

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1976 - 81

HOUSE OF ASSEMBLY

Friday, 15th April, 1977.

Pursuant to the adjournment, the House of Assembly met at 4.15 p.m. o'clock.

PRESENT

His Honour W. C. B. HINDS J.P., (Speaker); Mr. R. St.C. WEEKES, J.P.; Hon. L. S. CRAIG, (Minister of Labour and Community Services); Hon. C. L. BOLDEN, LL.B., (Minister of Agriculture, Food and Consumer Affairs); Hon. F. G. SMITH, Q.C., S.C., B.A., (Leader of the Opposition); Hon. H. deB. FORDE, S.C., M.A., LL.B., (Attorney General and Minister of External Affairs); Dr. R. B. CADDLE; Mr. L. E. SANDIFORD, M.A.; Mr. D. A. C. SIMMONS, LL.M.; Hon. Miss B. A. MILLER, (Minister of Health and National Insurance); Hon. L. B. BRATHWAITE, (Minister of Communications and Works); Mr. J. G. ODLE, B.Sc. (Chairman of Committees); Mr. M. C. C. WARD; Hon. L. R. TULL, M.A., (Minister of Education and Culture); and Mr. L. L. SISNETT.

Prayers were read.

His Honour E. E. ALLEYNE entered the Chamber and took his seat.

CONFIRMATION OF MINUTES

Mr. SPEAKER: The Minutes of the meeting of Tuesday, 12th April, 1977.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that the Minutes of the meeting of Tuesday, 12th April, 1977, be taken as read.

Hon. H. deB. FORDE: I beg to second that.

Mr. SPEAKER: Is there any objection to these Minutes being confirmed? There being no objection, the Minutes of the meeting of Tuesday, 12th April, 1977, now stand confirmed.

ANNOUNCEMENTS BY MR. SPEAKER

Mr. SPEAKER: I have to announce that I have received copies of the Accounts and Statements for the month of February, 1977, as prepared by the Accountant General.

GOVERNMENT NOTICES

Hon. H. deB. FORDE: Mr. Speaker, I beg to give notice of a Bill to incorporate the Roman Catholic Bishop of Bridgetown-Kingstown.

Hon. L. S. CRAIG: I beg to second that.

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

PRIVATE MEMBERS' NOTICES

Mr. SPEAKER: The Hon. Member for St. Michael South. His Resolution relating to the fundamental rights respecting health.

Mr. SANDIFORD: Mr. Speaker, I wish to give notice of the following Resolution:

"WHEREAS the right to health is or should be one of the fundamental rights of people everywhere.

AND WHEREAS valiant efforts have been made to secure this right for the people of Barbados by means of developments in both the preventive and curative Health Services.

AND WHEREAS this right may be further secured at reasonable cost through the provision of more trained health personnel in districts and homes where people actually live.

BE IT RESOLVED that this Honourable House request the Government to consider the establishment of a comprehensive Community Nursing Service both as a

measure to achieve higher levels of health care to provide additional employment opportunities for Nurses and Nursing Assistants.

At this stage Rt. Hon. E. W. BARROW entered the Chamber and took his seat.

NOTICES OF QUESTIONS

Mr. SPEAKER: The Hon. Member for St. Michael South. His question concerning Dunlow Lane Road.

Mr. SANDIFORD: Mr. Speaker, I beg to give notice of the following question:

To ask of the Minister of Communications and Works:

Inasmuch as phase I of the Dunlow Lane Road Project has been completed for some time now. Will the Minister indicate when it is proposed to commence the final phase of this project? Will the Minister set out the details for this final phase of the project?

Mr. SPEAKER: The same hon. member. His question respecting the number of pupils enrolled in Public, Nursery, and Composite Schools, etc.

Mr. SANDIFORD: Mr. Speaker, I beg to give notice of the following question:

To ask the Minister of Education and Culture:

How many pupils are enrolled in Public, Nursery, Primary and Composite Schools in Barbados in the following age groups:

- A 3 to 5
- B 5 to 7
- C 7 to 11
- D 11 to 14
- E 14 to 16?

2. How many teachers are assigned to each age group as listed?
3. What is the ratio of teachers to pupils in each of the age groups listed?
4. What is the overall ratio of teachers to pupils in the Primary School system?

Mr. SPEAKER: The Hon. Member for St. Michael South. His question which seeks to

question the exact terms of reference of the Commission set up by Government to review salaries.

4.25 p.m.

Mr. SANDIFORD: I beg to give notice of the following question:

"To ask the Prime Minister —

(1) What are the exact terms of reference of the Commission set up by the Government to review the salaries and allowances of Members of Parliament?

(2) On what date was the decision taken to set up this Commission?

(3) On what date did the Commission hold its first meeting?

(4) How many other meetings has the Commission held so far, and on what dates?"

BILLS READ A FIRST TIME

On motion of Hon. H. deB. FORDE seconded by Hon. L. S. CRAIG, a Bill to incorporate the Roman Catholic Diocese of Bridgetown-Kingstown was read a first time.

MOTIONS FOR LEAVE OF ABSENCE

Hon. F. G. SMITH: Mr. Speaker, I am seeking three weeks' leave of absence from the service of this Honourable House from the next sitting of Parliament.

Mr. SPEAKER: The hon. member is seeking three weeks' leave of absence from the services of this Chamber. Surely there can be no objection to this.

There being no objection, leave is granted.

Mr. GREAVES entered the Chamber and took his seat.

SUSPENSION OF STANDING ORDERS

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Standing Orders Nos. 6,16,18,20,42,43, and 44 be suspended for the remainder of this sitting.

I am also seeking the leave of this House to give notice of a number of Bills which will have to be dealt with in the light of the budgetary proposals of the Minister of Finance. I should

have drawn this to Your Honour's attention much earlier when notice was given of a Bill to incorporate the Roman Catholic Diocese of Bridgetown-Kingstown. Later I shall be seeking leave to do this.

Hon. H. deB. FORDE: I beg to second that.

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

Mr. SPEAKER: The Hon. Leader of the House was intimating his intention to seek the leave of the House to deal with certain matters. He may proceed to seek that leave now.

Hon. L. S. CRAIG: Mr. Speaker, I am seeking the leave of this House to give notice of a number of measures which stand in the name of the Minister of Finance and which come out of the Budgetary Proposals.

In the meantime, I beg to move that Order No. 3 be the instant order of the day. It stands in the name of the Hon. Prime Minister and the Hon. Attorney General and Minister of External Affairs will deal with it.

Mr. SPEAKER: Let us first dispose of your request to deal with these certain consequential measures. There can be no objection to this we feel from the other side of the House, and consequently leave will be granted to deal with those measures.

You will now proceed to give notice of Government Business.

GOVERNMENT BUSINESS

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Order No. 3 standing in the name of the Hon. Prime Minister be the first order of the day, and I am seeking leave for the Attorney General to deal with this matter.

Hon. F. G. SMITH: Mr. Speaker, while we would like to facilitate the Government, I think you and the Government will appreciate that this measure was laid in the House on Tuesday. Today is Friday and there is no special urgency about this matter, and the Opposition certainly did not expect that the Government would be asking to deal with the matter which was only laid a few days ago. In any case it cannot be finished in time before the Prime Minister comes in. We only have 25 minutes and I will ask the Government not to press the matter which when they were in the Opposition they used to

complain about having very little time to deal with it. It was laid on Tuesday the 12th and today is the 15th, and I am asking Government not to press on with it in the circumstances.

Hon. L. S. CRAIG: Sir, I think the Leader of the Opposition will appreciate the fact that, as he put it, there is no urgency as far as the Leader of the Opposition and members on his side are concerned, but we set out to start this today. It was laid on Tuesday and I cannot tell them when they are to look at their files. We are here to govern on this occasion, and it is on this occasion that we are going to start this, and then I will have the House suspended when the Prime Minister is about to speak. We are going to start this now. If you did not have time to look at it, that is not my fault. You had it from Tuesday and today is Friday.

Hon. F. G. SMITH: If I am speaking at the time when the Prime Minister comes, I am not sitting down.

Mr. SPEAKER: On what does the Leader of the Opposition rise?

Hon. L. S. CRAIG: Sir, if the Hon. Leader of the Opposition is speaking at the time of the Prime Minister's arrival, you are the person in the Chair and you have the right to dictate to this Honourable House. I cannot tell you what to do.

Mr. SPEAKER: The point is well taken.

RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION OF LAND AT BATH PLANTATION

Mr. SPEAKER: Order No. 3 is the instant order of the day.

Rt. Hon. E. W. BARROW: Mr. Speaker, on a point of order, I think the Leader of the Opposition clearly indicated that we were objecting on this side.

Mr. SPEAKER: If the Leader of the Opposition made a motion.....

Rt. Hon. E. W. BARROW: A motion will have to be made over there that it be the next order of the day.

Mr. SPEAKER: Is it that he made a counter motion?

Rt. Hon. E. W. BARROW: I have not spoken yet. I would like to make a motion that Order No. 4 be the next order of the day.

Hon. F. G. SMITH: I beg to second that.
4.35 p.m.

Hon. H. deB. FORDE: If I may speak on this motion, Sir, do I understand.....

Hon. L. S. CRAIG: Mr. Speaker,.....

Mr. SPEAKER: The Hon. Acting Leader of the House made a motion to effect that Order No. 3 be the instant Order of the Day. The hon. member for St. John has made a motion to effect that Order No. 4 be the instant Order of the Day. Since Order No. 4 is an Item of Government Business, no member of the Opposition has any right at any stage to call Government Business. That motion by the hon. member for St. John is therefore out of order.

Hon. F. G. SMITH: Mr. Speaker, on a point of explanation. If one is out of order, is the other not being put to the House? You said there are two motions, one moved by the Rt. Hon. member for St. John and the other by the Acting Leader of the House. Is the one in order not being put to the House to the vote?

Mr. SPEAKER: Order No. 3 is the instant Order of the Day.

RESOLUTION TO APPROVE OF THE GOVERNMENT ENTERING INTO AGREEMENT WITH
THE FIRST NATIONAL CITY BANK TO
PAY AND DISCHARGE A DEBT AND
LIABILITY DUE AND OWING BY
THE BARBADOS DEVELOPMENT
BANK i.c.w. BATH PLANTATIONS LTD.

Hon. H. deB. FORDE: Mr. Speaker, this Resolution seeks the approval of the House of the Government entering into an agreement with the First National City Bank to pay off and discharge a debt and liability due and owing by the Barbados Development Bank in connection with Bath Plantations Ltd., and also the Government entering into an agreement with the Barbados Development Bank for the assignment of the Bank to the Government of the interest and rights of the Bank under the equitable mortgage which the Bank holds by way of deposit and title deeds.

I do not think that this Resolution needs detain the House for too long, since the cause for the Resolution has been recited and is well known to hon. members on both sides of the House.

The position is that the Barbados Development Bank has guaranteed the

contingent liability of a private company in this island, and that company has found itself unable to pay its indebtedness to the Bank. Obviously the Barbados Development Bank as a guarantor is liable on the basis of the guarantee for the total indebtedness of the principal to whom it is guaranteed.

The reason why the Government becomes involved in this directly is because the Barbados Development Bank has been seeking a global loan from the Inter American Development Bank, and the contingent liability indebtedness on the books of the Bank would make it very difficult for this loan to be achieved. The Government is going to seek under Order No. 2 to acquire the assets, the real estate of Bath Plantations Ltd. and in such circumstances therefore it will to that extent be able to recoup some of its indebtedness — and we hope all its indebtedness — which it is now taking over from the Barbados Development Bank.

As at 31st March, Mr. Speaker, I think its indebtedness was in the region of \$3 million — \$3,156,526.09, to be exact — which is an accumulation of both principal and interest accrued to the 31st March. The contingent liability, as I said, remains on the books of the Bank because it continues to accrue on the principal which is outstanding. I think we could as well put a closed chapter to this position by assuming that liability taking over what assets there will be and trying to sort out the problems that they accrue on Bath Plantations Ltd.

I am trying to keep this Resolution as non-controversial as possible because of the fact that it may be well figured in the Commission of Enquiry which the Government intends to set up, in fact the terms of reference are ready for that Commission, and I hope the Minister will shortly announce the name or names of the Commissioner or Commissioners to the House.

The position is that the Barbados alternate Governor on the IADB has pointed out to the Government that the Bank is insisting that this must be done as a way of clearing the debt for the loan to be granted. The Ministry has been advised legally that this Resolution is necessary and so is the Resolution which comes under Order No. 2 on the Order Paper.

I am sure that hon. members on both sides of the House in the interest of the country will support this Resolution at it stands. If they have any doubt about it, the fact is that the Barbados Development Bank is owned by the people of

Barbados, and the people of Barbados is after all the Government of Barbados, and therefore all the total assets of the Barbados Development Bank are exposed and are liable under the guaranteeing the former Minister of Finance approved which has come to the extent of \$5 million. That limit has not been reached at present, but the Government will hope to make some new arrangement about paying off this indebtedness and also will hope to announce in the course of the year its plans for the use of Bath Plantations Ltd.

4.45 p.m.

I want to make a few things clear. It will be necessary in the future for certain guide lines to be placed on the methods or the way in which contingent liabilities are incurred in the name of and on behalf of the people of Barbados. That at least is clear. It will be necessary in the future for this House to have a say in contingent liabilities of this nature which eventually of necessity fall back on the door steps of the people of Barbados.

I think that you will be satisfied, Mr. Speaker, and hon. members will be satisfied that the Government in bringing this Resolution has adopted the correct course and procedure in making available to the House the opportunity clearly to appreciate and understand, and if necessary vote for or against any liabilities which will fall on the shoulders of each one of the citizens of this country. There can be no greater principle on which one must insist as a parliamentarian is that when the people of the country as a whole are being exposed to liabilities, that everything should not only be correctly done but should seem to be correctly done.

More than that, Mr. Speaker, it is very necessary that we should re-emphasise, particularly in financial transactions of this nature the supremacy of Parliament. Every financial minister in the future will be well advised to make this kind of open disclosure in Parliament. It is not a question of derogating from his ministerial responsibilities. I believe that this is one of the arguments which has been advanced in relation to this transaction.

I would like seriously to submit to this House that the more open the Government can be there can be a better established democracy; and that no minister derogates from his obvious authority by coming to Parliament to get Parliament's approval for a course of action which he has recommended to Cabinet, and which Cabinet and himself may have agreed on.

