year totalled \$110.9 million which represents an increase of \$18.3 million over the financial year 1971/72. This increased expenditure is attributable to the increase activity of Government in providing more goods and services.

The total revenue for 1972/73 was estimated at \$102.1 million. The actual collections (provisional) totalled \$110.4 million, which represents an increase of \$8.2 million over the previous year. \$43.9 million came from indirect taxation and remarkably, \$43.9 million from direct taxation. Approximately 88% of the total revenue was derived from taxation. Nevertheless, the revenue collected still proved to be inadequate by the sum of \$600,000, as this amount represented the deficit on current account as follows: -

Expenditure \$110.9 million

Revenue 110.3 "

600 thousand Capital Expenditure 1972/73

The approved estimates of expenditure on capital account totalled \$32.9 million. During the course of the year this sum was supplemented by \$3.6 million, thus increasing the estimates for the year to \$36.5 million. The actual expenditure (provisional) incurred at 31st March was \$21.2 million, which was financed as follows:

\$

Loans raised 11.7 million

Short term borrowings 9.5

21.2

Public Debt

The public debt at 31st March, 1973 stood at \$83.2 million which represents an increase of \$13.7 million over the figure (69.4) at the corresponding period of the previous year.

At 31st March, 1972 the composition of the public debt was as follows:-Total External Internal

\$ \$ \$

69.4 million 26.9 million 42.5 million

During the course of the year additional loans were raised both externally and locally and old debt redeemed, so that at 31st March, 1973 the composition of the debt

was -

Total External Internal

..\$ \$ \$

31.3.72 69.4 million 26.9 million 42.5 million Additional

Loans raised 30.2 3.6 26.6

99.6 30.5 69.1

Deduct Redemptions 16.4 12.4 4.0

31.3.73 83.2 18.1 65.1

The cost of servicing the public debt was estimated at \$8.7 million or approximately 8% of the current revenue. International experts and institutions in their official reports on the Barbados economy have observed that our debt servicing charges are well below acceptable levels for a developing country. It has been suggested that there is considerable scope for increase in the public debt. 255 p.m.

Current Revenue and Expenditure 1973-74

The approved expenditure on current services for this financial year is estimated to be \$140.5 million. The total expenditure for the previous year was estimated at \$112.8 million. The Government is therefore being asked to provide \$28.7 million over and above that provided in the preceding year to

meet the current costs of running the country. It will be recalled that on 6th February, 1973 the House approved the Civil Establishment (General) Order, 1973 thereby implementing Government's decision on the revision of salaries in the Civil Service with effect from 1st April, 1973 and for an annual increase with effect from April 1974 and April, 1975. The additional cost to Government for 1973/74 is estimated at \$13.75 million. I have done some research on additional cost over 1972-73 in succeeding years and the figures are as follows: -

1974/75 \$17.01 million

1975/76 20.37 million

In addition, a further sum of \$5.5 million has been included in the estimates of expenditure to meet the claims for arrears of interim pay to public officers. It will be seen therefore that of the estimated increase in expenditure of \$28.7 million, \$19.3 million or 70% represents salary and wage payments.

Current revenue is estimated at \$120.7 million or \$18.8 million more than that estimated for 1972/73. This revenue is expected to come from the following sources: -

Customs \$51.3 million

Income tax 50.1

Other 19.3

120.7

With current expenditure estimated at \$140.5 million and revenue at \$120.7 million, the deficit on current account is \$19.8 million approximately.

Capital Expenditure 1973/74

The capital expenditure for 1973/74 is estimated at \$44.1 million. This is \$7.5 million more than the estimate for the preceding year. \$8.3 million will be spent on new construction, \$2.2 million goes towards capital grants, \$9.9 million will be utilised as advances to statutory organisations and approximately \$25 million will be spent on maintenance and replacement.

The capital account will be financed as follows:

CD. & W. 240,000 Expenditure 44,100,000

Loans

Canadian External Aid 1,200,000

Caribbean Development Bank 1,100,000

Inter-American Development

Bank 2,700,000

5,240,000

New Loans

To be raised 38,860,000

44,000,000 44,100,000

Budgetary Proposals

However carefully a budget may be prepared, it can be rendered ineffective if the implementation is faulty. Controls formal or informal should be designed to ensure prudent financial management and compliance with legal requirements. The supplies voted by Parliament must not be wasted nor misused. Control over revenue involves not only seeing to it that revenue is properly recorded, but more important, making sure that the Government collects all the revenue to which it is entitled. Adequate measures must be taken to ensure that the best possible use is made of government assets, that they do not leave the possession of the government except under proper authority, and that no assets are written off or disposed of without proper authorization.

