
THE

House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION OF 1971 – 76

HOUSE OF ASSEMBLY

Friday, 30th July, 1976

Pursuant to the adjournment, the House of Assembly met at 4.30 p.m. o'clock.

PRESENT

His Honour C. A. E. HOPPIN, J.P. (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. FERGUSSON, (Minister Without Portfolio); Mr. R. ST.C. WEEKES, J.P.; His Honour A. DaC. EDWARDS, (Deputy Speaker); Mr. W. C. B. HINDS; Mr. L. S. CRAIG; Mr. J. B. SPRINGER; Mr. J. M. G. M. ADAMS, M.A., (Leader of the Opposition); Mr. C. L. BOLDEN, LL.B.; Mr. F. L. WALCOTT, O.B.E.; Hon. F. G. SMITH, Q.C., S.C., B.A., (Minister of Education, Youth Affairs, Community Development and Sport); Hon. P. G. MORGAN, C.B.E., (Minister of Tourism, Information and Public Relations); 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 Communications and Works); Hon. A. MORRISON, (Minister of Agriculture, Science and Technology); Hon. L. E. SANDIFORD, B.A., M.A.(Econ.), (Minister of Health and Welfare); Mr. E. E. GREAVES, B.A., Ed.M.; Mr. D. A. C. SIMMONS, LL.M., (Lond.) and Miss B. A. MILLER.

Prayers were read.

ANNOUNCEMENTS

Mr. SPEAKER: I have received the Report of the Accountant General for the financial year 1975-1976.

Also the Accounts and Statement for the month of March, 1976.

PAPER PRESENTED

Hon. C. E. TALMA: Mr. Speaker, on behalf of the Minister of Finance and Planning, I am commanded to lay the Report of the Accountant General for the financial year 1975-1976.

GOVERNMENT NOTICES

Hon. C. E. TALMA: Mr. Speaker, on behalf of the Prime Minister, I beg to give notice of a Resolution to grant the sum of \$9,000 from the Consolidated Fund and place it at the disposal of the Government to supplement the Estimates 1976-77, Part 1 – Current, as shown in the Supplementary Estimates 1976-77, No. 16 which form the Schedule to the Resolution.

Hon. F. G. SMITH: Mr. Speaker, I beg to give notice of a Resolution to grant the sum of \$18,177 from the Consolidated Fund and place it at the disposal of the Government to supplement the Estimates 1976-77, Part 1 – Current as shown in the Supplementary Estimates 1976-77, No. 17 which form the Schedule to the Resolution.

Hon. P. G. MORGAN: Mr. Speaker, I beg to give notice of a Resolution to amend the Note to Head 117 – Ministry of Tourism, Information and Public Relations, Item 2, Convention Centre of the Capital Expenditure for 1976-77.

I beg to give notice that I propose to seek permission of the House to deal with this Resolution in all of its stages during this sitting.

PRIVATE MEMBERS' NOTICE

Mr. ADAMS: Mr. Speaker, pursuant to certain letters which I received from the Leader of the House indicating that, contrary to accepted practice, and contrary to recent tradition, I would be expected to reply to the financial proposals and Budget Debate today, I accordingly gave notice to the Clerk of a

Resolution upon which a reply can be based. I have no desire, Sir, to waste the time of the House on an occasion such as this dealing with the Rules which, in my opinion, clearly state in Order 31 that two subsequent days have to be set aside. I am perfectly prepared and, indeed, I am expecting to go ahead this afternoon, but I do not want to ride too roughshod over the Rules. The Leader of the House is inviting me to ride roughshod over Order 31. I do not want to ride roughshod over those Rules, particularly since His Honour the Deputy Speaker on an occasion when he was not in the Chair, during a purported reply to a Budget Debate, objected to the Reply on the grounds that no Resolution was before the House. I do not want to ride roughshod over the Rules and, therefore, I have given notice of a proposed Resolution. I would seek your guidance as to the appropriate moment at which to announce the notice in the House, Sir. Should I give it now, or should I wait until the financial proposals have been delivered to give the notice?

Mr. SPEAKER: At this stage, we are still awaiting the Financial Statement and Budgetary Proposals. I would say when that has been read to the House, at some appropriate moment you may move the Resolution, and it can be dealt with. At no stage do I want any member to feel that Standing Order 31 — it has not been suspended. It states quite clearly:

“Two sitting days which shall immediately follow the Financial Statement and Budgetary Proposals shall be allotted to debate thereon.”

4.40 p.m.

This is the first I have heard of it. However we are awaiting the budgetary proposals, and when they are read I would like you not to lose sight of your privilege, because the Standing Orders will have to be suspended if that is to be done.

Hon. C. E. TALMA: Mr. Speaker, if I may clarify this matter, we are not trying to bypass certain conventions and Standing Orders as such. On this occasion it so happens that the hon. member has a dual capacity; he is shadow Minister of Finance as we know and also Leader of the Opposition. We are not denying him the right to do whatever he wants to do. If he cares to exercise the right of reply immediately after as Leader of the Opposition in accordance with English practice, he can do so and he has unlimited time. He can also reply as Shadow Minister of Finance, but the fact remains that the Leader of the Opposition can reply, and if he wants to get full coverage this afternoon, he can speak as Leader of the

Opposition and speak for the same time as the Prime Minister does in making his speech and he has unlimited time and can continue his speech later on. That is the point and there is no problem at all. Nobody is trying to muffle the Leader of the Opposition or Shadow Minister. It is just that the Hon. and Learned Member has made it clear on previous occasions that he can reply immediately and that he does not need time. If he can carry out his project of replying immediately as he said, we are not denying him any right or privilege. He occupies a dual capacity both as Leader of the Opposition and as Shadow Minister of Finance. I hope I have made myself clear.

Mr. SPEAKER: I will go further. The Standing Order says “two sitting days”; it does not say immediately, so if he wants to reply, he has to get leave of the House. I think that my ruling is fair and honest. The hon. member cannot reply this afternoon because the Standing Order states quite clearly how it should work, unless Standing Order No. 31 is suspended.