I think that I should state quite clearly in this debate that we believe that it will still be possible in the long run for us to recoup some of the losses that are obviously facing the country through Bath Plantation. I have heard it said *sotto voce* — and I think that translated it means in a soft voice, but sometimes also has the implication of the voice of a fool — the argument that 426 acres cannot be lost. The amount of 426 acres of agricultural land at the current market value of land will certainly not bring this sort of price. I want to make it absolutely clear that one does not measure it by how many acres of land one has got. One has to measure by the value of the land and whether or not one can maximise on that area.

The point is that there has been no use made of Bath Plantation Limited and we have now to resort to compulsory acquisition in an attempt to bring some of the land back into cultivation. I am advised by the Ministry of Agriculture that it will be two to two and a half years before Bath Plantation can be brought back into cultivation. In the meantime, therefore, it is obvious that the debt is not servicing the interest which has been accrued in this debt.

It may be easy to say why not dispose of the estate, but from all the information available to the Government that does not seem to be an immediate realisable object. It would have taken in the current state of things a heavier expenditure than the owners had to meet and over a considerably longer period of time.

If I may say so even some of the directors and owners of shares in the company have expressed great reservation as to the feasibility of this being a successful proposition in these circumstances. Sir, I am asking the House to approve of the Resolution as drafted; and I will hope that the House will also approve of the second Resolution which will be brought in due course. Mr. Speaker, it is obvious that the Resolution will not be completed unless hon. members indicate that they are willing to vote for further debate on this Resolution. (ASIDE: Postpone it.) In these circumstances, as the Minister has indicated, he wants to make an intervention.

Hon. L. S. CRAIG: In seconding this motion, Mr. Speaker, I reserve my right to speak. It is now five minutes to five and I am going to move that further consideration on Item 3 be postponed; and I am therefore going to move that Item No. 1 be the instant order of today's sitting. This is for the Hon. Prime Minister and

Minister of Finance to present the annual Financial Statement and Budgetary Proposals for the year 1977-78. I am quite sure, Mr. Speaker, that you are well aware that in 1974 we had two budgets. An emergency budget was included. In 1975 the country was fortunate to have a financial chat from the then Prime Minister of Barbados; and lunch boxes forgotten in the car.

It give me great pleasure to move that Item No. 1 be the instant order of the day; and I shall seek leave.....

Mr. SPEAKER: You must have a seconder for the suspension of Item No. 3.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that further consideration of Item No. 3 be now postponed.

Hon. C. L. BOLDEN: I beg to second that.

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

4.55 p.m.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Item No. 1 be the instant Order of the Day.

Hon. L. B. BRATHWAITE: I beg to second that.

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

Rt. Hon. J. M. G. M. ADAMS:

Section I

INTRODUCTION

Mr. Speaker, during the last term of office of the previous Government, the Barbadian economy marked time. Agricultural output stagnated and the construction industry virtually collapsed. The rate of growth of tourist arrivals slowed down and there was little new investment in manufacturing industry. The result of all this was that unemployment increased to record levels and thousands of young school leavers have been unable to find jobs. Since the Government of the Barbados Labour Party took office on September 3rd, 1976, there have been visible signs of improvement in the economy. Construction activity has increased, the number of tourist visiting the island has risen considerably and there has been renewed interest in investment in the manufacturing sector. Business confidence has returned and a climate created in which the economy can once again move forward. It is the purpose of this Budget to build on the achievements of the past six months and to lay firm foundations for future growth.

Mr. Speaker, to this Government a Budget is much more than a mere recital of fiscal measures designed to raise revenue to meet the costs of Government services. We view this Budget as a major vehicle for implementing a package of policies which will harness the human and financial resources of the community to the task of eliminating poverty and unemployment. This task of course cannot be accomplished in one year or two but will require the formulation and implementation of imaginative plans to cover a long period, and with this in mind the Government is in the process of drawing up a Development Plan for the period 1978-82. The projects approved by Parliament in the 1977-78 Estimates and the policies I will outline today are part of the grand design which the Government has for improvement of the economic and social conditions of the Barbadian people over the next five years.

Mr. Speaker, if the Budget is to be used for the purposes I have outlined, it is imperative that the Minister of Finance present his proposals to Parliament as early in the financial year as possible so that the policies can have maximum effect and not, as in the recent past, in June or July after several months have elapsed — or indeed not at all as in the year 1975. I have therefore introduced this year's Budget in April, and intend in succeeding years to continue to present my financial statement and budgetary proposals immediately following the approval of the Estimates.

The policies which the Government proposes to implement through the Budget will require full public support in order to be effective. The public will only be able to appreciate the need for these policies, however, if it is kept informed of what is happening in the economy; of the problems we face and of the sacrifice which each of us must bear if we are to overcome these problems. Mr. Speaker, the Manifesto of my Party promised the people of Barbados honest and open Government. This is a promise we intend to keep before us at all times. I have accordingly instructed the officials of my Ministry that, every year, I will require them to prepare an Economic Report to be tabled in this House before presentation of the Budget, a habit out of which my predecessor as Minister of Finance had sadly fallen. This Report is intended to provide the public with an analysis of recent trends in the economy and will permit a proper appreciation of the Budgetary policies which follow. Last Tuesday the Economic Report for 1976 prepared by the Ministry of Finance and Planning was laid before this House, and Honourable Members will have had the opportunity to study it and will be able to examine the Budget proposals in the light of the information it contains.

Section II

ECONOMIC OVERVIEW AND ANALYSIS OF CURRENT PROBLEMS

Mr. Speaker, for those of us who are entrusted with the task of managing the economy, the task of steering that economy along the road to self-sustaining growth may at times appear to be formidable. That task is even more daunting where the economy required to be managed is small and traditionally oriented towards external sources of growth. A decade ago, as we faced the future as a newly independent Nation, the vulnerability of our economy was not a source of undue pessimism. During the first half of that decade output was growing in real terms at an annual rate of 3.5 per cent. The economy was still largely agricultural, and sugar production, which was averaging some 160,000 tons of annual output, was contributing one-fifth of the total Gross Domestic Product. The manufacturing sector, which had undergone a significant process of transformation since the late 1950's when new industrial incentives were first introduced, was beginning to benefit from a large inflow of private foreign investment. That investment was used to finance a large number of modern factories at a time when many of the traditional manufacturing units were disappearing. The tourist industry which had originally catered for the demands of a small group of wealthy winter visitors had been vitalised by new incentives, a new Harbour and a new Airport expansion, and it was undergoing a process of diversification of visitor demand and experiencing rates of increased arrival of visitors in excess of 15 per cent per annum.

In the light of this experience, there was some justification for the belief that the economy was approaching the point of take-off to self-sustaining growth. Although the traditional avenues of emigration were becoming constricted, it seemed likely the success achieved with programmes of population control, and the continuing expansion of productive activity under the additional stimulus of the newly established regional co-operative framework would have permitted a significant reduction in the level of unemployment. Ten years later, expectations for the development of a healthy economy in Barbados must be couched in more cautious terms. It is easy to lay the blame for our economic distress at the door of the external impact of world recession and galloping inflation. Yet, a careful analysis of the performance of the Barbadian economy will reveal the true degree to which we have ourselves sown the seeds of our present discontents. It is not appropriate for me, in the context of this statement, to paint more than a general picture.

The worsening performance of the sugar industry is of particularly serious concern in view of our widening foreign trade deficit. Low levels of production prevented us from obtaining the minimum benefits from the high prices of 1974 and 1975. While, admittedly, sugar prices are currently depressed, we are hopeful that continued access to the European

market under the Lomé Convention and the establishment of a new international agreement will provide a measure of stability to the price of our sugar exports. The return to green cane harvesting is a step back towards appropriate production practices which accords with climatic and cultural factors surrounding the industry. Action is necessary, also, to ensure that sugar production will be profitable at average long-term prices. Since there is little that can be done to restrain the increase in the price of imported inputs, action must be focussed on containing the growth of local costs in order to maintain the competitiveness of the industry.

Considerations of price competitiveness under Barbadian conditions are even more crucial to the future of the manufacturing and tourism sectors. The emphasis on exports of manufactures has contributed to the development of a good balance between production for export and production for the domestic market. However, unless consistent action is taken to ensure continuing competitiveness in quality and price of our exports, difficulties will be experienced with export demand. Further, because we have placed emphasis on the establishment of footloose enclave manufacturing industries in the interest of alleviating our unemployment problem, action will have to be taken to maintain the profitability of investment in such industries. In tourism, also, concern must be focussed on maintaining the price competitiveness of Barbados with other comparable destinations.

Mr. Speaker, the resolution of these problems must involve the implementation of a combination of fiscal, monetary, foreign exchange and the prices and incomes policies. The emphasis which is chosen, at this time, must of necessity be on the use of fiscal methods, and the policies which I propose to outline in this statement centre on the use of various fiscal instruments. However, I wish to emphasise that such instruments have not been adopted without careful consideration of their inter-relationship with other components of the general policy mix. Before elaborating on these instruments I shall now turn to a review of our recent economic performance related to world economic conditions. This review will be in a summary form since I have already tabled a more detailed report of the economy during 1976.

The most pleasing feature on the economic scene during 1976 was the resumption in the growth of output and income in Barbados. On the basis of existing economic indicators it has been estimated that the real Gross Domestic Product of the island had hardly grown since 1972. Provisional data derived from a study of the national accounts of Barbados indicate that at constant prices, for which 1974 is the base year, real Gross Domestic Product in 1976 was almost 5 per cent above the level of 1975. The major sectors contributing to this state of affairs were those of wholesale and retail trade, manufacturing, tourism and services (including Government services).

Developments abroad

This resumption of growth in output brings Barbados into line with favourable developments abroad. In the industrial countries, economic recovery became evident during the second half of 1975 and continued through the first half of 1976. However, for the year as a whole in these countries the pace of recovery was only moderate as, unlike Barbados, growth in production slowed down after mid-year. Increases in real Gross National Product (GNP) in the range of 5 to 6 per cent were recorded by all the larger industrial countries with the exception of the United Kingdom, where output increased by a mere 1 per cent. In the smaller industrial countries the rate of growth of output was around 3 per cent. Unemployment, and more so inflation, remained extremely high in comparison with pre-1973 levels. The average rate of unemployment was 5.3 per cent, while prices rose by 7 per cent.

The economic performance of the non-oil producing developing countries was mixed during 1976. In Asia, output grew by about 6 per cent, with a rate of price increase also of this magnitude. In Africa, the growth rate of the non-oil producing Less Developed Countries rose to about 4 per cent compared with 2 per cent during the previous year. The rate of growth in consumer prices in Africa continued to be of the order of 17 per cent. In Latin

America and the Caribbean, overall economic growth recovered from 2 per cent in 1975 to more than 4 per cent in 1976. However, the experience with consumer prices was rather mixed, with inflation worsening in some countries but slowing down in others, notably in Barbados.

There was a moderate recovery in international trade which rose by 11 per cent in 1976 after declining by 4.5 per cent in 1975. There was a rise in the prices of many internationally traded goods, with the notable exception of sugar whose prices continued to fall after the boom of 1975.

Developments in Caricom

Most of the countries of the Caribbean Community, with the notable exception of Trinidad and Tobago, continued to experience budgetary deficits and a decline in their foreign reserves. In Jamaica, the economic situation was further aggravated by unfavourable weather conditions and industrial unrest. While the tourist industry experienced a slight recovery in most of these countries, with the exception of Jamaica, industrial production in the larger countries was adversely affected by low levels of external demand. There were substantial increases in sugar production in all countries except Jamaica, but earnings from this commodity were drastically reduced by the fall in export prices.

A significant step forward in regional co-operation was made in June 1976 when the Governments of Barbados, Guyana, and Trinidad and Tobago, jointly provided balance of payments support for Jamaica. A total of US\$70 million was made available to the Government of Jamaica, of which Trinidad and Tobago contributed US\$60 million, Guyana US\$3 million, and Barbados US\$7 million. The CARICOM Secretariat continued to work on the regional food plan in the interest of reducing the region's food import bill, while legal arrangements were concluded for the establishment of a Caribbean Food Corporation, whose headquarters will be in Trinidad and Tobago.

In February 1976, the Board of Directors of the Caribbean Development Bank agreed to the establishment of a Special Fund for Emergency Programme Assistance for the Leeward and Windward Islands. This Fund provided financial assistance to the Governments of those islands during 1976, using contributions from the Governments of the four MDC's and the United Kingdom. The Caribbean Development Bank's ordinary resources were increased by US\$38.7 million through loans from the World Bank and the Export-Import Bank of Japan, and a two-year bond issue taken up by regional central banks. The Bank's Special Fund was replenished by contributing countries. Towards the end of 1976 loan approvals by the Bank amounted to US\$25 million, compared with US\$24 million in 1975. The Bank continued to place heavy emphasis on increasing disbursements and loan proceeds disbursed in 1976 were US\$21 million.

Barbados in 1976

I turn now to the details of the performance of the local economy. In Barbados, the major economic features of 1976 were the increase in the growth of real output, the reduction in the rate of price increases, and the containment of the growth of unemployment. Provisional data derived from a national accounts study being carried out by the Department of Statistical Services indicate that real output during 1976 increased by 4.8 per cent over the level recorded in 1975, and that per capita income at current prices has risen from \$2,691 (B'dos) in 1975 (which, it should be remembered, was a year of record earnings in the sugar industry) to \$2,728 in 1976. The figure for 1974 was \$2,418.

The growth in income was reflected in a rise in import demand. Imports of goods and services in 1976 were estimated at \$554 million, compared with \$510 million in 1975. The growth in general demand is evident also from the fact that private consumption expenditure as a percentage of expenditure on the Gross Domestic Product increased from 71.7% in 1975 to 78.7% in 1976.