All of these principles will continue to form the daily activities of the Ministries over which I preside.

Import Duties

During the past five years, excise duties have remained relatively static and receipts from customs duties grown relatively slowly. A possible explanation is the rising proportion of non-dutiable imports to total imports which rose from 31% of the total in 1967 to 42% in 1971. In other words, Government collects no import duties on 42% of the goods imported into this country. The fifth year of the phasing out of duties under the CARIFTA Agreement ended on 30th April, 1973.

The most important change in indirect taxation will result from the implementation of the Common External Tariff, which, as mentioned above is expected will be brought into force from 1st August, 1973, as one of the instruments of the proposed Caribbean Common Market. While the Government is fully committed to regional integration, it is my intention to adopt measures to ensure that major increases in import duties do not result in serious effects on the cost of living. I intend to pursue a policy which is consistent with the aim and objective of a Common External Tariff. Effective tomorrow there will be changes in the tariff on a wide range of commodities, as indicated in the schedule attached to this financial statement and budgetary proposals. There are changes in the tariff on 376 items, so that I do not propose to read the list as was done formerly. Rather I shall indicate those commodities on which major changes will be made. 3.05 p.m.

I should say, parenthetically, that there are 1200 items affected by the Common External Tariff. I have selected 376 of these for my budgetary proposals, none of which in any case exceeds the Common

External Tariff and, out of that 376, I have selected some indicators.

The duty on still wine will be increased from \$2.77 and \$3.49 to \$5.00 and \$7.00 per gallon. Where I give figures, the first one is the preferential rate and the second figure is the general rate - the preferential rate applying to commonwealth countries, remembering all the time that there is no tariff as between the countries in the Caribbean.

The duty on sparkling wine (that means champagne) will be increased from \$5.00 and \$6.27 to \$20.00 and \$25.00.

The duty on other wines from \$2.77 and \$3.49 to \$5.00 and \$7.00.

Cider from 48c and 52c to \$1.00 and \$2.00.

Imported Beer from \$1.65 and \$1.71 to \$5.10 and \$5.50.

Stout from \$1.65 and \$1.71 to \$5.10 and \$5.50.

Other Malt Beverages from \$1.65 and \$1.71 to \$5.10 and \$5.50.

Whiskey from \$17.33 and \$18.78 to \$53.00 and \$55.00

Gin from \$15.36 and \$16.28 to \$54.00 and \$56.00.

Brandy from \$17.33 and \$18.78 to \$50.00 and \$52.00.

Bitters from \$17.33 and \$18.26 to \$62.00 and \$65.00. Liqueurs from \$17.33 and \$18.26 to \$62.00 and \$65.00. Vodka from \$15.36 and \$16.28 to \$62.00 and \$65.00. Other Spirits from \$19.20 and \$19.92 to \$62.00 and \$65.00.

The total increase which I estimate from alcoholic beverages is \$4.3 million. I should just like to say that nearly all of these commodities are produced within the region and can be bought at the pre-existing rates. Those who want to buy from outside will pay the new rates.

The duty on poultry parts such as backs and necks will be removed and the duty on other parts changed to 15% and 25% to yield \$100,000.00. I should just like to repeat that so that there would be no misunderstanding. There will be no duty on backs and necks. I am removing that duty, but I am increasing the duty on the other parts which can be produced locally.

Hams in airtight containers will move from 5% and 10% to 10% and 15% to yield \$140,000. So will other prepared or preserved meat to yield \$90,000.

Flour of wheat and spelt will pay a duty of 5% and 10% to yield \$175,000. Spelt is a variety of wheat produced in mountainous or hilly regions in the middle European countries, and prepared breakfast foods will pay a duty of 20% and 30% instead of 5% and 10% at the moment. The yield from this should be \$55,000.

Sweetened biscuits will pay 20% and 30% instead of 10% and 20% and this should yield approximately \$58,000 in additional duties.

Preserved fruit, vegetables in cans and roasted nuts will move from 15% and 25% to 35% and 45% to yield \$400,000.