Mr. ADAMS: Mr. Speaker, I rise on a point of privilege. I have heard some remarkable things during the ten years I have so far been in this House, but to hear the Leader of the House suggest that it is my wish to exercise the privilege of replying this afternoon when in fact the letters of July 28, 29 and 30 all insisted that the television facilities would be here this afternoon and that I would have to reply, and came out of a Cabinet meeting yesterday to tell me the same thing by word of mouth, I think it a remarkable performance that I should now be put in the position of appearing to be trying to force the Government's hand, when he and everybody else in here knows perfectly well that the Prime Minister having taken two years to prepare a budget expects the Leader of the Opposition to take an hour and a half to reply today, and let us get this absolutely clear at the start. I am going to make all three letters and my replies thereto documents of the House that the Leader of the House wrote me on 28th July, the second paragraph of which reads as follows:—

“The Speaker's permission has been sought for the Minister's speech on Friday, 30th July, and the Opposition's reply thereto to be broadcast from the Chamber by the Caribbean Broadcasting Corporation and Barbados Rediffusion Service.” I sought early clarification. It was made clear that my reply would have to be given this afternoon immediately after the Prime Minister, and a letter was subsequently

written dated 29th July, which said that in accordance with the statement you have made on several previous occasions that we were prepared to make your reply immediately after the Minister's presentation, it is expected that you will do so on this occasion. Not that I asked for it. I was informed it was expected that I would do so on this occasion and therefore the same broadcasting and television facilities made available to the Minister would be made available to me on that day. I think the Leader of the House would not object to my making these documents of the House. I replied to them and set out the facts upon which the alleged statement had been made on several occasions. As far as I know it was made on one occasion.

Mr. SPEAKER: There is no need to go any further.

Mr. ADAMS: I do not want to extend it, but I am on a point of privilege. Anyway I replied on the 29th July, and the Minister replied to me again on the 30th July in which he agreed in effect with your ruling because he said that since the British Leader of the Opposition makes a reply on the same day

Mr. SPEAKER: I am sorry to interrupt the hon. member. I am here as Speaker to see that everything is done fairly to everyone. I am only stating that Standing Order No. 31 sets out quite clearly what should be done.

Mr. ADAMS: This is my contention and I wrote to the Leader of the House saying this. He disagreed. I am at one with you and in due course no doubt the Leader of the House as representative of the privileges of the House as the person who has the right to suspend the Standing Orders will either ask for leave for the Opposition spokesman of finance to reply, notwithstanding Standing Order No. 31, whereupon I will ask for leave to present my Resolution and go ahead with it or somebody will move the suspension of Standing Order No. 31 in so far as it effects my reply.

I do not want there to be any suggestion at all that this is other than one of the tricks of 1976 being practised by the Government. The Prime Minister feels he cannot face me if I

have time to prepare so he is trying to put himself in a slightly better position by forcing me to reply.

Hon. F. G. SMITH: Mr. Speaker, let us get the record straight. The Government had no intention to gag any Leader of the Opposition. The whole idea.....

Mr. SPEAKER: On what is the hon. member speaking?

Hon. F. G. SMITH: I am speaking on a point of privilege. He spoke twice on points of privilege.

Mr. SPEAKER: Has something arisen?

Hon. F. G. SMITH: On what the Leader of the Opposition has said, something has suddenly arisen.

Mr. SPEAKER: Are you speaking on the leave?

Hon. F. G. SMITH: I am speaking on what the Leader of the Opposition spoke.

Mr. SPEAKER: Make your point.

Hon. F. G. SMITH: I want the record to clearly indicate that the Government has no intention whatsoever of short-circuiting or curtailing the Leader of the Opposition. He has said in this Honourable House on several occasions that he can speak immediately after the Prime Minister, so the Government was only giving him an opportunity if he is the big McGuffey he says he is to reply to the Prime Minister. If he cannot seize that opportunity, the procedures, customs and privileges that existed before, the Government is prepared to continue. So do not let him get up and give the public or the press the impression that we are frightened for him.

4.50 p.m.

SUSPENSION OF STANDING ORDERS

Hon. C. E. TALMA: Mr. Speaker, I beg to move that Standing Orders 6, 16, 18, 20, 40, 42, 43 and 44 be suspended for the remainder of the day's sitting.

Hon. G. G. FERGUSON: I beg to second that.

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

PRESENTATION OF THE BUDGETARY PROPOSALS BY
RT. HON. E. W. BARROW, MINISTER OF FINANCE

Rt. Hon. E. W. BARROW: Mr. Speaker, the general abatement of inflationary pressures abroad, coupled with the effective monetary and fiscal policies of my Government have resulted in a sharp decline in the rate of increase of the cost of living in Barbados during the past twelve months. However, the domestic economy continues to be depressed and it is essential to take steps to stimulate economic activity through increased public spending in the productive sectors. It was against this background, and in the knowledge of the improved foreign exchange position, that the Estimates of Revenue and Expenditure for 1975/76 were framed. As the House has already had an opportunity to discuss these estimates, I shall only briefly refer to them in passing.

The published estimates of current expenditure for 1976/77 (including amortisations and lendings) is \$208.9m, representing an increase of \$24.5m over the out-turn for 1975/76. To this must now be added the estimated cost of subsidising the standardised bus-fare (\$5.3m) and increases in salaries of Government employees and in pensions and welfare payments (\$25.8m) which now results in a revised total for current Expenditure in fiscal year 1976/77 of \$240 million.

The published estimate of current revenue for 1976/77 is \$182.5m. In comparing this estimate with the provisional figure for 1975/76 (\$203 Million) it must be stressed again that the revenue last year included \$14.4m on account of the sugar levy for which no corresponding provision has been made this year because of the much lower anticipated average price for sugar exports. Further, (as mentioned earlier) as a result of the measures introduced in November 1974, the collection of Corporation Tax in 1975/76 included tax in respect of 1974 as well as 1975 profits. However, the tax to be collected in 1976/77 will almost entirely be in respect

of 1976 profits. The collection of income tax in 1976/77 will also be influenced by similar considerations, though to a somewhat lesser extent. Ignoring these special factors applicable to 1975/76 for the moment, and in the light of the actual collection in 1975/76 and the increased public spending now proposed, a modest growth rate has been assumed in revising the revenue estimate for 1976/77 to \$195 million. Even so, the revised data for the financial year 1976/77 now indicate a current account deficit of some \$45 million.

5.00 p.m.

The original estimates provided for capital spending of \$80.2m, represented an increase of \$31.9m over the out-turn for 1975/76. While these estimates reflect Government's plan in respect of vital projects like Harbour expansion, Airport development, Water resources development, Cement Plant, Housing, Fisheries, Flour Mill etc., it must, in the first place, be pointed out that administrative and technical constraints may lead to slippages and that actual spending is likely to be less. // The Government is fully conscious of the need to speed up implementation of productive projects, particularly where external financial assistance is forthcoming, and every effort will be made in that direction. Additionally, however, it must be recognised that the increase in the size of the current account deficit and the increased costs of projects occasioned by the wage hike will reduce the financial resources available to fund capital projects and will make these projects more costly. // Assuming for these reasons, no more than 75 per cent performance, capital expenditure for the year would result in a further deficit of \$60 million.