Growth of sectoral output was noticeable in agriculture, manufacturing, and tourism. Sugar production was the main source of growth in the agricultural sector. The 102,000 tons of sugar produced in 1976 was five per cent higher than in 1975, even though the area of cane reaped declined by 600 acres. Reduced levels of export prices, however, significantly diminished earnings from sugar production, and the gross revenue of the industry in 1976 has been estimated at \$61.0 million compared with \$114.9 million in 1975. The output of cotton and onions was lower than in 1975 largely as a result of attacks on these crops by pests and diseases. However, the production of food crops for domestic consumption was estimated to be 26 per cent higher than in 1975, due to the effect of favourable weather conditions. There were modest increases in vegetable production, while the output of poultry, milk and livestock products was above the level of 1975. Estimates of fish caught prepared by the Fisheries Division of the Ministry of Agriculture suggest that approximately 11.0 million pounds of fish were landed in 1976, compared with 9.3 million pounds in 1975.

The revival in the growth of industrial output is clearly shown in a 15.6 per cent increase in the annual index of industrial production which reached a record level by the end of 1976. The main contributors to this increase were wearing apparel, chemicals, processed foods, miscellaneous manufactures, and quarry products. The Barbados Industrial Development Corporation reported the opening of ten new manufacturing enterprises during 1976 with a total investment of \$10 million, although half of this amount was in only one of these industries, a meat processing plant.

Tourism

There was a modest recovery in the number of tourist arrivals during 1976, the figures showing a 1.3 per cent increase, compared with a decline of 4 per cent in 1975. However, gross earnings from tourist expenditures which were estimated at \$165.3 million in 1976 compared with a revised estimate of \$156.1 million in 1975, rose by 5.9%. While arrivals from Canada declined for the second successive year, the number of visitors from other major countries of origin increased. Despite the increase in the number of visitors the average monthly occupancy rates in the hotel industry continue to give cause for concern, as they fell to only 44.7% in 1976 compared with 49.5% in 1975 when there were fewer rooms. Fortunately the upward trend of arrivals has continued into 1977. The actual figures for arrivals in January were 25,151 visitors, an all-time record for the month, and 23.8% more than arrivals in January, 1976. Provisional estimates, based on total Airport arrival figures, show over 34,000 visitors for February and over 30,000 for March, the first time in the Island's history that we have ever received as many as 30,000 tourists in a single month. These figures represent increases over 1976 of almost 40 per cent, and suggest that we are at last within striking distance of the target promised many years ago by a former Minister of Tourism, an annual visitor tally which will substantially exceed the population of the island.

Balance of Payments

The performance of our balance of payments was less satisfactory. The balance of payments moved from a position of a record surplus in 1975 of \$33.6 million, due to booming sugar prices, to a record deficit of \$39.2 million in 1976. The main contributors to this reversal were the drastic fall in the price of sugar and a strong resurgence in consumer demand which led to increases in imports of finished and intermediate goods. Total imports amounted to \$481.1 million of these goods in 1976, compared with \$437.7 million in 1975. While domestic exports amounted to \$176.9 million in 1975 the level of these exports in 1976 reached a mere \$138.6 million, mainly as a result of the decline in sugar prices. The increase in the level of imports was a reflection of the boom in business activity which generated most of the growth in the economy in the last quarter of the year and, at a time of relatively stable international prices, it enabled Barbados to sustain the surge in consumer demand without any corresponding inflationary surge. However, it was necessary to take corrective steps to maintain the island's foreign reserves, and the Central Bank was accordingly instructed to seek sustaining credits on the basis of the fall in the level of our export prices and of the reserves generally. It was also found necessary to institute restrictions on credit sales of the larger items of imported consumer durables. I am sure, Mr. Speaker, that once it is thoroughly understood that credit squeezes, which are by no means unusual in larger, richer and many times more developed countries than Barbados, are

imposed for the good of us all and apply to us all, Barbadians will buckle down to the inconvenience of having to save just a little longer before spending. I am convinced that no one of goodwill wishes to see the alternative, which might be to join two of our More Developed CARICOM partners in having no foreign reserves at all and therefore having to worry where food to eat, petroleum to run our transport, and building materials to construct our homes and give employment, are coming from.

Employment

Some gains in employment were recorded in 1976, although the high level of unemployment remains one of the principle pre-occupations of the Government. Preliminary figures from the quarterly continuous Household Sample survey carried out by the Barbados Statistical Services under the guidance of a United Nations expert indicated that the rate of unemployment fell from 22.5% of the labour force at the end of 1975 to 15.3% at the end of 1976. A part of this decrease can be attributed to refinements of statistical method, which has now removed from the ranks of the genuinely unemployed those persons classified as "voluntarily idle", but in actual numbers there were reported to be 91,000 persons at work at the end of 1976 compared with 87,900 at the end of 1975, an increase of 3,100.

These gains, however, can only be regarded as modest in the face of overall rates of unemployment among persons under the age of 25, particularly females. This remains unacceptably high, and compels the Government to shape its policies of expansion accordingly.

Prices

There was an appreciable slowing down in the increase in the growth of retail prices, which began its process of rapid acceleration during the third quarter of 1973. The annual average increase in the index of retail prices in 1976 was 5 per cent, compared with 20.3 per cent in 1975. The end of period rise was only 3.85%, as opposed to 12.3% in the earlier year. The major contributing factor to the reduction in the rate of domestic inflation in 1976 was the relative stability of international prices, but domestic policies are now all pointed, as far as lies within the power of the Government, in this direction. The abolition of the 5% general sales tax in October, 1976, contributed by the end of November to a 3-point fall in the retail price index. On first coming into office the Government found a number of applications for price increases already in the Departmental pipelines, and between September and December, 1976 there were 51 increases in the prices of controlled items. However, there were also 14 reductions in price and in the first quarter of this year the number of price increases has been held to 5, while price reduction total no less than 21 including reductions in essential items such as chicken and other foodstuffs. In fact, Mr. Speaker, in the last 6 months, ending March 31, 1977, the cost-of-living index has risen less than 1%.

The other component of the inflationary spiral particularly in some developed countries has been the pursuit of higher wages to meet increases in the cost of living rather than to reflect increased productivity. In Barbados, as set out in the Economic Report, it appears that in 1976 there was an average wage increase of the order of 10%. As the Report indicates much of this increase was gained at the lowest wage levels; indeed, outside the categories recited in the Report, the earnings of agricultural workers almost doubled in the two years ending 1976 partly as a result of the boom in sugar prices. Since the average increase in the retail price index was approximately half the average increase in wages, it appears that real gains were made by workers in the context of 1976 and not mere money gains as in earlier years eroded by the ravages of inflation. As I will indicate later in my Budget Proposals, Mr. Speaker, I hope that this realisation will be reflected in restraint at all levels in wage and salary negotiations where the base date is more recent than the inflationary period which ran up to the end of 1975.

Financial Developments in 1976

Domestic credit in Barbados rose dramatically during 1976, mainly as a result of Government borrowing and credit extended for consumer purchases. The \$82.9 million increment was the largest ever recorded in a single year. Credit to the Government rose by

\$41.0 million and accounted for 75.5% of Government's overall financing requirements. Credit to the private sector rose by \$41.9 million, of which \$31.8 million was for consumer lending, \$7.0 million for public utilities and \$6.4 million for tourism. Consumer loans rose as a result of the remarkable rise in imports of consumer durables in the second half of 1976; the loans for public utilities and tourism are associated with two large hotels and the extension of telephone and electricity services. Because of the heavy outflow of funds to pay for imports, and the reduction in foreign exchange earnings, commercial bank deposits increased by only \$34.4 million, savings deposits rose by \$22.2 million, the largest increase in five years, but demand deposits rose by only \$4.6 million while time deposits fell by \$1.7 million.

Liquidity in the banking system remained high but increases were checked by the sharp rise in loans and advances towards the end of the year, the fall off in deposit growth, and the rise in required holdings of Government securities. Cash reserves and Government securities held by commercial banks in excess of Central Bank requirements were \$23.0 million at the end of 1976, \$1 million more than one year earlier. In response to the high level of liquidity in the banking system, commercial banks reduced deposit interest rates from the already low levels prevailing at the beginning of 1976. At year end the interest rate on ordinary savings deposits was no higher than four per cent and, in some cases, as low as 2.5%. The maximum yield available on 12-months time deposits was down two percentage points from December 1975 to five per cent. This made the rate offered by the Barbados Savings Bank of four per cent most attractive, especially since deposits of \$15,000 or less with the Barbados Savings Bank are tax-exempt. Total deposits in this Bank rose by \$7.6 million during the year, from \$25.7 million to \$33.3 million, an increase of just under 30 per cent. Commercial bank lending rates declined by one to two percentage points from the very high 1975 levels, despite the excess liquidity in the system. At the end of 1976, the prime lending rate ranged from 7.5% at some banks to 8.5% with an average lending rate at 10%. Even this modest reduction required a Central Bank directive, and the continuing high level of interest rates on loans at the commercial banks remains a matter of concern to the Government, accompanied as it is by a wide, indeed perhaps widening, gap between current deposit rates and current lending rates.

Revenue and Expenditure

The total revenue of the Government for the fiscal year 1976-77 was originally estimated at \$182.5 million. Revised estimates, based on the provisional figures for collections at March 31st, 1977 (which is the end of the financial year) reveal that at the present estimate of \$218 million, the original estimate has been very substantially exceeded, by almost 20.5 per cent. This means that current revenue has been brought nearer into line with current expenditure, which is estimated at an actual amount of \$225 million, compared with revised estimates, including all supplementary votes and increased statutory expenditure on civil service emoluments of \$246.7 million. These figures, Mr. Speaker, and the estimated current account deficit of \$7 million contradict the prediction which I made less than a month ago when introducing the Estimates for 1977-78 that the deficit would be \$9 million, but this may be laid at the door of the provisional figures, which are still in a state of flux since the financial year ended only a fortnight ago. The main increases in revenue that have exceeded expectation are income tax and corporation tax, both up approximately 40% from 1975/76 — in the case of corporation tax from the corrected figure which discounts the delayed part-payment of tax during that year for 1974-75. Import duties are up approximately 35% and consumption tax up by more than 25%. Total current expenditure for 1976-77 is now provisionally given at \$225 million, or 24% more than for the fiscal year 1975-76. This relatively low level of increase of current expenditure has been achieved through a deliberate policy to restrict its growth to the absolute minimum, a policy which is continuing into 1977-78. The main head of increases has been in the personal emoluments of public officers, which have moved from \$86.1 million in 1975-76 to \$108.0 million in 1976-77 and are expected to expand to \$117.5 million in 1977-78. There has been abundant public debate on this area, and I will not now add to it except to indicate that Government, like all other employers will be expected to conform broadly to the guidelines on wage increases which I will suggest later in these proposals. Other significant

increases in expenditure in 1976-77 were in the areas of Old Age Pensions, pensions to former Government employees, Charges of Debt and "Other Charges" generally.

Capital Expenditure 1976-77

The approved estimates of Capital Expenditure for 1976-77 amounted to \$80.2 million, and during the financial year that sum was supplemented by approximately \$8.1 million making a total provision of \$88.3 million. Actual expenditure is estimated at \$60 million, or 27.6 per cent over the total for 1975-76. The capital budget was financed by external project assistance of \$11 million and the remainder by local borrowing.

Public Debt

At March 31st, 1976 the Public Debt was \$211.7 million, of which \$160.0 million has been borrowed internally and \$51.7 million from external sources. According to the latest estimates, the Public Debt at March 31st, 1977, was \$258.6 million, of which \$204.1 million was internal debt and \$54.5 million external. The net increase in external debt is entirely due to the drawing down of funds from project loans for major capital works, and to external debt service, which was \$3.3 million in the calendar year 1976, was equivalent to 0.8% of the value of exports of goods and services, an amount well within guidelines generally accepted as prudent for foreign borrowing by a developing country.

The increase in debt in the year just past has been almost contained within debt's proper purpose in the context of public finance in a small developing country, namely the provision of capital works for future development. Nevertheless the experience of the last four financial years has been a frightening one for Barbados, since there have been three current account deficits over this period and the island was saved from a fourth only by the fortuitously high sugar prices of 1974-75. In these years the Government was a net dissaver under the previous regime to the tune of over \$20 million, and the pattern of the 1950's and early 1960's where current revenue could make major contributions to capital developments was decisively broken. I will say something later about the necessity of Government and private individuals alike increasing the volume of local savings for development when I indicate how I am anticipating the financing of total Government expenditure in 1977-78. At this stage I will confine myself to outlining the size of the problem which we are facing. When the Estimates were presented to the House last month I estimated for current revenue at \$225.7 million and current expenditure at \$276.4 million, a deficit of \$50.7 million. Capital projects were put forward in the Estimates in amounts totalling \$102.1 million. The whole package of Government expenditure was thus estimated to exceed Government revenue by over \$150 million.

As I explained during that debate, the Government has not had enough time since assuming office to re-organise the system of preparation of the Estimates, with the result that I consider that the Estimates of Current and Capital Expenditure are over-ambitious and that the Estimate of Current Revenue is under-reported. Collections of tax in the last half of March have fortified me in this view. Accordingly, it may be necessary early in the Fiscal Year to initiate a review of existing programmes with a view to limiting the current account deficit to no more than \$20 million and working out a more realistic capital investment programme which will be in the region of \$70 million. It is, therefore, intended to budget for an overall deficit of \$90 million compared with \$67 million in 1976-77. The means of financing this gap of \$90 million will form the subject of the Budgetary Proposals themselves to which I shall turn after indicating the general economic strategy which has guided the steps that I have chosen.

Economic Strategy

I turn now to the economic strategy to be implemented through the Budget.

In Barbados, as in all countries, a significant emphasis has to be placed on the expansion of the productive employment opportunities. At the same time, where expansionary fiscal policies are used to achieve this, they have to be undertaken in full awareness of the dangers of inflation and external balance of payments problems. In a small, highly open economy such as ours, the scope for effective action is determined largely by the

capacity of the authorities to regulate the level of aggregate demand in economic terms. Any attempt to influence the level of aggregate demand must involve a combination of policies which may broadly be classified as four basic types: fiscal, monetary, foreign exchange and prices and incomes policies. A Budget naturally places emphasis on the fiscal policy aspect of the overall package. The current package presented by the Government is intended to provide appropriate incentives to encourage domestic savings, thereby increasing the availability of funds for investment in productive activity. The correspondence between saving and investment is crucial in any country to programmes of generating finance for development. Since there are undesirable national consequences for too large and too long a dependence on foreign borrowing and foreign investment, the main way to achieve development involves the diversion of as much extra income as is politically practicable away from current consumption, thereby releasing current resources to produce things which generate future income. And "current consumption" means a great deal more than the purchase of goods and services, since it includes many welfare services financed by Government. The provisional figures for Barbados National Accounts for 1976 show a private final consumption figure of \$597 million and Government final consumption of \$142 million compared to a gross capital formation figure of only \$167 million.