Confectionery and chocolate will move from 10% and 30% to 35% and 45% to yield \$200,000.

Most other canned foods will move from 10% and 20% to 20% and 30%.

There will be an increase in the duty of imported tobacco from \$6.76 and \$7.24 per lb. to \$18.26 and \$18.46 per lb. This is not tobacco leaf, and it will not affect the price of locally manufactured cigarettes. Government revenues should benefit to an amount of approximately \$400,000 from this.

Perfumed spirits, cosmetics and toilet preparations generally will move from 25% and 35% to 45% and 55% to yield \$175,000.

Paper bags from outside the area will now have to pay a duty of 20% and 30% and cotton fabrics will move from 5% and 10% to 35% and 45% to yield \$400,000. Synthetic fabrics will move from 5% and 10% to 25% and 35% to yield \$600,000 whilst knitted fabrics which are more liable to a duty of 5% and 10% will move to 35% and 45% to yield \$100,000.

Bed linen and table linen will move from 15% and 25% to 35% and 45% to yield \$130,000, whereas glassware will move from 6% and 16% to 18% and 25% to yield \$60,000.

Domestic stoves will move from 10% and 20% to 35% and 45% to yield \$210,000 and electric refrigerators will move from a similar tariff to 25% and 35% to yield \$145,000.

The duty on motor cars will be increased from 13% and 28% to 35% and 45% to yield \$1.5 million. Whilst there will be a similar increase on other passenger road motor vehicles (other than buses and motor cycles) and on trucks and lorries to yield

\$300,000. The same percentage of increases will apply to other passenger road vehicles (other than buses and motor cycles). Increased duties on parts should yield another \$320,000.

There will be an increase in the duty on a gross box of matches from \$1.00 and \$2.00 to \$4.00 and \$5.00 which should yield some \$230,000.

Mr. Speaker this is but a sample of the 376 items on which I have decided to change the tariff in order to raise the revenue needed to meet the cost of running the country. But there is a much more important aspect to the selection of the items than the revenue raising aspect, and it is this.

We are out to stimulate local agricultural and industrial production and to foster intra-regional trade.

Large numbers of the items identified for increases in import duties and consequential consumer price

increases have been selected because substitutes are available within the area and because we are attempting to discourage conspicuous consumption patterns in our societies. 3.15 p.m.

The alternative is to ban the importation of them altogether which in the case of Barbados may prove costly and counter-productive from a Government revenue point of view. So we prefer to use the tariff weapon to stimulate local production.

I also propose to remove the surtax levied under the Revenue in Aid Act on the following items: -

Fruit - dried, canned and bottled . Grease

Pork - pickled Oil - Lubricating

Perfumery, cosmetics and toilet requisites including perfumed spirits and soaps

Photographic appliances and accessories including films Turpentine

Typewriters and parts thereof Vegetables - canned

House, office and store furniture of wood Manufactured tobacco of all kinds Snuff Brandy Whisky
Gin Rum

Cordials and liqueurs including bitters Vodka

Wines and malt liquors Motor cars, trucks and omnibuses

Parts and accessories to motor cars, trucks and omnibuses including tyres, tubes, electrical apparatus
and appliances Glass bottles

I estimate that these changes in customs duties will result in the collection of an additional \$10 million.

It will be recalled that last year I sounded a note of caution against unfair profiteering by traders and I again wish housewives especially, to note that any increase in import duties would not affect the price of goods imported from CARIFTA countries. They should also note that there would be no justification whatsoever for any merchant to

increase the prices of goods which have already been duty paid and stored in their shops and warehouses.

Income Tax

Between 1970 and 1971 the number of taxable returns increased from 29,632 to 34,680. The actual number of returns reviewed increased during this period from 39,000 to 43,188. The growth in the number of taxpayers is evidence of the rate of growth of the economy of the country. More people are receiving more in salaries, wages and other income. However, outstanding tax still continues to be a

source of worry. I do not propose to increase the level of income tax, but rather to initiate steps in the Department of Inland Revenue which will enable the Commissioner to pursue more vigorously the task of collecting the outstanding arrears which at 31st March stood at \$4 million approximately. It is estimated that the additional receipts which will accrue from that measure will be \$2.5 million.

Other Revenue

I have observed that several departments do not exhibit the same zeal in collecting revenue as they do in incurring expenditure. If the Government is to cope effectively with ever rising expenditure, then more efficient methods must be exercised in the collection of monies due to Government.