In the aggregate, the anticipated overall deficit would be of the order of \$105m, which will have to be financed by project loans, and borrowings from bank and non-bank sources, including the Central Bank. The financing of this order of deficit need not necessarily lead to inflationary pressures, particularly as the Government indebtedness

to the Central Bank was reduced during 1975/76, and further, the foreign exchange reserves are at the moment reasonably high. Additionally, there is consideration that with the state of the economy being depressed, the proposed deficit financing could give it a deserved boost and result in more activity in turn benefiting Government revenue in the years to come.

The task facing the Government, however, is a challenging, indeed a daunting one, and there can be absolutely no room for complacency. The situation (in particular the level of the international reserves) will need to be watched carefully so as to apply appropriate remedial action should the need arise. In any case, it is important to remember that the kind of financing that might be possible in 1976/77 because of the state of the economy and the comfortable level of our foreign exchange reserves cannot be repeated in future. It will therefore be necessary to simultaneously initiate measures with a view to restoring fiscal balance by 1977/78. In particular, revenue collection will have to be streamlined and made more efficient, consumption spending in all forms will have to be severely pruned in order to reduce the current account deficit, and every effort will have to be made to concentrate on capital projects which are likely to be productive. Our policies in the coming months will be governed by these considerations which are vital for our future national well-being.

CORPORATION TAX

In my supplementary budget proposals laid before the House on 21st November, 1974, I announced the intention of my Government to introduce Corporation Tax with effect from Income Year 1974. On that occasion I described as fully as possible the reasons which prompted this decision. The necessary amendments to the Income Tax Act were enacted in March 1975 and the change over to the new system of taxation has been effected smoothly.

The system of Corporation Tax which was introduced in 1975 is known as the classical system in which the tax on the company and the tax on the shareholders are levied completely separate. This, contrasted with the previous system under which the tax withheld by the company was credited against the shareholders' tax liability. It was indicated that at a time when there was an urgent need to increase public revenue, the adoption of the new tax system was expected to yield an additional \$2 million. At that time and from time to time I have publicly stated that the working of the new system would be kept under review and modified to suit local conditions.

Government has now had an opportunity to review the operations of the corporation tax and to evaluate its impact. It has been assisted in this task by an expert, Mr. George Lent, provided by the Fiscal Affairs Department of the International Monetary Fund. All international authorities are satisfied as I am that the decision to introduce this tax was the right one and has brought the tax system in Barbados more in line with those of our major economic partners, especially in the CARICOM region. There is one aspect of the new regime, however, which we have investigated in depth and which I consider appropriate to review at this time. I refer in particular to the taxation of dividends in the hand of the shareholder. Notwithstanding the original revenue objective, I have decided to introduce a 25 per cent tax credit on net dividends received by the shareholder to offer some relief to those living on fixed incomes and to assist economic recovery by encouraging investor interest. Under the proposed arrangement, individual shareholders would be required to add one-third to the dividends received which should be returned as assessable income. They would then be entitled to claim the amount added to the cash dividend as a tax credit against their personal income tax liability, so that in effect a maximum tax credit of 25 per cent will be allowed on the grossed-up dividend. It should further

be noted that the extension of the tax credit is restricted to resident shareholders only.

The tax credit provision will also apply to dividends paid into separate trusts established for the purpose of administering the funds of a registered retirement plan and exclusively engaged in administering those funds or to a person deemed to be a separate person carrying on as a life insurance company a separate business classified as a registered retirement plan business.

There has been a lot of ill-informed comment about the adverse affect of the Corporation Tax by people who have acquired a superficial familiarity with certain aspects of tax law from text books and who set themselves up as experts on the "Corporation Tax". In fact, as anyone who has any experience of the practical workings of a tax system knows, there is no standard model for Corporation Tax and each country because of its peculiar economic and social conditions, develops the system best suited to its local environment. Evolving the most suitable tax system, therefore, is a gradual process of change in response to actual experience and changing economic circumstances.

I should like to comment on one point in particular. It is not true to say that the Corporation Tax discouraged investment in the equity share-market and new public issue of stock. This market (such as it is) was in a very depressed state well before the tax changes were introduced, a fact which reflected the low level of economic activity in general and the absence of investor confidence in business prospects in particular. In fact, despite the existence of the full tax credit for several decades before 1975, equity capital has historically only provided a relatively small share of the financial resources required by the private sector in Barbados, suggesting that there are

other more fundamental and known constraints on the availability of risk money which I need not list at this time. In any event, a comparative study of tax systems reveals that there are very few countries which still have the fully integrated system which Barbados changed in 1975. Most have systems which allow the shareholder a partial tax credit, and this indicates that it is not considered necessary to credit the shareholder up to the full corporation rate in order to make equity investment comparable in yield with other competing forms of investment.

5.10 p.m.

Introduction of this tax credit will require an amendment to the Income Tax Act and the necessary legislation will be presented to Parliament immediately.

Loans To Directors

I propose to tighten up the income tax provisions relating to closely controlled companies to counteract the device whereby directors or shareholders enjoy the use of money of the company by the withdrawal of funds in the form of loans, and avoid the payment of income tax on what would otherwise be considered a taxable dividend. This is considered necessary because investigation has revealed that the taxpayers have been taking undue advantage of the existing provisions of the Income Tax Act. Many other countries, both developed and developing, have found it necessary to enact similar restraining legislation.

I intend to close this loophole in the following manner. The amount of loan or advance of money to an individual who is a director or a shareholder, as well as a person closely connected with the company will be taxed as a distribution in their hands unless the loan or advance is repaid within one year after the end of the year of income in which the loan was made, and it is established that it was not made as part of a series of loans and repayments.

Relief would however be granted in any subsequent year, not later than five years after the end of the income year in which the loan was made, when any part of the loan is repaid by

a refund of tax attributable to the part of the loan included in assessable income.

This amendment will relate to loans made after 1st January 1976, but loans made before 1st January 1976 will continue to be dealt with in accordance with the existing provisions of the Income Tax Act.