Further, donors of foreign aid, which is a source of development capital, look closely at domestic efforts to raise funds for investment and often gear their decisions to the seriousness of the approach which the receiving Government is making to raise its own local funds.

The package has been prepared with all these objectives and considerations firmly in mind.

And now, Mr. Speaker, to the Budget Proposals themselves. The first part of the proposals cover areas important for the stimulation of investment and employment, and my first heading is —

Tax Reform

A country's tax system should never be viewed in static terms as establishing a fixed regime for the operation of business enterprises or otherwise. A tax system must constantly be modified to reflect the changing economic and social structure and to assist in achieving new objectives. At the same time, new taxes must be evaluated in terms of their relevance to the particular stage and development of the country concerned. Too often, taxes are modelled on similar systems in operation in countries which may be at a more advanced stage of development, and insufficient account is taken of differences in economic size, structure and resource endowment. I would classify the former 5 percent sales tax as one such. Taxes, therefore, which may have been appropriate at a different time or in a different place may become increasingly irrelevant as circumstances change and vitiate the assumptions on which they are based.

Accordingly, the Government considers that the tax structure in Barbados should as far as possible be reshaped to encourage the fullest utilization of the most abundant resource — which is labour — and at the same time provide greater incentives and rewards for individual effort. Clearly, this is a task which will require in-depth investigation if it is to be done properly. Tax changes which are made without adequate study and preparation are difficult to administer and often have unpredictable economic consequences. While, therefore, certain urgently required changes in the tax system will be introduced in this Budget, this is only the beginning of the process. A comprehensive review of the entire system is already underway and can be expected to bear fruit in the relatively near future.

In the Throne Speech, in October last year, the Government announced its intention of abolishing the Trade Tax. This is an excellent example of a tax which has clearly outlived its relevance, but is still being levied. Originally a tax designed to finance local Government expenditure, the Trade Tax has continued to be applied long after local Government has been abolished even though it is a burden on small traders and a thorough nuisance for corporations. The Trade Tax will be abolished with effect from 1st April, 1977.

I should, however, like to make it clear that all arrears of Trade Tax outstanding as at 31st March, 1977, will still be due and collection will be enforced. As a consequence of the abolition of Trade Tax the Interim Traders Act will also be abolished, and those traders who were previously assessed to tax under its provisions will now be relieved from the imposition. Instead they will be required to register as part of a new comprehensive system of registration and to pay the appropriate fees charged from time to time by the Minister of Finance. As at present advised, I intend to charge a maximum of \$50.00 annually, an amount very substantially less than most of the present assessments.

As part of the restructuring of the tax system, Corporation Tax will, with effect from Income Year 1977, be levied at the rate of 45%. This rate will apply to all legally incorporated businesses, irrespective of the type of economic activity conducted. An increase in the rate of corporate tax is appropriate to offset the loss of revenue formerly derived from the Trade Tax, but the increase has been pitched deliberately low for reasons which follow.

As stated earlier, the Government is extremely concerned at the current high level of unemployment and attaches the highest priority to the immediate creation of additional jobs. I believe that the tax system should be structured in a way which is consistent with this overriding objective. At present, the tax system provides liberal concessions for capital investment through initial and capital allowances and provision for depreciation. My Ministry will be studying these allowances to see if the rates currently applied remain relevant in the present circumstances. More importantly, I consider that an incentive should be provided to encourage the private sector to increase its utilization of labour as well as capital. The higher corporation tax rate of 45 per cent is estimated to yield rather less than the existing combination of corporation and trade taxes. I propose, however, over and above the Corporation Tax, to impose a special Employment Levy on corporations which, unless they take advantage of the ameliorating provisions, will increase the effective corporate tax burden. These provisions will be that the Levy may be reduced or removed altogether on the basis of the employment performance of the Corporation. Tax credits will be given proportionate to any increase in the number of workers employed during the income years and will as far as possible be related to wages paid in such a way that lower paid workers will reap the greatest benefits from the implementation of an expansion policy by an employer.

The formula will be spelt out in detail when the relevant legislation is passed, but I have every confidence that it will bring the minds of the managers of corporations to bear on the fact that economising on employment levels when faced with wage increases may be a popular way of achieving "productivity" in North American or European economic conditions, yet in Barbados the consequent reduction in job opportunities will sooner or later make unemployment a social factor that will destroy the conditions under which corporations can operate freely or at all. The abolition of the trade tax will create certain anomalies which require attention. In particular there are a number of major businesses which because of capital outlays often have little or no corporation tax liability but pay trade tax and therefore will not now be contributing to the revenue. In particular the public utilities may be in this position. Accordingly, for this and other reasons related to the peculiarly advantageous position of a monopoly utility company under present conditions in Barbados, I propose, effective from income year 1977, that the Barbados Light and Power Company shall pay an annual licence fee of \$200,000. The Barbados Telephone Company has since 1972 been paying an annual licence fee of \$100,000. However, because the Company paid the first year's licence fee at the same time as the second, the Public Utilities Board has been allowing the Telephone Company \$200,000 per annum for rate fixing purposes, and every subscriber's bill reflects this larger amount. Accordingly, I have decided that the annual licence fee for the Barbados Telephone Company should be the same as for the Barbados Light and Power Company, and effective 1977, the licence fee for the Barbados Telephone Company will be raised to \$200,000 per annum. I should like to emphasise that since these licence fees impose no new tax liability on the companies, there can be no grounds whatever for consequential increases in utility rates.

Mr. Speaker, as I stated earlier, I believe that the tax system in Barbados needs to be revised to provide more incentive for individual effort. To begin with, a comparison of

income tax rates in Barbados with those of more highly developed countries clearly reveals that the rates here are extremely what is called "progressive" by the tax experts. The effect is that the incidence of the tax increases unusually rapidly with income. Our top income tax rate of 65% is however very generous, compared with rates of 75% in Trinidad or the United States or with a rate of 83% in Britain that can rise to 98% on unearned income. However, this rate of 65% is reached very quickly in Barbados and a correspondingly heavy burden falls on lower and middle taxpayers. I have had to say in other places in recent months that it is absurd that a man or woman earning \$25.00 – \$30.00 weekly, with only a single person's allowance at the present level, can be asked to pay income tax.

The point, too, of comparing our tax rates with those of more highly developed countries is that we are competing with those countries, particularly Canada, the U.S.A. and Britain for the use of skilled manpower, and the heavy burden of tax at middle income levels is a powerful disincentive to skilled Barbadians returning home or skilled foreigners whom we need coming forward to offer their services.

The situation has been made more difficult for wage earners in Barbados because the recent high levels of inflation have increased money incomes substantially and therefore the proportion of income taken in tax has risen sharply though real incomes may have risen very little if at all. Direct taxation, which includes income tax, has also increased its share of total revenue quite dramatically over the last decade, rising from 33% in 1966–67 to almost 50% in 1976–77 when the new corporation tax is taken into account.

I consider that there is a good case, quite outside Budgetary considerations, for a revision in the structure of personal income taxation in order to provide a reasonable amount of relief for lower and middle income taxpayers. I have therefore set in motion a thorough going review of tax rates and allowances, and indeed I have actually constructed a number of models of new rates and the relief they would bring. However, the most recent detailed analysis of the structure of the income tax base is dated as far back as 1973 and I did not think it wise to make any projections without more recent data. I have accordingly given instructions that a crash programme of analysis of taxpayers' returns right up to date be carried out and the figures computerised so that the actual effect of any step I propose can be estimated precisely. I therefore expect to be in a position before the end of this year to present certain amendments to the Income Tax Act to Parliament. Pending the outcome of this review, however, I have decided to take two immediate steps to provide some relief for hard pressed wage-earners which will have the effect of increasing disposable income.

I propose first a tax credit of \$60 for all resident taxpayers with gross income of less than \$6,000 per year. This is applicable to income year 1976, so that all taxpayers who qualify will be entitled to claim this credit for their current submissions which are due by April 30th next. What this means is that any taxpayer with income of \$500 per month or less whose tax due is less than \$60 will not have to pay any tax for 1976: while those whose tax due is more than \$60 will only pay the excess. Those who have already paid through PAYE will receive the appropriate refund.

Additionally, and in advance of the promised review of allowances, I have decided to introduce a new allowance for childrens' school fees and to raise other children's allowances. Effective from income year 1977 taxpayers will be able to claim an income tax allowance of up to \$350 for fees paid for children at all recognised fee-paying private secondary schools. This allowance is in recognition of the considerable financial burden borne by parents of children who attend fee-paying schools. These schools are currently still carrying a good deal of the burden of providing secondary education for Barbadians, and for the parents of the children who attend them, the weight of school fees is generally a further misfortune to be added to the misfortune of the 11-plus. I think, therefore, that these parents, who are not, like other taxpayers, getting the benefit of free secondary education, deserve special consideration in this regard.

In addition, I propose the following changes in childrens' allowances generally. The allowance for children attending secondary schools, whether fee-paying or otherwise,

government or private, will be increased from \$300 to \$400 and the qualifying age will be lowered from 12 to 11 years.

The allowance for children over 16 years of age attending secondary schools to be increased from \$500 to \$600.

The allowance for children studying overseas to be increased from \$800 to \$1,000.

Mr. Speaker, as I said earlier, I consider that income tax rates in Barbados need adjustment to reduce the tax burden. However, this will only be possible in the long-run if every one actually pays his fair share. However, the Inland Revenue Department has ample evidence that many self-employed persons are deliberately under-reporting their incomes and worse, many are evading tax completely. This state of affairs cannot be allowed to continue.

As a first step in a more vigorous system of inspection of the returns of self-employed, I propose to introduce a Comprehensive Registration Act covering all categories of self-employed persons. All these persons will have to register and it will be an offence to conduct a business, sell a service or engage in trade unless registered. This will ensure that proper records are kept of all self-employed persons and will enable the Commissioner of Inland Revenue more effectively to police the collection of taxes.

Withholding tax on interest

Still in the area of income tax, and of improving collection methods, I propose to introduce a system of collecting tax through the withholding system on interest payments made by banks, companies and attorneys-at-law. This measure will facilitate the administration and collection of tax on this type of income and exemplifies the fundamental tax principle that it is desirable to collect tax on income as close as possible to the time when the income arises. I anticipate that this action will also help to improve compliance with the law by those who have been failing or neglecting to report interest payments as part of their assessable income in their tax returns.

I therefore propose that, as from 1st July, 1977, all banks, companies, money-lending institutions and attorneys-at-law shall deduct or withhold from any sums of interest in excess of \$100 tax at the rate of 10% when such sums are credited to the account of any resident person. In the case of fixed deposits, tax shall be deducted from the interest payable, in whatever amount, on the maturity date or on the date of any premature withdrawal. All persons who withhold tax in accordance with these provisions must pay the sums withheld to the Commissioner of Inland Revenue within 15 days after the end of the month in which the amount was withheld or deducted.

All taxpayers will be entitled to claim the tax deducted and set it off against their tax liability as indicated on their returns of income for Income Year 1977 and subsequent income years.

These proposals do not relate to the Government Savings Bank where interest payments are \$600 or less. Tax should be deducted as prescribed only on interest in excess of \$600 per year at the Savings Bank.

Estate and Succession Duties

The Estate and Succession Duties Act, Cap. 70, has except for a few amendments, remained unchanged since its enactment in December 1941. Based mainly on the United Kingdom Finance Act of 1894 and the Succession Duty Act of 1853, duties were imposed in respect of deaths occurring on or after the 1st April, 1942. The rate of succession duty has depended upon the relationship of the successor to the deceased and where there is a contingent life interest, succession duty may be postponed by the ultimate successor until the death of the life tenant. The postponement of succession duties poses problems for the Inland Revenue Department as a record of such postponement must be kept and vigilance maintained to ensure that payment is made, however distant the date of death of the life tenant.

After a review of the short-comings and complexities of the existing legislation I have decided to effect some changes. I accordingly propose, with effect from 1st June, 1977, to abolish Succession Duty. This will have the effect of simplifying and speeding up the process of Estate Duty Affidavits.

The ensuing revenue position requires some consideration. The yield from Estate and Succession duty has played a smaller and smaller part in general revenue. In 1966-67 it was over a million dollars, and ten years later was just about 1½ million, having suffered some fluctuation upwards and downwards in the interval. While I propose to make some adjustments to Estate Duty rates to make up for a part of the loss in revenue from Succession Duty, I regard the tax more as a social tool than as a substantial contributor to general revenue. The new rates will therefore extend the principle of concession now available to widows under the rules of Succession Duty to all surviving spouses male of female.

I also propose an amendment of the law relating to gifts *inter vivos*. Under the present law of Barbados, if the originally given property no longer existed at the donor's death, no duty could be levied, so that a gift of securities redeemed before death facilitated the avoidance of both estate and succession duties. This gap has been closed in the United Kingdom where the legislation now contains provisions for identifying the property given, no matter what substituted form it takes and I propose a similar amendment in the Barbados Act. In addition I have extended the period which must elapse to free a gift from estate duty from 3 to 5 years.

I further propose an increase in the rate of interest payable to the Commissioner on death duties which remain unpaid for more than 6 months from death. The current interest rate of 3% per annum, unchanged since its inception in 1941, lends itself to delay in settling duties, as there is no hurry on the part of the persons administering the estate to call in investments yielding higher rates of interest in order to liquidate the duties. Interest will now be at the rate of 1% per month with the proviso that the Minister of Finance may grant remission in suitable cases. Where duties payable in respect of real property have been elected to be paid in eight equal yearly or sixteen half yearly instalments, the interest payable thereon will now be at 6% per annum.

In order to make for speedier recovery of outstanding duties it has become necessary, in my view to enact similar provisions as are contained in the Income Tax Act through the issue of unpaid duty certificates which after lodgement in the Court will create a lien against the estate in favour of the Crown.

The Married Women's Act presently provides that an insurance policy taken out by either spouse and expressed to be for the benefit of the other or their children is to be treated as a separate estate and is not to be aggregated with the other estate of the deceased. I consider that advantage is currently taken of this situation and I therefore propose a limit of \$50,000 to the concession given under this section. Proceeds of policies over and above this figure will be aggregated in respect of the estate of persons dying on or after 1st April, 1977.