It is not my intention, therefore, to impose any additional tax burden, as I am confident that with improved efficiency in the collection of revenue an additional \$500,000 will be raised.

I intend to impose a 5% charge on gross revenue on all commercial undertakings at Seawell International Airport which do not pay concession fees at the moment. This will include ramp and agency services whether supplied by airlines or independent contractors and on catering services such as flight kitchens. The yield should be of the order of \$100,000.

I propose that the Racing Service registration fee should be \$25,000 instead of \$20,000 as at present and that they should hold a minimum of \$25,000 in government bonds or securities.

Land Tax

The Land Tax Act 1973 which provides that the tax may be either the site value or the improved value came into force on 8th February, 1973. For the first year of the tax I have levied the tax at the rate of 1% on the site value. The tax unpaid at the beginning of the financial year amounted to \$3.5 million and I estimate that during the course of this year \$2.5 million of this will be collected.

The rate for the financial year 1973/74 will be made by Order later in the year, and demand notices will be issued at the appropriate time.

In my Budget Speech in 1972, I stated that a review of the fees chargeable by Government Ministries and Departments in respect of certain services would have been undertaken. This review is expected to be completed during the course of this financial year. An assessment of the amount of additional revenue from these sources has not yet been ascertained, but as I indicated then, the main purpose is to bring fees chargeable in line with present day costs and money values.

Summary

From the measures which I have outlined and from a review of the main sources of revenue, the additional revenue which it is estimated will be available for financing current expenditure is approximately fifteen and a half million dollars made up as follows:

Customs and Excise \$10,000,000

Additional Receipts

Income Tax Arrears \$2,500,000

Land Tax Arrears 2,500,000

Other Revenue 650,000 5,650,000

\$5,650,000 \$15,650,000

There, Mr. Speaker, is where I expect the money to come from. (Cheers)

THE ADJOURNMENT

Hon. C. E. TALMA:

Mr. Speaker, this concludes Government Business for today's sitting.

I beg to move that this House, according to Standing Order No. 31, do now adjourn until Tuesday, 5th June, 1973, at 2.15 p.m.

Hon. A. DaC. EDWARDS:

I beg to second that.

Mr. MOTTLEY:

Mr. Speaker, at this stage, I beg to give notice of the following Resolution which we will discuss on Tuesday, 5th June, 1973, as regards the Financial Statement made by the Prime Minister. It reads as follows

"BE IT RESOLVED that this House takes note and disapproves of the Financial Statement and Budgetary Proposals."

Mr. Speaker, in view of the correspondence from the Leader of the House which originally suggested that the Opposition reply should be made on Tuesday, 12th June, which was totally unsatisfactory to us, we communicated with him and suggested that as far as we were concerned, we were prepared to reply to the Budget Statement tomorrow, and if that was not convenient to the Government, then we would make our reply on Tuesday, 5th June. 3.25p.m.

Since he has accepted the 5th and not the 12th this will be satisfactory to us.

Rt. Hon. E. W. BARROW:

I appreciate the anxiety of the hon. member to get a play, as they say, before the Leader of the Opposition comes back, but according to Rule 31(1) we have to adjourn the House till next Tuesday because the Standing Order says "the two sitting days which shall immediately follow", so that is a mistake on our part. The hon. member can pose now as shadow Minister of Finance, there is no problem.

Mr. MOTTLEY:

Mr. Speaker, I must get the record straight. I do not think the Prime Minister is quite correct in what he said about my posing as leader, because it was represented to me that he will be away and that is why we were asked to put it back till the 12th. Following on that, it appeared to us that there was no one on that side capable of contributing to the debate except the Prime Minister, but on this side there are those of us who are capable, as indicated in my letter to the Leader of the House, and we will be prepared to reply to the Budget Speech tomorrow if it is convenient to the Leader of the House.

Mr. FORDE:

Mr. Speaker, before the question is put, I think the hon. member gave notice of a resolution and I wonder if you will guide us on this.

Mr. SPEAKER:

The hon. member has only given notice of the resolution, and I understand that at the next meeting it will be formally moved and seconded.

The question that the House do now adjourn till Tuesday next, 5th June, 1973 at 2.15 p.m. was put and resolved in the affirmative without division, and Mr, SPEAKER adjourned the House accordingly. 3.30 p.m