Additional Tax on After-tax Earnings of foreign branches

At present foreign branches operating in Barbados pay the same trade and corporation taxes as local companies whether these are owned by residents or non-residents. In addition, dividends distributed abroad by any local company are subjected to 10 per cent withholding tax (unless otherwise provided for by a Double Taxation Agreement). However, the foreign branch is not subject to the 10 per cent withholding tax on earnings remitted since the branch is considered part of the whole and its remittances are not treated as dividends. In reality, then, profits distributed abroad by a subsidiary in the form of dividends to its parent company or to non-resident shareholders is subjected to a further 10 per cent withholding tax, while in the event that a branch remits all its after-tax profits, no additional tax is collected locally and this profit is then added to the world wide profits of the main office and the additional tax collected by the country of residence.

Investigation reveals that a number of foreign branches remit all their after-tax profits and it is considered that steps should be taken to ensure that these branches make a contribution to the revenue which is similar to that made by foreign subsidiaries. Accordingly, I intend with effect from income year 1976 to bring the tax system in Barbados in line with that in many developed and developing countries and impose a withholding tax at the rate of 10 per cent on the after-tax profits of any office, branch or agency of a non-resident company in Barbados whose profits are

remitted or are deemed to have been remitted abroad. All after-tax profits will be deemed to have been remitted except so much as has been re-invested in Barbados to the satisfaction of the Commissioner of Inland Revenue. For the purposes of this provision, replacement of fixed assets is not considered re-investment.

I should like to emphasise that where the after-tax profits of a foreign branch are re-invested for the benefit of the Barbados economy, no tax additional to the 40 per cent corporation tax will be imposed. This new provision is principally designed to safeguard the revenue in cases where foreign branches remit all or the major part of their after-tax profits.

Taxation of Companies transacting all forms of Life Insurance

Despite the substantial volume of life insurance business in Barbados conducted both by resident and non-resident companies they contribute little income tax to the Treasury. Net life insurance premium income of these companies is currently running at the level of \$10.0 million per year, annuity policy income at around \$1.5 million and other income at about \$4.0 million, yet net income tax chargeable has been only in the region of \$200,000.

At present, life insurance companies in Barbados are taxed at the preferential rate of 20 per cent on their net investment income, leaving underwriting profits untaxed. Since all operating expenses are chargeable against investment income rather than allocated also to underwriting profits, the concept of taxable income used is an arbitrary measure which has uneven results - in some cases, for example, the income chargeable has been negligible and one company operating in Barbados has paid no tax for 25 years.

The administrative problems of taxing the total accounting net income of life insurance companies is formidable and an alternative approach is therefore suggested that will assure a minimum contribution by every life insurance company operating in Barbados. Accordingly, it is proposed, with effect from income year 1976, that in addition to the 20 per cent tax on the net

investment income, all companies transacting life business in Barbados will be required to pay tax on premium income. I propose that this rate will be 1½ per cent for local companies and 3 per cent for all others. The application of differential rates is consistent with Government's established policy of providing rather more favourable treatment to local enterprise. I should like to point out that premium taxes are a common form of tax on life insurance companies and their introduction will not affect the cost of insurance to existing policy holders but will be borne by the companies. Where the new premium tax places a higher burden on the companies than previously, it might result in slightly higher premiums in new contracts, but the margin of difference is bound to be small.

Retail Sales Tax

Mr. Speaker, as part of my Emergency Budget proposals presented to this House in November 1974, I announced Government's intention of imposing a 5 per cent general sales tax on all retail sales in the country. As a measure of relief to consumers, I indicated that I had decided to exempt from payment of the tax a number of commodities essential to the welfare of the community and to the economic development of the nation. Despite the claims of those who argued differently, it was widely recognised and accepted that the energy crisis and world inflation had caused a dramatic increase in the cost to Government of supplying certain vital and basic economic and social services, and that any responsible Minister of Finance had an unavoidable duty to seek to increase public revenue to pay for these increased costs caused by factors entirely outside local control.

5.20 p.m.

It was decided to opt for a general retail sales tax because it is non-discriminatory in application, the rates can be kept low and since it is applied at the point of sale to the final buyer its effect on the price level is kept to the absolute minimum. In the fiscal year 1975/76 an estimated \$5.7 million was collected

by way of the retail sales tax and this represented a reasonable contribution to the public revenue.

The essential character of a retail sales tax is that it is of fairly general application; too many exemptions complicate the administration of the tax and reduce its yield to a point where the revenue is eroded. It is for this reason that the list of exemptions has been restricted and many applications for exemption could not be entertained. I have, however, after detailed study, decided, that as a measure of relief to the community as a whole and to correct certain anomalies in the original exemptions list, that effective from 2nd August, 1976, the following additional items should be exempted from payment of retail sales tax:

1. Pharmaceutical products as classified in Chapter 30 of the Barbados Customs Tariff. These include;
 - Antacids
 - Laxatives
 - Expectorants and Suppressants

 - Analgesics
 - Vitamins and vitamin preparations
 - Eye, ear and nose drops
 - Medicaments for external application
2. Industrial sewing machines and parts as classified under Tariff Heading 84.41 of Barbados Customs Tariff.
3. Live poultry as classified under Tariff Heading 01.05 of the Barbados Customs Tariff.
4. Seeds as classified under Tariff Heading 12.03 of the Barbados Customs Tariff.

The detailed list of exempted items with B.T.N. classification will be contained in the order which will be made under the Sales Tax Act. This list will be made available shortly.

In addition, after investigation in my Ministry and consultations with the distributors of cigarettes, I have decided largely as a measure of relief to the small shopkeepers to transfer the collection of the sales tax on cigarettes and matches from the retail to the wholesale stage. Effective from 2nd August, 1976, therefore, retail sales tax will no longer be imposed on cigarettes and matches and instead I propose the following:

- (a) The consumption tax on cigarettes to be increased from 5 cents per five to 6 cents per five.
- (b) Consumption tax to be levied on matches at the rate of \$1.44 per gross container of 60 matches or per 8,640 matches. The amending legislation will shortly be enacted.

I should like to assure the general public that the review of tax systems is a continuous process which is always being carried forward by Government. The retail sales tax will be constantly monitored and evaluated to ensure that it is satisfying certain minimum criteria of revenue yields, administrative convenience, and public acceptability, and if there is evidence that certain changes are required in its scope and structure, I will not hesitate to make these in the national interest.

I have for sometime been concerned with the drain on our foreign exchange which is brought about by reckless expenditure on air travel.