Measures to mobilise domestic savings

Mr. Speaker as has been clearly spelt out earlier in my address, my Government attaches the highest priority to increasing the level of full-time productive employment. While increased activity in the public sector can provide temporary jobs and ease the unemployment situation, it is not the policy of this Government to embark on a short-term crash programme of public works as a means of tackling the unemployment problem on a permanent basis. Not only do we lack the financial resources, but it is our firm view that such programmes do nothing to solve the fundamental structural problems which need to be overcome, and in fact they merely squander scarce resources.

An effective policy to reduce the level of unemployment requires an integrated approach in which measures to train the labour force are combined with an investment

programme and institutional changes. The 1977-82 Development Plan will spell out these proposals in detail. A budget is not an appropriate instrument for implementing many of these policies, but as I have explained earlier, there is one vital component of the package which properly forms a part of this exercise. This is the urgent need to mobilise domestic savings for investment.

To a large extent, resources for domestic investment in Barbados in the past have come from the importation of foreign capital. It is perhaps necessary to repeat and stress that while the *per capita* income of Barbados has shown impressive strides in two decades, our domestic savings performance has been unsatisfactory. As Sir Arthur Lewis in his Presidential Address to the Caribbean Development Bank Conference in April 1972 has observed, to a large extent, the Caribbean peoples have "wasted the substance" of increased incomes by consuming every increase in income, disavowing saving and relying on foreigners to do their savings for them. But unless domestic savings out of rising incomes are increased, a country will never become self-reliant and will always be dependent on foreign capital. In the difficult international economic environment in which we live, with all countries, developed and developing alike being buffeted by inflation and oil price-rises, over-dependence on foreign capital is an uncertain policy, to say the least.

The Government therefore feels strongly that in pursuance of the aims which I have already recited, strenuous and urgent steps should be taken to mobilise additional domestic resources for investment. I consider that the current level of Gross Domestic Savings (which includes depreciation provisions) of about 7% of gross domestic product is too low for a country whose *per capita* income of \$2,728 in 1976 places it in the middle-rank of developing countries. These measures I propose will be of an institutional nature and more directly, by intervention in the market to ensure a re-direction of expenditure away from consumption and towards investment. Two important vehicles for mobilising savings in Barbados are the insurance industry and the National Insurance Scheme.

In Barbados, the annual premium income of Insurers transacting long-term and general insurance business is of the order of \$30 million. A substantial portion of these, relating to long-term insurance particularly, is in fact the mobilised savings of the people of Barbados. These sizeable savings in life insurance and a fair portion of the premiums paid to insurers transacting general insurance are duly invested by the Insurers in the ordinary course of their businesses. In an attempt to maximise the use of these indigenous financial resources for the economic benefit of the country, I have given careful attention to the provisions in the Insurance Act relating to investment. It has been recommended to me, and I have accepted, that at least the full quantum of what are known as the "technical reserves" in respect of all insurers should be locally invested in a manner to be prescribed. In addition, it has also been found desirable to ensure that the capital and free reserves of the locally incorporated insurance companies, are invested *within* this country. Legislation in this regard will be brought before the House shortly. At this point I wish to make it clear that this measure is merely to ensure that the reserves required to meet all local liabilities are invested in Barbados, rather than outside. The existing policy of the Government with regard to the repatriation of profits and other amounts in excess of these reserves will be continued unchanged.

The premium income tax chargeable on all companies transacting life insurance business which was announced in the last Budget of the previous administration will be implemented with effect from income year 1977. The rate will be 1½% of premium income in the case of resident companies (including Caricom-controlled companies) and 3% in the case of foreign companies.

National Insurance expansion

The National Insurance Scheme, which has been operating successfully for a number of years in Barbados, has been of inestimable benefit both to the individual insured person and to the nation. Every worker in the country (including the self-employed) pays, or should

pay, an insurance premium by way of weekly contribution to the Scheme which entitles him or her to various benefits which are related to the level of insurable earnings. In this way, the burden of providing against sickness, injury, etc. no longer weighs heavily on the shoulders of each individual worker but is handled centrally through the National Insurance Scheme. Additionally, the surplus built up in the National Insurance Fund out of the contributions of the insured and out of the income earned on investments is available to assist in financing both the public and private sectors and is a most valuable source of domestic savings. At the end of March, 1977, the balance in the National Insurance Fund stood at \$93.2 million, and this money, which is nearly all invested in commercial banks and in Government bonds, was being used to provide services for the same workers whose contributions built up the Fund in the first place.

Under a social security scheme benefits should, as far as possible, bear some reasonable relationship to the cost of living and this can best be achieved by raising the level of cover as wages generally rise. When the scheme commenced in 1967 insured persons were classified into six earnings groups, with \$50 per week as a ceiling. From 1974, the ceiling level was raised to \$100 per week and the six earning groups were spread downward below this level.

During their recent assignment with the National Insurance Office, the International Labour Organisation Adviser in Social Security Administration and the Organisation's Actuary who reviewed the Scheme accepted Government's proposal that contributions should no longer be paid by the adhesive stamp method which was related to insurable earnings and earnings groups, but by a system of direct payment based on actual wages or salaries. In his last review of the Scheme the Actuary recommended that a change over to the direct payment of contribution be accompanied by a raise in the wages ceiling both to take account of cost of living changes since the introduction of the Scheme and to ensure that higher paid workers secure benefits for themselves and their dependents and pay contributions more commensurate with their level of earnings. He has recommended an increase to a ceiling of \$1,000 per month (\$230 per week).

Government has accepted this recommendation and providing the necessary technical assistance can be obtained, it is proposed to implement the system of direct payment of contributions and raise the ceiling of insurable earnings from \$100 to \$230 per week with effect from 1st January, 1978. This will require consequential increases in other ranges of insurable earnings and will mean higher contributions and higher benefits. Not only will the worker be placed in a more advantageous position by the higher level of benefits which will be payable but the additional income generated by the increased contribution will enhance the Fund and so make a higher level of domestic savings available for productive investment.

Mr. Speaker, there is one other measure which is designed to encourage domestic savings which I propose to implement and this relates to the restoration of a partial tax credit for dividends in the hands of shareholders. When the former administration in 1975 amended the Income Tax Act to introduce the Corporation Tax without any provision for tax credits on dividends distributed to shareholders, my Party predicted that it would lead to serious hardship for many old and retired persons for whom dividends were the main source of income, and to the collapse of the local share market. Both these things duly happened. As a result of my Party's agitation, the previous Minister of Finance brought down to this House in his July 1976 Budget a proposal to restore the tax credit up to a maximum of 25 per cent on dividends in the hands of shareholders. There were a number of other proposed amendments to the Income Tax Act designed to close existing loopholes.

I propose to implement these changes with effect from Income Year 1977. By restoring the attractiveness of equity investment, I hope that many more companies will come forward with share issues so that the scope for investment of domestic savings will be further widened. In this context, the Governor of the Central Bank has informed me that the Bank is supporting an initiative by the Chamber of Commerce to develop a market for securities and it is hoped that these measures will encourage wider public participation in the ownership of public companies.

Amalgamation of Financial Institutions

The mobilisation and optimum utilisation of savings will also be assisted by the concentration of the management and direction of the principal financial institutions of the Government into the hands of one body as promised in the Manifesto of the Barbados Labour Party in the last General Election and in the Throne Speech last October. A project team, headed by an officer at Permanent Secretary level, has now been selected and has as its brief to conclude recommendations for implementing the merger within this financial year. The bodies concerned will include the Barbados Savings Bank, Development Bank, Sugar Industry Agricultural Bank, Agricultural Credit Bank, loan functions of the National Housing Corporation and any mortgage finance operations organised by Government. Already, substantial steps have been taken to extend the activities of the Savings Bank, which will soon be operating a branch at the Airport with full foreign exchange capacity.

I fully expect that the new organisation will prove to be a valuable tool in accumulating, managing and placing in productive directions the savings generated by the new policies of Government.

Establishment of an Insurance Corporation

Closely related to the foregoing is the intention of the Government to establish an Insurance Corporation. The concept of self insurance by the Government of its property was established in 1959 under the last Government of the Barbados Labour Party through the provisions of the Public Property Insurance Act of that year. The Standing Insurance Committee then created has operated successfully for 17 years now, but the Government's Adviser on Insurance has suggested an extension of its scope to cover a number of other areas where Government property or activity continues to be insured with private companies. It is also considered that there is room for a certain percentage of compulsory reinsurance of all direct business transacted in Barbados to be placed with a Government Fund. The Government therefore proposes to enact appropriate legislation for the creation of a Statutory Corporation to transact all forms of general insurance and to take over the assets and liabilities of the present General Insurance Fund administered by the Standing Insurance Committee, and it is anticipated that this Corporation will come into operation before the end of the current financial year.

Measures to improve the Balance of Payments

Mr. Speaker, earlier in my address I emphasised the crucial importance of the level of our foreign exchange reserves as a constraint on the rate of domestic economic expansion. The link between extension of domestic credit, whether to the public or private sector and the level of the foreign reserves is an indirect but very important one. Because of the high import content of domestic consumption and output, increases in purchasing power quickly spill over into a demand for imports and these imports can only be paid for if we can earn foreign exchange by exporting our goods or services, if we borrow, or in the last resort if we run down our foreign reserves. Measures to protect the balance of payments therefore must be directed both at the level of imports and exports. The Government's policy is not to rely on a negative policy of import restriction but equally to address itself to the task of increasing exports. In a very real sense, the future prospects for Barbados in overcoming unemployment and improving living standards is largely dependent on our ability to raise the level of our exports of goods and services significantly over the next few years.

Earlier analysis indicated that Barbados was saved from the necessity of taking drastic action to reduce imports, following the energy crisis in 1973-74 by the record increase in sugar prices in 1974-75. The level of our international reserves rose to a record point and so in 1976 we were able to run a considerable balance of payments deficit and yet sustain a reasonable increase in imports. Even so, Government in January 1977 took the precautionary step of borrowing under the Compensatory Financing Facility of the International Monetary Fund because of the anticipated shortfall in receipts from the export of sugar. Prospects for export earnings in 1977 are not bright. Sugar prices are down, and while there has been a quite dramatic recovery in the fortunes of the tourist industry, exports of manufactured goods are likely to be seriously affected by the import restrictions in certain CARICOM countries and the continued sluggishness of demand in some of the extra-regional markets.

There is, therefore, an urgent need to curb the level of imports in 1977. Inevitably, in order to ensure that priority is given to imports of raw materials and intermediate goods for industry, to capital goods and to food which cannot be produced locally, the imports of high value consumer durables will have to be cut back. Already the Central Bank has instructed the commercial banks to restrict lending for the purchase of high-value consumer durables in order to redirect resources to the productive sector. Additionally, the Hire Purchase Control Order, which gave effect to the credit restrictions to which I have already referred, has been promulgated. This measure has two purposes – to protect the consumer by ensuring fair trading practices and, equally important to reduce consumer expenditure on expensive household items. Together, it is expected that these measures will lead to significant foreign exchange savings.

Mr. Speaker, while these measures are helpful, I consider that the situation which we collectively face is so serious that further defensive measures are required to protect the balance of payments. I therefore propose that the consumption tax on a range of imported consumer durables including motor vehicles, electronic equipment, cameras and air conditioning equipment be increased between 5 per cent and 10 per cent. Details of the items affected and the new rates of tax will be given later in this Speech.

In addition to increasing the consumption tax by 10 per cent, I propose to raise the import duty on motor vehicles to the level fixed by the Common External Tariff of the Caribbean Common Market. When this Tariff rate was fixed at 45 per cent in 1976, Barbados was permitted to retain its existing rate of 40 per cent until it considered that the situation warranted an increase or, in any event, not later than 1981. I therefore propose, effective immediately, that the import duty on motor vehicles be raised from 40 per cent to 45 per cent.

Mr. Speaker, there are many good and solid reasons why taxation of motor vehicles should be raised at this crucial time. In the first place, the c.i.f. value of licences issued for the importation of cars for the first three months of 1977 which was \$7.4 million, exceeded the *total* value of all cars imported in the whole of 1975 and was about 75% of the value of cars imported in 1976. Clearly, if we are to curb imports, this is one area in which savings must be made. Once a car is sold in Barbados there is a continuous outflow of foreign exchange to provide spare parts and fuel. In addition, congestion on the roads is made worse as the car population grows. For all these reasons, I feel that the price of a car should reflect its true social and economic cost to the community. In this regard, I would also point out that the World Bank in its review of the Barbados economy as long ago as 1975 recommended that the total tax on motor vehicles be raised to 100%. While accepting the case for an increase in taxation of motor vehicles, I have not, in fact, gone so far as the World Bank has suggested.

Mr. Speaker, the initial preference of the Government is to restrict imports by credit curbs and taxation. I should, however, like to make it clear that if the balance of payments situation deteriorates to a point where further and immediate cuts in the level of imports are required, I will not hesitate to impose quantitative restrictions. Cabinet has set up an Import Licensing Review Committee to monitor the movement in the level of imports, and the machinery therefore exists, if it is required, to place quantitative limits on various categories of imports. This Committee, which is under my Chairmanship, has already met and drawn up targets for various categories of imports for 1977.

Petroleum Products

The OPEC countries in January this year announced price increases ranging from 5 per cent to 10 per cent for their crude oil exports. Barbados' sole supplier of crude, Venezuela, has increased its prices by 10 per cent effective 1st January, 1977, and a further price increase may be in prospect for July this year. Consequent on this increase, there is need to adjust the controlled retail and wholesale prices of petroleum products sold in Barbados. After thorough investigation of the matter, Government is satisfied that there is no further scope for the refinery or the marketing companies to absorb this increase, as they have been doing for some months. Additionally, because of the need to ensure economy in the use of

fuel and so conserve scarce foreign exchange, I propose to raise the tax on gasoline from 81 cents to 91 cents per gallon. With kerosene, a slightly different situation exists as this represents the basic cooking fuel for the lower income groups in our country. I therefore propose to grant a small increase in price but to reduce the Government's tax on kerosene by an amount of 2 cents per gallon. I have also held the increase in the cost of diesel fuel on which road tax is paid to well below the 10% level. The new prices of petroleum products will be as follows:

	<i>Present Price</i>	<i>New Price</i>
Gasoline	\$2.00 per gallon	\$2.20 per gallon
Kerosene	\$1.00 per gallon	\$1.05 per gallon
Diesel fuel (including road tax)	\$1.46 per gallon	\$1.56 per gallon

The new controlled prices become effective from midnight tonight.

Overseas Calls

Mr. Speaker, an area in which I consider that foreign exchange savings can be realized is in regard to overseas telephone calls. While on balance slightly more foreign exchange comes into the island from incoming calls than goes out for out going calls, it must be remembered that more than half of the amount paid by the customers for overseas communication is remitted abroad as payment to foreign telecommunications companies for the use of their equipment. I consider that a surcharge on overseas calls should be imposed in the interest of conserving foreign exchange. I therefore propose that also effective midnight tonight a surcharge at the rate of 10% shall be levied on overseas telephone calls.

Mr. Speaker, the Government attaches the highest priority to increasing foreign exchange earnings from the exports of good and services. Already there is a highly organised programme of promotion geared to expand earnings from the tourist industry. In the estimates which were debated in this House last month, Honourable Members were told of the new initiatives the Government is taking to open new markets and to revitalise traditional markets to ensure the increasing flow of visitors to the island. Evidence suggests that these efforts are already bearing fruit and the level of earnings from the tourist industry is expected to show substantial growth this year. With respect to other invisible earnings, work has started in the Ministry of Finance and Planning and the Central Bank to revise and extend the scope of the International Business Companies Act to make Barbados more attractive as a reputable tax haven for international companies, especially for banks.

Preliminary investigations suggest that Barbados has many of the important attributes of a successful tax haven — political stability, excellent postal and telecommunications, fine air services and an excellent airport, the presence of eight of the world's leading international commercial banks, a plentiful supply of clerical labour, a healthy climate and a traditional respect for the law. Moreover, several international financial institutions are becoming disenchanted with existing tax-havens and would welcome an opportunity to spread their risks. In addition, many persons doing business in Barbados will find it a pleasant place to holiday as well, and so any tax-haven facilities will complement the tourist industry.

Barbados could not conceivably be a tax-haven of the same kind as Grand Cayman or the Bahamas which have no taxes on income. The level of public service to which Barbadians have become accustomed requires the maintenance of some level of taxes on income under present conditions. At the same time, there is no intention of establishing a financial centre based on gimmickry and the support of dishonest transactions. However by relaxing some exchange control restrictions and by reducing or eliminating the incidence of certain types of taxation I consider that Barbados can greatly expand its financial services to the rest of the world. In particular I am examining the withholding tax on interest payments to foreign depositors. Where these depositors reside in a country that imposes income taxes or taxes on

interest on investments, the withholding tax is really a tax sharing arrangement by which Barbados and the investor's country of origin each get a proportion of the tax payable. It would be inequitable as between local residents who will now also be subjected to a withholding tax, and foreigners and as between Barbados and the foreign Government for the withholding provisions to be wholly abandoned at this time. Where, however, funds might come to Barbados from a non-taxable source for deposit locally a different situation may arise and this is now being considered.

Note is also being taken of some of the disadvantages of tax-haven operations. It is appreciated that extreme vigilance will be required to ensure that financial transactions remain "clean", and there are also social implications arising from the influx of expatriate specialists to be considered. Possible ways of reducing any undesirable side effects are being studied, but the Government has high expectations that its proposals in this area can provide considerable employment opportunities, and can substantially increase Government revenue earnings.

Export Promotion

It is, however, in the area of export promotion of domestic manufactures that the greatest thrust is planned. Barbados continues to have a large adverse trade balance with the rest of the world and in 1976 imports exceeded exports by some \$303 million.

The Government is aware of the necessity to narrow this gap between imports and exports. The size of the trade gap coupled with the restrictions in the markets of some of our CARICOM partners, emphasize the necessity to take strong measures to increase the level of exports not only within the CARICOM region but more importantly in extra-regional markets. It is realised that to achieve this objective, there must be a greater level and diversity of production by both the agricultural and manufacturing sectors. In this connection, the structure for the Export Promotion Agency has been revised. The policy-making body of this Agency will be the National Advisory Committee under the chairmanship of the Minister of External Trade and Industry.

This Committee comprises representatives of the private and public sectors with representation by the trade union and agricultural sectors. One of the main functions of this Agency is to provide marketing information to businessmen and entrepreneurs to enable them to become aware of the opportunities for export sales in both the regional and the extra-regional markets.

It is recognized that there are certain tariff and non-tariff barriers to trade which have made it difficult for developing countries to market their products in industrialised countries. The removal of these non-tariff barriers has been a slow process, but the G.S.P. Schemes and the Lome Convention provide some hope for overcoming some of these barriers. This aspect of the subject will also be an important function of the Agency. As an indispensable adjunct to Export Promotion and to promote the export trade particularly in the non-traditional sectors, the Government has given approval to the Central Bank to bring into operation an Export Credit Insurance and Guarantee Scheme as speedily as possible.

Under this scheme, Barbadian exporters will be provided insurance at a nominal cost to cover both commercial and political risks in the collection of export proceeds. This should enable them to sell their products abroad on deferred payment terms and thus make them more competitive in the export markets.

The scheme will also provide Central Bank guarantees that will enable the Barbadian exporters to borrow funds from the local commercial banks and finance their on-going operations while awaiting receipt of export proceeds. Similar guarantees can be provided to enable overseas buyers to borrow from the local commercial banks and make cash payments to the Barbadian exporters. All borrowings from the commercial banks which are covered by export credit guarantees will attract a concessionary rate of interest determined by the Central Bank.

To ensure that the commercial banks are not hindered by liquidity problems in providing adequate finance to the export industries, the Central Bank will stand ready to refinance the banks against export credits.

The Government will soon be introducing necessary legislation to amend the Central Bank Act to enable the Bank to undertake this new function, and the Bank is presently taking administrative steps so as to be in a position to commence operating the scheme during 1977.

Having said all this I want to add a last word by way of appeal to local businessmen. No matter how much the Government makes it possible, easy or attractive for exports to move outwards into new markets it is in the final analysis for businesses to grasp these opportunities. When CARICOM was brought into being the Income Tax Act was amended as a result of the harmonisation of fiscal incentives so as to permit locally owned manufacturing companies to obtain a rebate of 50% of their tax so long as export sales outside the CARICOM region accounted for more than 61% of their total sales. To date, no locally owned company has been able to qualify for such a rebate. This is an excellent demonstration of the limits of tax rebates and other fiscal incentives. The Government has selected export promotion as a vital area for generation of employment as well as for closing our payments gap. Should it be observed that domestic sales still turn out, for whatever reason, to be more attractive to manufactures than exports, the Government will find itself forced to find some means to redress the balance in the wider economic interest of Barbados.

The Financing of the Budget

Mr. Speaker, although there are clear signs of economic recovery in the private sector, indications are that in 1977 as in 1976 there will be a continuing need for public expenditure to stimulate economic activity. The Budget, therefore, as a tool of economic management is consciously expansionary rather than deflationary.

In the fiscal year 1976 – 1977 the overall deficit was in the region of \$67 million and was financed largely by domestic borrowing. The Government, in fact, utilised resources for which there was no private sector demand (as evidenced by the high level of commercial bank liquidity) to stimulate the purchase of goods and services in the community. Subject to the thrust towards increased savings that I am now instituting this trend can be expected to continue in 1977–78.

It is estimated that project assistance from international agencies will in this financial year amount to some \$30 million leaving \$60 million of the whole financing gap of \$90 million to be financed domestically. I consider that the sum of \$50 million can be raised from the domestic banking sector and from Government financial institutions during Fiscal Year 1977–78 without generating inflationary pressures and therefore an additional \$10 million net in current revenue must be raised in order to fill the financing gap. In formulating proposals for raising this revenue, I have consciously attempted as far as possible to refrain from measures which impinge on the hard pressed budgets of lower income groups or which are likely appreciably to increase the cost of living.

I should like therefore to emphasise that, although the Budget in 1977–78 remains expansionary, the deficit will be financed by means which do not generate inflationary pressures and which minimise pressure on the foreign reserves. It is for this reason that reliance on Central Bank credit will continue to be restrained.

Fiscal Proposals

I turn now to the taxation and other fiscal measures by which I propose to raise the current revenue portion of the financing package. They are numerous, Mr. Speaker, as I have carried out a general revision of revenue exercise, and of necessity there will be some compression occasioned by constraints of time, but where complete details are not given in my Speech, full Appendices will be attached or will shortly be published in prospective legislation.

I deal first with taxes on property. The present estimated revenue for 1977-78 to be derived from taxes on property represents only 5.4% of total revenue. I consider this a very low rate of return for the environmental and other services provided by the Government to nationals and non-nationals alike in our property-owning society. I also consider that land speculation is one of the less productive areas of economic activity and that it absorbs investment funds that could be channelled into more socially rewarding areas. I therefore propose to revise the rate of property transfer tax payable by a non-national purchaser upwards from 7¼% to 10% of the value of the property transferred, to take effect immediately. I have also observed that some advantage is being taken of concessions in the Property Transfer Tax Act which were never intended to create the benefits that one or two attorneys-at-law are managing to achieve for their clients. Particularly, cases have been drawn to my attention where non-national purchasers have bought lands from a charity and not been assessable to tax; and where a mortgagee's power to sell free from tax has been exercised in circumstances where the transactions bear the hallmarks of deliberate avoidance of tax, rather than genuine sales at arms' length. Legislation will shortly be introduced to close these loopholes with effect from tomorrow, April 16th and I give warning that these continued efforts to find means of defeating the plain intention of Parliament in the Property Transfer Tax Act may in the future attract legislation deemed to go back to the Act's original commencement.

Land Tax

The Ministries of Finance and Agriculture are currently examining tax proposals which are designed to bring idle lands into agricultural production, and to discourage speculative use of agricultural land, and new proposals on land taxation may be expected to follow in due course. In the meantime, the Collector of Rates and Taxes and other officials of the Ministry of Finance have undertaken a review of the Rates and Taxes Office and have determined that the sum of \$1,252,125.13 is outstanding as land tax arrears in respect of the period 1959/60 - 1971/72. It appears that the records of the Department are not sufficiently accurate to identify those tax payers who have paid their taxes and those who have not, especially since it appears that in the last days of local government and in the first days after its abolition the incentive to keep proper records disappeared. Because of the virtual impossibility of updating these records, I propose to remit the sum of \$1,252,125.13 representing all arrears of land tax due to the Government before the introduction of the new system of land taxation in 1972. Taxes due before this period will no longer be payable. I should like to make it abundantly clear, however, that arrears of tax due for the period subsequent to 1972 remain due and collection will be vigorously enforced. A new drive will shortly be initiated, using the staff set free from the pursuit of the earlier arrears, and the Collector of Rates and Taxes will not hesitate to impose any penalty permitted by law.

Import Duties

There are two points I wish to make, Mr. Speaker, on Import duties. Members of the public from time to time query why Barbados does not reduce or increase, as the case may be, a particular rate of import duty. I must emphasise that, as a member of CARICOM, Barbados is obliged to apply the Common External Tariff of CARICOM, and cannot vary the rates of customs duties unilaterally. Imports from the member states of CARICOM are entitled to duty-free entry, so that increases in the CARICOM proportion of total imports reduce Barbados' revenue. I also get a large number of requests for duty-free importation of one article or another. In most developed countries, import duties serve a purely protective purpose, and their abolition or erosion is of negligible revenue importance. However, in Barbados, the situation is entirely different. The Common External Tariff is both protective and fiscal in function; a sustained increase in the proportion of duty-free imports implies an increasing burden of taxation levied by other means, and for this reason the Government is not contemplating any extensions beyond previously settled guidelines of duty-free privileges. Indeed I am now studying the curtailment of some of these privileges in what I consider to be unwarranted areas.

The only increase in Import Duty in this Budget, therefore, Mr. Speaker, is that on motor vehicles which I have already indicated, from 40% to 45% to bring them into line with the Common External Tariff.

Taxes on Goods and Services

Consumption Tax has proved in the last few years an invaluable revenue tool, as it provides a flexible counter to the "CARICOM effect" in that this tax can be varied, both as to level of tax rates and as to coverage. The revenue losses sustained by CARICOM, can therefore be minimised by applying appropriate rates of consumption tax. I have therefore proposed increases in the rates of consumption tax on a total of 39 items, to take effect from midnight tonight. The list is published as an appendix, Mr. Speaker, but it is necessary for provisional collection purposes for me to go over it item by item.

First, the tax on cigarettes will be increased from 6 cents per five to three cents each. Manufactured gas will go up from 12% of value to 15% of value. The taxes on Whisky, Brandy, Gin and Vodka will all rise from \$10.00 per proof gallon to \$15.00 per gallon — less than \$1.00 per bottle, I may mention, Mr. Speaker. Organic surface-active washing preparations of the tariff heading 34.02 will rise from 5% of value to 8% of value; varnishes and lacquers up from 10 cents per gallon to 12 cents per gallon. Toilet soaps, tariff number 34.01 up from 10% to 12% of value; imitation jewellery from 15% of value to 18% of value; perfumed spirits up by the same percentage 15% to 18%. The tax on phonographs, radios, radio-gramophones, tape recorders and other sound recorders and players goes from 10% to 20% of value. Water heaters, excluding solar water heaters which will now be free of consumption tax, will be taxed at 30% of value instead of 15%. This measure is specifically protective and is designed to encourage the production of local solar water heaters and discourage the use of gas and electricity for water heating. It will give some employment to people engaged in making solar water heaters. It should be noted that the concession will not apply to the electric immersion heaters often supplied as a standby in solar systems. These will be assessed to the tax at the full 30%. Airconditioning equipment will now be taxed at 25% of value instead of 15%. Motor cycles, auto-cycles and cycles will go up from 10% to 15%, and so will films, cameras and other photographic items under the tariff heads Nos. 37.02, 90.07 and 90.08. Billiard tables, pintables, table tennis requisites and equipment for parlours, tables and funfair games will go up from 10% to 20%. Christmas tree decorations and other articles under tariff heading No. 97.05 will go up from 20% to 25% of value. Creped, crinkled and embossed paper other than writing paper will rise from 20% to 25% of value. Ornamental foliage etc. tariff head No. 06.04 rises from 20% to 30%, as do artificial flowers, etc. No. 67.02. Electric-mechanical domestic appliances, including vacuum cleaners, food mixers and floor polishers; as well as lawn mowers will be taxed at 15% of value instead of 10%. Watches and clocks generally will rise from 10% to 12%. Mechanical lighters, tariff No. 98.10 from 10% to 15%. Pipes, cigars and cigarettes holders go to 10% from 15% of value. Travel goods under tariff heading No. 42.02 will be increased only to 12% from 10% in the interest of encouraging the local travel goods industries. Cosmetics, excluding baby care products, will go up from 10% of value to 15%. I expect that a lot of people will be using Johnson's powder now, Sir. Pet foods from 15% to 20% and all firearms, air and spring pistols, rifles and guns from 10% to 25%. The taxes on still wines sparkling wines and vermouths will be raised from \$5.00 per gallon to \$8.00 per gallon.