Members are aware that all Ministers and Parliamentarians have, for the past two or three years, been directed to travel economy class on official business, and that there is a special committee of officials appointed to screen all proposals for conferences which entail travel outside of the island. Some forty per cent of the invitations are turned down, the sizes of delegations are invariably reduced the length of stay curtailed, and in other cases our overseas missions are entrusted with the task of representing the country.

I know that members on both sides feel that some indignity is suffered by our Parliamentary Representatives as a result of these restrictions, but I am confident that both sides of the House will agree to set an example by putting up with the minor inconveniences until the economy is in a healthier position.

I have decided that there will be a tax of 10 per cent on the value of all air travel tickets for journeys outside the CARICOM area.

Fees in various departments have been upgraded from time to time and I propose an upgrading in the fees payable to the Registrar as set out in the appendix which is being circulated.

In contrast to the exceptionally high prices received from our sales of sugar during 1975, the average price in 1976 is less than half at a figure of approximately \$588 per ton with a total production only slightly higher than last year at 102,000 tons.

Meanwhile costs of production have risen largely on account of increased costs of fertilisers and substantial wage gains secured for workers in agriculture, so that the cost of production per ton now stands at \$656 or 60 per cent higher than it was in 1974. What is more significant, however, is that there is a loss of \$68 on every ton of sugar sold this year. The group upon whom the burden of the loss falls is the unfortunate primary producer or cane grower, particularly the small cultivator who does not have the advantages of productive soils or the economies of large scale production.

The overall loss is estimated at \$7 million. Last year the factories did well and the cane farmers made a net profit of over \$12 million after all levies had been deducted. It is my intention to direct the tripartite Committee to release \$3.5 million from the Price Stabilization Fund in order to allow the cane farmers to be paid a better price in order to reduce the margin of losses. There is to the credit of the Fund a little more than \$5 million so that this subsidy represents a substantial contribution.

Summary of Fiscal Proposals

The fiscal proposals which I have outlined are intended more as administrative improvements in the existing tax system, than as devices to raise additional revenue. The relief from Corporation Tax, and the removal of a number of items from imposition of Sales Tax will result in a loss to the revenue, but it is anticipated that this loss will be offset by increased collections by way of the additional tax on the after-tax earnings of foreign branches and the tax on the net premium income of life insurance companies, and the ten per cent tax on air travel outside the region.

The deficit on current account exceeds the amount which we hope to collect from import duties or from consumption taxes. The deficit represents more than 60 per cent of the revenue which is estimated from taxes on companies and individuals, i.e. from Corporation Tax and personal Income Tax.

The bill for the public service salaries and wages will amount to almost \$100 million and it is clear that we cannot continue to pay this bill unless there is a substantial growth in the economy or there is substantial increase in taxation which would have the effect of triggering off renewed demands for increases in wages and salaries, not only in the public service but in the private sector as well.

Concession to such demands would exacerbate the inflationary pressures which we have only recently succeeded in bringing under control.

5.30 p.m.

For these reasons there are no increases in the levels of taxation but some relief. As I said in 1974, I have no intention of living off borrowings to satisfy current consumption in the public service, neither do I consider it fair to tax the whole community in order to satisfy the claims for a superior standard of living which have been made by a relative few. Productivity and

output must be increased at all levels or we may have to accept the grim alternative of a reduction in the number of persons employed.

National Productivity Council

Honourable Members will recall that in my supplementary budgetary proposals which I presented in November 1974 I expressed my intention to establish a National Productivity Council which would be broadly representative of Government, Employers, Scientists and Workers. My intention is that such a forum would permit an exchange of views between the various interests in the economic system which could contribute to a better degree of efficiency in the use of our economic resources.

Invitations were issued to those institutions which represent private sector interests at a general level, as well as to those which are organised on a sectoral basis, and to those organisations which represent worker interests. They have all nominated representatives to participate in this process of tripartite consultation. It is hoped that this forum will contribute to an improved level of co-ordination in the planning of our economic and social development.

Establishment of a Sugar Industry Authority

The continued development of the sugar industry is a matter of major concern to this Government, particularly, in view of the contribution which sugar and its by products make to our total export earnings. Over the past decade the industry has benefitted from a process of co-ordination and consultation fostered by Government, between producers, organized labour and the Government within the forum of the Tripartite Committee on the Sugar Industry. For some time now, the participants in this process of consultation have recognized that there is a need to streamline the machinery for decision-making on various matters affecting the industry. The present machinery has been fabricated

in an ad hoc manner, with the result that, to date, there are some eight sugar boards and Committees in existence, not including the Labour Welfare Fund which is administered by Cabinet. Collectively, these boards and Committees involve the energies of fifty members. However, in many cases the same individuals serve on each Board or Committee, and the demands on their time and attention is mitigated only by the fact that few of the Boards meet more than four times per year.

The establishment of a single authority will facilitate the process of consultation by the various parties whose activities contribute to the progress of the industry. The authority will take over and perform all those functions of the several Boards and Committees which are conducive to the continuing development of the industry in the years ahead. It will provide a framework for the collection and analysis of data pertaining to all aspects of the industry, and the formulation and execution of programmes of research. It will also make recommendations for the creation and utilization of funds for the development of the industry.

Government intends to proceed, with urgency, in the drafting of appropriate legislation so that the Authority can be brought into operation before the commencement of the 1977 Sugar Crop.

* My Government considers its first priority to be the re-stimulation of the economy and the re-activation of economic growth. In the present situation, it is incumbent on the public sector to play a larger role in the promotion of growth through public investment in immediately productive activities. During the current fiscal year, it is expected that the rate of implementation of the projects in hand will be increased significantly and that disbursement of external financial assistance which has been obtained for these projects will be accelerated. If the initiatives undertaken by my Government are met with an appropriate response by the private sector, I am satisfied that our economy will shortly be on the road to economic recovery.

Mr. ADAMS: Mr. Speaker, prior to the Prime Minister coming into the Chamber, I thought we had agreed that the Leader of the House would have to ask for your leave in order to let the Government policy of my replying now be carried out. This is why I am sitting and awaiting action by the Leader of the House.

Mr. Speaker, I am asking leave to introduce the following Resolution.

Mr. SPEAKER: There being no objection, leave is granted.

Mr. ADAMS: The motion reads as follows:—

“That this House takes note of the Financial Statement and Budgetary Proposals presented by the Minister of Finance.”

Mr. Speaker, we have come to the House for the first time since 1974 to hear what is commonly called a Budget.