Finally, Mr. Speaker, as previously mentioned, the motor vehicle tax will be increased from 20% to 30%.

Entertainment Tax

I propose to increase the rate of entertainment tax from 10% to 20%. Conditions since 1969 when the present rate was brought into force persuade me that the lower level is no longer realistic in the light of the general services offered by the Government in respect of law and order and otherwise at public entertainments.

Hotel and Restaurant Sales Tax

The Government has had to expend sums of money on a variety of infrastructural developments to support the growth in the tourist industry and tourist spending has apparently, except for one break in 1975, continued to expand. Yet, the yield from the Hotel and Restaurant Sales Tax continues to be at a level which is substantially less than would be expected from the figures supplied for overall tourist expenditure. It is considered

that the visitor population should make a reasonable contribution to the costs of installing and maintaining expensive facilities and services and I accordingly propose an increase in the rate of the Hotel and Restaurant Sales Tax from 5% to 8%, effect June 1st, 1977.

Surcharge on Rental Income

Some part of the shortfall in revenue that might reasonably be expected from the reported levels of tourist expenditure may be due to the lack of any provision for collecting an impost on the rents paid by visitors who occupy villas, cottages or other non-hotel properties for longer or shorter periods. It is accordingly proposed that as from October 1st, 1977, a surcharge at the rate of 8% will be applied to all rents of property of \$20.00 or more daily or \$600 and upwards monthly and will be collected in the same manner as the Hotel tax. This surcharge will apply to *all* holiday or residential properties in Barbados no matter what the nationality of the tenant, and appropriate legislative steps will be taken to ensure that the \$600 figure is not avoided by artificial subdivisions. To support collection of the tax, all landlords and persons who rent out properties of any description will now be required to register their properties with the Commissioner of Inland Revenue by September 1st, 1977, whether the usual rent amounts to \$600 monthly or not. Amendments to be introduced to the present Landlord and Tenant legislation will provide that all rent paid by a tenant in respect of unregistered premises will be forfeited by the landlord, and other provisions will protect the security of tenure of any tenant who is subjected to victimisation by a landlord of unregistered premises.

Gambling

I move next, Mr. Speaker, to an area of discretionary expenditure by the public where I feel that substantial intervention by the Government in the interests both of the Revenue and of regulation is long overdue. I refer to the very wide field of gambling. Government involvement in gambling activities has formed a part of the revenue systems of many countries over long periods of time. Government lotteries are maintained all over the world today, a noticeable relaxation of public attitudes having taken place during the 1960's. In many countries and in Barbados the public has long accepted pari-mutuel sweepstakes, bingo and church or charity sponsored raffles and other gambling activities. There are four main arguments which are usually advanced against the promotion of gambling likely to take place where permitted by the Government for revenue purposes. It is argued that gambling, even when Government-sponsored, is immoral; it is suggested that lotteries, sweepstakes and small stake betting of all kinds appeal generally to lower-income groups, producing a regressive effect and diverting funds that should be applied to expenditure on necessities; it is further felt that because of the revenue at stake, Governments tend to turn a blind eye to excessive gambling rather than restrict it in the social interest; and finally it is urged that as experience in the U.S.A. and many countries has shown, gambling leads to public corruption and involvement of undesirable persons.

Mr. Speaker, I want to say at once that except for the first argument I accept fully that the dangers referred to in those contentions can and do exist. I do not go along with the first because I am not going to condemn every Barbadian who has ever bought a race ticket or bingo card, or taken a chance in a raffle as immoral. But while I go along with the other arguments and I see the dangers, I also see that gambling in one form or another is already wide-spread in this island, so much so that the public hardly see sweepstakes, bingo, the pools and raffles as gambling at all. Yet, in at least three of these activities you are practically certain to be throwing your money away when you take part, even though the sums involved are small. The Government therefore intends, by example and by regulation, to extend a protective, restraining and controlling hand in the area of public betting and "taking chances".

The Gaming and Gambling Acts will be amended and brought up to date and power will be given to the Minister of Finance to make regulations and impose charges over various areas of gambling not now covered.

Amusement Machines

The amusement machines popularly known as "one-armed bandits", whose legal status is at present doubtful, will be strictly regulated and controlled. The numbers of these machines permitted to be in Barbados will be limited, and import licences will be granted only to replace machines which have become unserviceable or have left the island. Operators of these machines will pay a licence fee of \$2,000 per year for each machine, which can be installed only on approved premises. These premises are being limited to hotels and to premises licensed for the sale of liquor and it will be a criminal offence to permit a child or young person to play such a machine. No "one-armed bandits" will be allowed in amusement arcades or other places to which children may have access.

It remains only to say that I urge the public to see these machines for what they are, a means of spending money quickly. Once it is understood that they are amusement machines, designed to occupy the player for half-an-hour or so until his quarters run out, there ought not to be any expectation of getting rich quick.

Pool Tables

While pool tables are amusement machines pure and simple without the element of gambling, they are associated in the public mind with the attractions of the gambling hall. They undoubtedly cultivate a skill in some of the world's leading indoor ball games but in the context of Barbados I have decided that they too shall be taxed. I accordingly propose that the operators of pool tables shall pay license fees of \$40.00 monthly for each table.

Racing Service Registration

"Racing Services", which is the Caribbean name for what are called elsewhere in the English speaking world Bookmakers, represent gambling in one of its most ancient and purest forms, the taking of bets on races between horses and sometimes other animals. While the certainty of losing is much less than with a sweepstake, the sums involved can be so large, and the possibility of undesirable social phenomena so great, that the Racing Services in the Caribbean have constantly attracted the attention of Governments. The Government of Barbados does not intend to be less vigilant. The present racing service registration fee was fixed in 1973 at \$25,000 annually. I propose that this be raised to \$20,000 per half-year, effective 1st July, 1977. In addition a stamp duty in the prescribed form of 10 cents per betting ticket will have to be paid by the Racing Service on all bets accepted. Failure to do this will result in a penalty and the return of his stake to any losing bettor with an unstamped ticket. This will also be effective from July 1st, 1977. Steps will further be taken to ensure fair competition and fair service to the public in the Racing Service business.

Sweepstakes

The Government has for many years received a payment from the proceeds of sale of tickets sold by the Barbados Turf Club. The rates were fixed as long ago as 1960. I propose that, as from July 1st, 1977 these rates be increased and that they be applied to *all* sweepstakes, including those permitted under recent amendments to lotteries legislation, such as the Grand Prix and others similar.

The new figures will be as follows:

	<i>Present Rate</i>	<i>Proposed Rate</i>
(i)	3 cents ticket costing 25 cents or less	5 cents
(ii)	6 cents ticket over 25 cents	10 cents
(iii)	4 cents in the \$ on the Prime Pari-mutuel and Forecast. Tickets exceeding 25 cents	10 cents

Bingo Duty

The Bingo Duty rates which were imposed in 1967 will be increased as follows:

The present rate of 3cents in respect of every ticket the price of which is 25cent or less will be raised to 5cents, and the rate of 12cents in the \$ or part of the dollar in the price of every other ticket will go up to 25cents.

Pool Betting Duty

The present rates of pool betting duty have been in force since 1963, when the question of balance of payments problems for Barbados did not arise. In the light of present day conditions I propose the following increases:

	<i>Present Duty</i>	<i>Proposed Duty</i>
(a) Bets made by means of a totalisator set up in the island	20% of Stake money paid	30%
(b) Bets made without totalisation but with Promoter	20%	30%
(c) Bets made by way of Pool Betting and where the Promoter is outside the Island	50%	60%

Legislation incorporating the activities of amusement machines, pool tables, Racing Registration, Sweepstakes and Bingo Duty has been prepared and will be introduced to Parliament shortly.

National Lottery

The Government is also giving consideration to the introduction of a National Lottery. I therefore propose to invite and consider submissions from interested bodies and the general public on the question of a lottery. Particularly I will seek the views of the Church, the Service Clubs, the Barbados Turf Club and other sporting bodies before coming to any conclusion on the subject.

Administrative Revenues

I turn now to what may be described as "Administrative Revenues". They are not of great fiscal importance, but the increasing burden of general taxation suggests the possibility of extending the use of these sources of revenue to make Government Departments more nearly self-sustaining and to provide additional support in other areas. The most important administrative revenues are licences, fees and special assessments.

Licences

In 1977-78, receipts from this source will contribute only 3% of total current revenue compared with 6% in 1975-76. In 1966-67, the total cost to Government in administering services of a non-capital nature was \$43.3 million. In 1976-77 ten years later it has increased to \$243.4 million. In the circumstances I consider that a general uplift in licence revenue, which is usually charged in cash and therefore lags behind inflation, is desirable. I also consider that, in addition to the increase in licence fee for the Barbados Telephone Company and the imposition of a licence on the Barbados Light & Power Company there are other areas where new licences may be appropriate. I therefore propose that a licence fee of \$5.00 per year or part thereof should be imposed on each Rediffusion set rented to a subscriber. The base date for this proposal will be 1st July, 1977, and the tax will be paid by Barbados Rediffusion Service Limited. I also propose that the fees payable to the Caribbean Broadcasting Corporation for a television licence be increased. The present fee of \$12.00 per year was fixed in 1970, and I propose that the fees for a television licence will be raised from 1st July, 1977 to \$10.00 per half year for a Black & White Set and \$15.00 per half year for Colour.

Mr. Speaker, I am also proposing, as from 1st January, 1978, to raise the levels of liquor, firearm, warehouse, banking and other miscellaneous licences. These increases will bring a retail liquor licence up to \$150 annually and at the other extreme a licence for a 100-room hotel to \$5,000. Since it is not necessary for these impositions to come into force right away I have scheduled them to my speech and they may be found in an Appendix. Legislation to make the new charges effective will be introduced at an early opportunity. In respect of Banking licences an initial licence is however payable and I therefore propose that the initial licence fees payable by foreign Banks registered under the Banking Act shall be increased from \$2,000 to \$25,000, and that a fee of \$1,000 be paid for each new branch, effective immediately; and that from January 1st, 1978, the annual licence fee be raised to \$25,000 for each main office and \$1,000 for each branch. These increases are substantial, but are not out of line with recent fees chargeable in other parts of the Caribbean.

Fees

The receipts for many miscellaneous services performed by the Government are classified under "non-tax revenues". In 1975-76 the actual collection of \$18.9 million represented only 9.4% of the total revenue. The amount for this financial year is estimated at \$25.8 million or 11.5% of the total revenue. The fees currently in existence, in some instances, were in force since as long as 1968. It is, in my view, no longer possible to continue to charge for services rendered at such low rates. I now propose the following:

Customs

Charges for Officers' Services

The charges for Officers' services at Rum Bonds were fixed in 1971 at \$2.00 per hour. This rate has no relationship whatsoever to existing prices and wage scales for Customs Officers. I am accordingly proposing that this rate be increased to \$3.00 per hour, effective immediately.

Powder Magazine

The fee for storage of gun powder and other explosives in the Powder Magazine was fixed in 1968 at 10 cents per pound. Since then the facilities for storage of explosives have been totally transformed and a new high security operation is now in force. The costs of maintaining the magazine now have no relation to the situation in 1968. I therefore propose to increase the fee to 25 cents per pound and the drawback from 2 cents per pound to 5 cents.

Queen Elizabeth Hospital

The standard of nursing and medical care at the Queen Elizabeth Hospital is now one of the highest in the Caribbean, and the nurse-patient ratio is exceptionally high — almost 1 to 1 in the pay wards. Yet the cost of care in the hospital has remained exceptionally low. In the light of spectacular increases in hospital charges around the world, which have reached an average of no less than US \$90 daily in North America, and in the light of greatly increased money incomes in Barbados, it is no longer possible to maintain the very low charges for the pay wards at the Queen Elizabeth Hospital. I therefore propose to increase the charges for hospital beds in these wards and to make differential charges between citizens and residents on the one hand and other persons. Effective May 1st, 1977, all new patients admitted will be charged on the following scales:

<i>Item</i>	<i>Present</i>	<i>Proposed</i>	
		<i>Citizens and Residents</i>	<i>Other</i>
(a) Private room (air conditioned with direct access to bathroom)	\$25 per day	\$45 per day	\$90 per day
(b) Other private rooms	\$20 per day	\$40 per day	\$80 per day
(c) Ward accommodation for persons eligible for free service	\$5 per day	\$10 per day	

No alterations in the other conditions in the pay wards are proposed.

Highway Revenue

In line with general policy in relation to motor vehicles there will have to be increases in the licences fees payable on renewal later this year for motor vehicles. The last increases took place in 1974 but there have been substantial increases in income since that time. I therefore propose a general increase in the level of motor vehicle licence fees. The new rates have been deliberately chosen to discriminate against larger and more powerful vehicles which are in many ways inappropriate on our narrow roads:

<i>Weight Unladen</i>		<i>Motor Cars</i>	
<i>Exceeding Cwt.</i>	<i>Not Exceeding Cwt.</i>	<i>Present Rates</i>	<i>Proposed Rates</i>
—	18	\$ 50	\$ 50
18	22	\$ 75	\$ 80
22	26	\$ 95	\$100
26	30	\$130	\$150
30	35	\$150	\$200
35	40	\$225	\$300
40	—	\$250	\$500

Motor Cabs

Taxi owners presently enjoy concessionary rates which have been in force since 1972. The policy of the Barbados Labour Party is that the right to hold a motor cab licence shall become a negotiable and transferable asset and may be sold, left by Will or otherwise disposed of and legislation will very shortly be presented to Parliament to bring this into effect. I consider that this creates a valuable capital asset in the hands of taxi-owners and that concessionary licence rates are no longer appropriate. I therefore propose to withdraw the concession except for any cab which is owner-operated, of course with a limit of one per person. Apart from this, motor cabs will pay the licence fees appropriate for vehicles of their class, starting from this year.