Mr. SPEAKER: I would like to hear from the Hon. Leader of the Opposition whether it is his intention to reply to the Budgetary Proposals now?

Mr. ADAMS: Yes, Mr. Speaker. I have been asked by the Government to do so and I intend to do so. I have come here prepared to do so.

Mr. SPEAKER: I am glad to hear you have come prepared, but the Standing Orders state quite clearly what is the procedure and I am emphasising it again, and the only way that can be done this afternoon is if the Standing Orders are suspended, and I am sticking to that. If no one moves the suspension of Standing Order No. 31 you are not entitled to reply.

Rt. Hon. E. W. BARROW: Mr. Speaker, I should like to make the Government's position clear. On several previous occasions the Hon. Leader of the Opposition had indicated that he could reply immediately so the Leader of the House wrote to him and told him if he chose to reply today, he could. Now I do not entirely agree with the interpretation of the Standing Order, but if it means a suspension of the Standing Order and the hon. member elects to reply today — I understand he has two capacities, first as Leader of the Opposition and then as the financial authority, he can reply twice — insofar as the coverage is concerned, he will only get one coverage. It is like the Apocryphal story of the fighter pilot who shot down two Focke Wulfs but

only got one medal, which is well known to the hon. member.

If the Leader of the Opposition so desires, I beg to move the suspension of Standing Order No. 31.

Hon. P. M. GREAVES: Mr. Speaker, ...

Mr. SPEAKER: Are you seconding that? What are you rising on?

Hon. P. M. GREAVES: The suspension of the Standing Order might mean that we might spend the rest of the year here on the debate arising out of the Budgetary Proposals, because it would mean that the two clear days that would be allotted under the Standing Order would be wiped out. Then we can spend the next week, the next month, the next year discussing the Budgetary Proposals. I am not in favour of the suspension of the Standing Order.

Rt. Hon. E. W. BARROW: Mr. Speaker, I should just like to make my motion abundantly clear — the suspension of Standing Order No. 31 for the remainder of today's sitting — and that would get around the fear of the hon. member. I don't think the Leader of the Opposition intends to talk for a month; he has too many other things to do.

Hon. C. E. TALMA: I beg to second the motion.

The question that Standing Order No. 31 be suspended for the remainder of the day's sitting, was put and resolved in the affirmative without division.

SUSPENSION OF SITTING

Mr. SPEAKER: I have been made to understand that if you are going to reply, we would have to suspend for five minutes to give time for the cameras to be adjusted. That has been drawn to my attention.

This sitting now stands suspended for five minutes.
5.40 p.m.

On the resumption :—

Mr. SPEAKER: The Sitting is resumed.

Hon. F. G. SMITH: Mr. Speaker, I would just like to draw to your attention that you suspended the House for 5 minutes. Five minutes have long passed. I am wondering whether the House is properly constituted or not.

Mr. SPEAKER: The Hon. Minister jumped to his feet before the Speaker had completed his remarks. I said that the sitting was resumed and he started to speak; but anyhow the Leader of the Opposition has the privilege of replying to the Budget Speech made by the Hon. Prime Minister and the time is exactly 40 minutes on Radio and T.V. He can speak longer, but not on Radio and T.V. Proceed.

Mr. ADAMS: Mr. Speaker, seldom has a budget and the reply thereto been attended in this House of Assembly by so much confusion. Shortly before the Prime Minister began his speech this afternoon, he handed me an envelope which, I took it, contained his budgetary proposals. For the first time now I am opening the envelope, and in this envelope it starts out "review of the economic and Budgetary Proposals made by the Rt. Hon. Errol W. Barrow, Prime Minister and Minister of Finance and Planning, on Friday, 30th July, 1976"; and the first words — remember, Sir that I just opened the envelope for the first time — the first words are "From time to time it becomes necessary for those persons who have been entrusted with the promotion of the social and economic development of the country to put on review the progress achieved in reaching its desired goals".

Now, I think that we have all been very seriously misled — ministers who have got copies of the Budget beforehand, and the Leader of the Opposition who for the first time has been afforded the courtesy of a preview — all have been very seriously misled if we assumed that this was the Budget Speech, because in addition to the confusions which have arisen over the televising of this speech, it seems that there were other areas of confusion in the Prime Minister's mind as to what he was actually to speak about; because the Prime Minister entirely forgot, or omitted, or neglected to read that part of the Budget Speech which referred to the revenue and the economy, and started with "Mr. Speaker, the general abatement of inflationary pressures abroad," — which review related to the Budgetary Proposals.

Rt. Hon. E. W. BARROW: Mr. Speaker, there are two documents. One is a review of the economy, and the other one is my budgetary proposals. The first one I dealt with. The other one is intended to be laid as a separate document, but the covering sheet erroneously stated that it was the review and budgetary proposals delivered by me; but they are two separate documents altogether. If the hon. member had done himself the courtesy of opening them before, he would have been able to see that

they were two separate documents. I am sorry that I have had to interrupt the hon. member.

Mr. ADAMS: Your point is well taken. As it happened, if I had opened the envelope before, I would have seen before that the Prime Minister started in the middle. I am not accepting that. This is the shortest Budget Speech that the Prime Minister has ever delivered. This is the first Budget Speech that he has ever delivered without a review of the economy, and he is going to suggest then that I am in some way astray or mistaken in my criticisms when I say that only half has been delivered?

Anyhow, I will not dwell on that at any length because the time is short enough. The first point I will make is that the last time we have had a financial statement is in the earlier part of 1974, and the public of Barbados deserves better than that. There are many economic problems facing this country at the present time. The problem of unemployment is accepted on all sides as being a very serious one indeed, perhaps the most serious we have to face. It appears from all the statistics available to the Opposition and I believe to the Government, that this country has made no real increase in the gross national product, that is, in real terms, since 1971.

In 1971, the national debt of this country was \$81 million. The last figures available show that it stands at \$202 million. Since 1971 the cost of living has gone up doubly. Since the last election I believe that the exact figure is 124 per cent, and in an election year like this, if there was ever a time the people of Barbados deserved an economic review, deserved an assessment as to where we stand in the world, deserve an overlook, and oversight, of all the factors in our economy, it is this year of 1976, a year when all of us will have to face the electorate, and face the electorate, with some words of our stewardship during the intervening period.

Now, I am going to deal first of all with the national debt because I must confess that I have been unable to understand the Prime Minister's proposals for dealing with the deficit which he says is \$100 million, including capital and current. I have seen some tinkering with the cigarette tax. I congratulate him for saving the small shopkeepers in the country from having to put 5 cents or 6 cents in the tin whenever they sell a package of cigarettes. A little more foresight would have avoided this in the first place. We see some tinkering with Corporation Tax, and there is some tinkering with the retail tax; but there is no coherent statement as such indeed, and I must give him his due in this

respect — as we have become accustomed to in the past — relating to the overall effect of the budget upon the economy.

We have not seen the exercise in Arithmetic to convince us that there was a problem of \$100 million, and here is the solution, even though the solution is couched in such vague terms as those which in the past referred to the national growth of the economy and such other expressions. So, we are left to believe that this Government, or which ever Government succeeds this, is going to be faced in its first financial year of meeting the major problem of public finance, the problem of finding \$100 million or close to \$100 million to cover the cost of the capital projects to which the Prime Minister has referred and to cover the cost of the salary increases and the other exercises in expenditure which have already started or which are promised.

The national debt is \$200 million. When the Democratic Labour Party came into power the vote for Charges of Debt was \$1.412 million — less than a million and a half dollars up to March 1962. The Prime Minister has often said that he had to complete loans to pay for the deep water harbour. That may be so, but the Charges of Debt on those loans amounted in the years after 1962 to less than \$2½ million, and for that we got a deep water harbour built by the Barbados Labour Party Government as a productive project which not only reduced the cost of living in this country, which not only made it possible to expand seaborne tourism by cruise ships, but also made enough money to pay constantly into general revenue an amount which allowed the other public debts of this island to be discharged; and at the present time we are being asked to pay \$25 million a year in interest and repayment under the general item known as Charges of Debt.

I ask you what has this island got so, especially in the last five years for a national debt of \$200 million, a debt that has more than doubled since September, 9, 1971, — when this Government came into power on a flood of Euphoria and a complete absence of promise, and indeed, as it has turned out after 5 years, of performance.

During that time, despite the promises of the Minister of Tourism, tourism has declined. Hotels are going bankrupt. The Minister knows the names of the hotels. I do not wish to embarrass him by repeating them before so wide an audience. Fewer tourists came to this island in 1975 than came in 1973, and yet, Mr. Speaker,

there is still talk about the expansion of tourism and what tourism can do for Barbados.
6.10 p.m.

The Government is as much to blame for this as the economic conditions in North America where we hear our brothers in St. Lucia since 1973 have been able to expand their tourist industry greatly, build four new luxury hotels and increase the number of tourists coming to the Island.

Here in Barbados we have a situation where the number of tourists has not increased. We are told we have a national airline in Barbados. I do not want to detain you, Mr. Speaker, and the members of the House too long with the trials and tribulations of ICA but I am going to ask who are these people who own our so-called National airline. I have gone to the trouble, Sir, to check who the owners of ICA were before the sale to the Government of Barbados. It is quite impossible to check accurately from whom the Government bought its shares, but there were three owners — a company called Strathavon registered in Guernsey in the Channel Islands, Laker Airways, and a company called International Aircraft Holdings, registered in the Bahamas, whose only shareholders are an Attorney-at-law in Grand Bahama, his typist, his office messenger, and one of the Articled Clerks. They are the only shareholders in International Aircraft Holdings. Can it be, Mr. Speaker, that there are some in Barbados who wish to have their ownership of ICA concealed behind the facade of an Attorney specializing in the sort of secret work that has been carried on in Grand Bahama ever since Castro expelled the Mafia from Cuba? What kind of standards of Government are we setting where Barbados' fair name can be sullied by this type of thing.

Laker Airways, a company which both the British Government and the American Government have made it clear that they do not wish to have flying to their country. Why did Barbados have to get involved with trying to do Mr. Freddie Laker's dirty work for him? The courts of England have rejected him, the responsible authorities in the United States have rejected him and it is only a matter of time, as far as I am concerned, before either Barbados has to reject him or he will reject us and leave us with an airline with no aeroplanes, no staff, no pilots, unless by that stage an ex-Royal Airforce Navigator is available to deal with the situation, that is, tourism, employment, Mr. Speaker.

We have just fought two by-elections and the primary issue in those by-elections was the issue of employment, and constantly we hear the Government making reassuring sounds and saying that the unemployment rate in Barbados is only 11%, and I remember being spoken to by some very knowledgeable young supporters of the Democratic Labour Party in St. Thomas who were telling me that in America it is 7% and in Barbados it is only 11%; so evidently these figures have got home to a large cross-section of the electorate; but can anybody really believe that unemployment in Barbados is only 11%? I am saying that there have been a number of studies recently and on the information available to me and available to the Government on the basis of a United Nations study, I am saying that the level of unemployment in Barbados is nearer 28% to 30%; not any 11%, and I am going to challenge the Government, when it examines the figures it will see that in 1960 there were 67,400 persons gainfully employed in Barbados, and I am going to suggest that the number is very little more than that today; that it is not only in manufacturing industry which has stayed stationary, or in the industries where employment has fallen such as the commercial sector – it has fallen in the commercial sector Sir, and it has fallen in the sugar industry; it is not only in those areas but all over Barbados there is a depressed state of employment.

The Central Bank's Annual Report for 1975 shows that there was a net loss of jobs in the industrial sector alone of over 300 in the two years. There was a bad loss in 1974 and a lesser loss in 1975; and the Government will never gain the respect of international agencies as long as it insists that the work force of this island is only 92,000 or 93,000, a figure which I think is selected for no other reason except to minimize incidence of unemployment.

There are 142,000 persons approximately between the ages of 15 and 65 in this country and I do not believe that out of them only 92,000 want work. There are 141,149 persons who are registered at National Insurance as employed persons or self-employed persons. I believe that the figure of pensioners is in the order, say, of 5,000. I believe that the figure of students may be of the order of, what? Fifteen thousand; no more than that. I believe that the number of ladies who do not think of themselves as workers at the present time because they have small children to look after, may be another 10,000, and upon that basis it is clear that the United Nations' figure of 28% to 30% is an accurate figure; and I ask you, Mr. Speaker, how long can a country survive where even a quarter

of its citizens who would work, are out of work? How long can you avoid an explosion? You cannot avoid it forever by giving false leadership and giving false statistics and making people feel that unemployment is structural to mankind; that in every economy there must be unemployment.

Those of us who have travelled to Western Europe and to North America know that this is not so. Those of us who have not had to go so far, those of us who have been to Bermuda that has a Government not notorious for putting the interests of the people of Bermuda or the black people of Bermuda first – even if we only go to Bermuda we know there is no unemployment. There need be no unemployment in a small Island; and in Barbados we are looking at this problem and the Prime Minister cannot even grace us with a speech about employment and unemployment at the present time.

Now I want to select what I think, Mr. Speaker, in the limited time available to me, a somewhat narrow but highly important and significant area of economic activity in this country for analysis, and I refer to the situation of the banks – the banking system. Now it is the considered view of the Barbados Labour Party that the foreign banks are not pursuing a policy in the best interest of Barbadians at this time, and I very seriously query whether the favourable economic conditions that have been given to the foreign banks over the last ten years have themselves been in the best interest of Barbadians. We have a situation where the Central Bank Report – the Bible of those who analyse the economy of Barbados – for the last year, says specifically, sets out exactly, and indicates precisely the steps which the Central Bank has taken to make the foreign Banks aware of their responsibilities to the people of Barbados. The Central Bank, it says, has tried to bring down rates of interest. It has tried by reducing the re-discount rate to commercial banks to persuade those commercial banks to lend money to Barbadians for productive enterprises; but the Central Bank Report – you can find it on page 31, Sir; it is already a document of this House – insists that the banks in Barbados have excessed Liquidity. This means simply that they are getting a lot of deposits and they are not lending out their money to people in Barbados; and no matter what the Central Bank does they are still not lending out their money. Now we have a situation therefore where interest rates are too high, the bank has too much money and it is still not dropping its interest rates, and the effect is felt through out Barbados.

I would not have to expand on the importance of construction to our economy, Mr. Speaker. I would not have to tell any Barbadian how important it is to keep a programme of public building and private building going in order to give employment to artisans and spread money throughout the economy, but faced with the necessity of getting the Barbados economy going again the commercial banks reduced their loans to business for building purposes to the tune of \$2.1 million last year and reduced their loans to private persons to the tune of \$3.5 million; and that is a lot of money.
6.20 p.m.

But faced with the necessity of getting the Barbados economy going again, the commercial banks reduced their loans to business for building purposes to the tune of \$2.1 million last year, and reduced their loans to private persons to the tune of \$3.5 million, and that is a lot of money. Figures which I have been given, and which I have every reason to believe are accurate, indicate that construction work was \$28 million in 1971, \$29 million in 1972 and \$32 million in both years — 1973 and 1974 — and has fallen since, and when you consider the collapse in the price of money you will realise that the foreign banks are holding up development of Barbados at present. They are restricting people from having an opportunity to own their own houses, restricting people from giving the carpenters, masons, plumbers and electricians of this island work and their families the hope of a better life, and still they continue unabated. They have got the Government to accept that, as one banker put it to me, they must work out the years where they had to pay high interest rates on deposits.

I say that is a bad principle. If a bank makes a bad economic decision it must lose money just like anybody else. If any of us in here went into banking and we made a bad commercial decision we would become bankrupt. There are hon. members in here who know only too well from their dealings with those self-same banks that the banks see to it that their profits do not go down, indeed they raise their interest rates when they find a man in difficulty instead of reducing their interest rates, and the banks are holding down Barbados, but how can they do otherwise when it is really quite clear that the climate of opinion exists in Government circles that allow the banks to do as they like?

The Barbados Development Bank, an organ of Government, an institution of Government which should set an example makes a loan which now amounts — it doesn't make a loan, I beg your pardon — it guarantees a loan by First

National City Bank to Bath Development in the parish of St. John. The liabilities under the guarantee now amount to only a little less than \$3 million. The Chairman of the Barbados Development Bank is a Mr. Bernstein. He is also a Director of Bath Plantation Ltd. He lends with one hand and takes with the other, and it is accepted on all sides that the day that First National City Bank calls in the loan on Bath Plantation that Bath Plantation has not got sufficient assets to pay, and the Barbados Development Bank is going to be left holding the bag on behalf of the taxpayers who will have to pay for it.

We had it reduced to the ridiculous, the banking system of this island, when on 30th May, 1975 a bank called the Alleyne Mercantile Bank was licensed by the Minister of Finance — I won't call his name, but the certificate is signed by him — E. W. B. I can't call his name because we are meeting, and this bank is run by one Sidney Alleyne, a man who gives an interview — utter disreputability — in New York newspapers indicating that he wishes the Prime Minister and certain members of the Opposition to participate in the Government of national reconstruction which he would establish after overthrowing the political institutions of this island, a man of such terrible disreputability, and so far from Ministers of Government and persons in high places avoiding any association with Mr. Sidney Alleyne he is given the licence by the Prime Minister.

The Ambassador to the United Nations, Mr. Cameron Tudor, was paid the following sums by Sidney Alleyne shortly before the licence was given: \$6,500 on 19th March, 1975 — and I have a photostat of a cancelled cheque here — \$5,500 on 24th February, 1975, Tudor received \$10,000 from Sidney Alleyne, according to this cheque, on 24th March, 1975, another \$1,330 on 6th March, 1975, a total of over \$20,000 a couple of months before the bank was registered, and I am making photostats of the cancelled cheques and Mr. Tudor's endorsements thereto documents of the House.

The Attorney General and member of the Cabinet received a sum of \$5,000 credited to his account at the Chase Manhattan Bank on 5th March, 1975 and apparently was receiving regular subventions of \$600 a month from Sidney Alleyne which he used to take in cash, and I am making photostats of the cancelled cheques signed by Senator George Moe — they were made out to the Hon. Senator George Moe, not any George Moe — and I am making them documents of the House.

SUSPENSION OF SITTING

Mr. SPEAKER: This Sitting now stands suspended for fifteen minutes.

On Resumption :

Mr. SPEAKER: This Sitting is now resumed.

SUSPENSION OF SITTING

Hon. C. E. TALMA: Mr. Speaker, due to the fact that the Standing Orders state that two days would be allowed for the completion of this debate, I beg to move that this sitting be now suspended until Tuesday, 3rd August, 1976, at 12 o'clock noon.

Hon. P. M. GREAVES: I beg to second that.

The question was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the Sitting accordingly.

7.00 p.m.

On Resumption :

Hon. C. E. TALMA: Mr. Speaker, I observe that there is no quorum, and ask that the Bell be rung.

The Bell was rung but no quorum was obtained.

ADJOURNMENT

Mr. SPEAKER: It being after 12 o'clock noon and there being no quorum, this House now stands adjourned until Tuesday, 10th August, 1976, at 12 o'clock noon.

12.04 p.m.