Self-Driven Cars

Until now, motor cab owners were also free to license their vehicles for self-driven hire without any special fee. Where there is employment to be had it is the intention of the Government to direct its fiscal policies to that end. Self-driven cars do not give employment to drivers, and I propose therefore to charge a fee of \$100.00 annually for the registration of a vehicle as a self-driven hired car.

I propose to increase the licence fees for vans, omnibuses, lorries, tractors, trailers and plantation carts as follows:

Vehicles with Pneumatic tyres

<i>Exceeding</i>	<i>Not Exceeding</i>	<i>Present Rates</i>	<i>Proposed Rates</i>
—	20 cwt.	\$ 50	\$ 75
20 cwt.	30 cwt.	\$ 60	\$ 85
30 cwt.	2 tons	\$ 70	\$ 90
2 tons	3 tons	\$ 80	\$100
3 tons	4½ tons	\$100	\$130
4½ tons	6 tons	\$150	\$185
6 tons	9 tons	\$200	\$300
9 tons	11 tons	\$250	\$500

I do not propose any increase for other commercial vehicles, or motor cycles, except for plantation carts when attached to a tractor, which will go up from \$60.00 to \$75.00.

Professional (Registration Fees)

I propose the following increases in the registration fees payable by professional persons:

<i>Item</i>	<i>Present</i>	<i>Proposed</i>
	\$	\$
(a) Land Surveyor	120	300
(b) Attorney-at-Law, Q.C. or S.C.	120	500
Other	120	300
(c) Druggist	10	50
(d) Medical Practitioner	120	300
(e) Dentist	120	300
(f) Veterinary Surgeon	120	300
(g) Architect, Engineer	120	300

These increased fees are likely to be embodied in the new comprehensive registration of self-employed persons in due course, but in any event they will take effect from January 1st, 1978.

Fees payable for Police Services

I propose the following increases in fees payable to the Royal Barbados Police Force for services rendered as follows:

	<i>Present</i>	<i>Proposed</i>
Certificate of Character	\$ 1.00	\$ 5.00
Road accident reports	\$ 5.00	\$20.00

	<i>Present</i>	<i>Proposed</i>
Statements taken by the Police from the Clients of Attorneys-at-Law or at the scene of road accidents	\$ 1.00	\$ 5.00
International Driving Licences	\$10.00	\$20.00
<i>Passports and Travel Documents</i>		
(a) For issue of an Inter-Caribbean Travel Document	\$ 3.00	\$ 5.00
(b) For issue of a Passport	\$10.00	\$20.00
(c) For amendment of Passport	\$ 1.00	\$ 5.00
(d) In the case of Passports and travel documents —		
In U.K.	£2.50p	£8.00
In U.S.A.	\$10.00 US	\$20.00 US
In Canada	\$10.00 Can	\$20.00 Can.
Inspection of Vehicles under Omnibus and Carriages Act, Cap. 294	24¢ per quarter	\$1.00 per quarter
Permit to learn to drive	\$4.00 per quarter	\$10.00 per quarter
Renewals	\$2.00 per quarter	\$5.00 per quarter

Companies Registration

Fees for registering companies have not been increased since 1969, and the basic fee for registering a company has remained at \$50.00 since that time. I propose that effective tomorrow the basic registration fee for registering a company having a share capital of less than \$10,000 shall be \$150.00. The amounts of \$20.00, \$5.00 and \$1.00 shown in Table BI of the Companies Act for additions to the basic fee will be increased to \$50.00, \$10.00 and \$5.00. The maximum fee payable for registering a company will now be \$10,000, raised from \$5,000. Registration of documents generally will be raised from \$5.00 to \$25.00 and the making of records from \$5.00 to \$10.00.

I propose that all the fees relating to Companies that do not have a share capital shall be doubled, and full details of this will be found in an amendment to the Companies Act of which I intend to give notice later tonight.

I consider that the registration fees to be paid by companies established outside the island are so negligible as to be meaningless and I therefore propose that on initial registration under the Companies Act such companies shall pay a fee of \$500, and shall thereafter pay \$100 for filing an annual statement and \$25 for filing all other documents. These fees shall also take effect from tomorrow, April 16th.

Film Censorship fees

I propose a general revision of fees payable for film censorship, and the new fees, which are given in an Appendix will be soon embodied in Regulations and laid in Parliament.

Registration Office Fees

A good deal of work, involving two or three members of staff, goes into the delivery of birth and baptism certificates at the Registration Office, and I do not consider that

present charges adequately reflect the real cost of providing the certificates. I therefore propose to increase the fees for a certified copy of any birth, baptism, marriage or burial from \$1.00 to \$2.50. However, as a special concession to senior citizens, fees for the birth and baptism certificates of persons over 60 years old at the time of the delivery of the certificate will remain at \$1.00.

School Fees

The present fees of \$540 per year payable at the Government Grammar Schools for the children of non-citizens and non-residents are very low considering the cost of the service provided. No charge at all is made at the comprehensive schools. I therefore propose that as from September, 1978, all Government Secondary Schools shall impose fees of \$750 per year for non-Barbadians and non-residents. At the same time, and subject to the present technical assistance schemes which the Ministry of Education offers to young people from the L.D.C. CARICOM territories, fees at the Community College and the Polytechnic will be raised to \$600 per year in the non-Barbadian categories.

Water Services

Mr. Speaker, it is with a deep sense of regret that I turn to the next area of fee increases. On 30th July, 1976 in replying to the last Budget Statement of my predecessor in this Chamber, I warned that the then Government of the Democratic Labour Party had pledged itself to increasing the water rates in this country as part of the Agreement to obtain a loan from the Inter-American Development Bank for the Bridgetown Sewage Scheme. Despite denials from the then Minister of Health the hon. member for St. Michael South, who I see to be in his place writing hand and talking to his colleagues it transpires that the information of the then Opposition was correct and the then Government had pledged to raise water rates to such a level that, with the new sewage rates, the new Water and Sewage Authority will be covering all its expenses within 3 years of the sewage scheme coming into operation. This is a pledge to the IADB which must be carried out to maintain the good relations which exist between the Government and its principal source of overseas aid funds.

The Government has estimated to spend \$11.1 million on the administration of the Waterworks Department for 1977-78, while the sum of \$5.3 million is estimated as the revenue now coming in from the various services. This means that the Waterworks Department is operating at a deficit in the vicinity of \$5.8 million. Proposals have been submitted to me for closing this gap, and I must say, Mr. Speaker, I put a red pencil through the first of them right away, as it sought to double the rate for metered water, and I could not contemplate such an imposition at a time of a general revision of revenue. Nonetheless there have to be increases over a period of time, and at 23 million gallons daily, water is costing the people of this country \$1.33 per thousand gallons to produce.

Metered Services

The rates for metered services were increased in 1974 when domestic supply was notionally increased from 80c to \$1.00 per 1,000 gallons and for services other than domestic from 80c to \$1.25 per 1,000 gallons.

Metering is proving to be a very expensive operation. This is due to the continuous need for changing and repairing of meters, and to random installation in out districts which require excessive travelling and hinders concentrated meter reading. Having regard to the cost factor already mentioned, I therefore propose that the rates payable for metered supplies be —

for domestic supplies \$1.35 per thousand gallons;
and for supplies other than domestic \$1.60 per thousand gallons.

Fixed Rates

There are 46,020 premises in Barbados with water supplied at fixed rates, and of these 20,260 are liable for payment of water rates at the minimum charges of \$6.00 per quarter. With the exception of those consumers paying the minimum rate, an increase to four times

the previous rate was brought down by the Democratic Labour Party Government and became applicable generally in respect of all fixed rate services with effect from 1st April, 1974. I do not propose to hit anything so hard. I propose that the minimum rate be increased from \$6.00 per quarter to \$10.00 per quarter.

Surcharge Payable by Developers

In January 1974, the payment of a 20% surcharge on the actual cost of laying mains for development sites was introduced. The 20% surcharge is added after total charges for materials, freight and labour in respect of mains installation is known by the waterworks, and the basis of the surcharge has been computed in accordance with the relationship of work done and unallocated costings.

Additional capital expenditure must be budgeted for, since real expenditure will be increased further after the original mains have been laid for a development. After the original mains have been completed, the liability for maintenance falls to the Government. It appears fair and reasonable to me that the developer who obtains a tremendous benefit from being able to offer completely installed water services to prospective buyers, should provide a contribution towards the investment in the back-up facilities required to provide and continue adequate services.

I therefore propose an increase of the statutory surcharge from 20% to 40% to recover a portion of the long-term additional capital costs, in particular the loss of income to Government from the sale of materials used, at what are effectively duty-free prices to the private developer.

Stamp Duties

Mr. Speaker, substantial amendments are required in the area of stamp duties, not only to increase outdated fees but to change the scheme of some of the charging provisions. I have accordingly decided not to itemise the proposals for increases in revenue under this Head but to summarise them and give notice later tonight of a Bill to amend the Stamp Act to take effect from April 16th 1977. The new rates are contained in the Schedule to that Bill. Persons carrying out transactions covered by the Stamp Act are therefore asked to note that the amendments will take effect tomorrow, subject to the passage through Parliament of the enabling legislation.

The principal changes are those relating to stamping of conveyances, which will now attract \$10.00 in stamps per \$1,000 of purchase price, and mortgages which will attract \$3.00 per \$500 of security, with a \$5.00 minimum stamp. The cost of stamping a receipt is raised from 4 cents, where it had remained for over 16 years, to 10 cents, but the transaction limit is doubled so that receipts for less than \$20.00 will now need stamps. Cheques will in future required a 10 cent stamp, and leases will have to be stamped at higher rates.

Aircraft Landing Fees

Fees charged at the airport for aircraft landing in Barbados were last increased in 1970. Since that year over \$10 million has been spent in improvements to the runways and taxiways, and additional navigational aids and telecommunications equipment have been installed. There have also been greatly increased staff salaries. Consultations with interested parties have revealed that IATA, the International Air Transport Association, suggests in negotiating with Government, that landing charges be increased only by such amounts as will produce revenue appropriate to amortise airport improvements of 8% over 20 years. While I think that this formula and its conception are distinct attempts to interfere with the free exercise of a Government's sovereign right to tax as it pleases, on this occasion its application, with the addition of a small management service charge will produce an additional revenue of \$1.1 million and in fact coincides with the level that I propose to fix. The new landing charges for aircraft at Grantley Adams Airport are therefore as follows:

<i>Aircraft Weight</i>	<i>Present Rate</i>	<i>Proposed Rate</i>
(a) 6,000 lbs	No charge	
(b) 6,001 to 12,500 lbs	\$1.00/1,000 lbs	\$1.50/1,000 lbs
(c) 12,501 to 60,000 lbs	\$1.25/1,000 lbs	\$1.75/1,000 lbs
(d) 120,001 to 350,000 lbs	\$1.75/1,000 lbs	\$2.50/1,000 lbs
Over 350,000 lbs	\$612.50 plus 75¢/1,000 lbs over 350,000 lbs	\$875 plus \$1.50/1,000 lbs over 350,000 lbs Up to a maximum of \$1,250.00

Work Permit Fees

The final fees in my proposals, Mr. Speaker, relate to fees paid under the Immigration Act. I consider that the flat rate of \$100.00 now paid for a work permit to be much too low for many of the jobs for which permission is sought and granted. I also consider that the time is ripe to create a fiscal incentive for the training of Barbadians to assume certain positions in the economy; I feel, also, that a distinction be drawn between CARICOM and non-CARICOM nationals for immigration purposes. I therefore propose to increase the fees for certain categories of work permit, effective tomorrow, as follows:

Occupation	Non-Caricom	Caricom
1. Bank Managers, Directors, Executive and Managerial Staff	\$5,000	\$1,000
2. Hotel Managerial and Executive Staff including Executive Chef	\$2,500	\$1,000
3. Construction employees, Managerial, Technical and Supervisory Staff	\$ 800	\$ 400
4. Company Directors, Business Executive, Managerial and Supervisory Staff	\$1,000	\$ 500
5. Engineers, Quantity Surveyors, Architects, Accountants	\$ 800	\$ 400
6. Lawyers	\$1,000	\$ 500
7. Technicians	\$ 800	\$ 400

Renewals will be charged at 20% of the Work Permit fee for all categories. Other adjustments in fees may be made when the appropriate legislation is introduced into Parliament.

Competitiveness of domestic production

Mr. Speaker, I referred earlier in my address to the vital importance which increasing exports of goods and services will play in ensuring growth of income and employment in Barbados in the years ahead. If exports are to grow at the required rate, it is essential that Barbados retain its competitiveness in export markets. One of the basic factors which will determine the degree to which the exports of our goods and services remain competitive is the cost at which we can produce and sell, which in turn will to a large extent be a function of the rate at which prices in Barbados rise *vis-a-vis* those of our competitors. Fortunately, the end-of-period rate of price increase which was recorded in Barbados in 1976 (3.9%) was very much lower than the rates recorded in the preceding few years.

I consider that every effort should be made to ensure continuance of this downward trend in the price level. Where external factors are concerned, there is of course, nothing that we can do to control the rates of inflation abroad. However, Government considers that a major contribution to domestic price stability would be made by the adoption of agreed national guidelines for increases in wages and salaries over the next three years. As we are all aware, the three year wage-agreement contracts were normal in Barbados prior to 1974. The energy crisis and the escalation of inflation influenced the emergence of two year contracts. With price stability returning, the Government would like to see a reversal to the three year contract system as has recently been agreed to by the Staff Association of the Central Bank.

In recent years it appears that the rate of increase in the cost of living has been the major criterion on which demands for increases in wages have been based. With the slow down in the rate of inflation there seems to be a good opportunity to break out of this inflationary psychology. One needs only to look at the experience of many countries of Latin America to recognise that unless concerted action is taken to hold down all prices, including that of labour, it will be impossible to prevent the re-emergence of an inflationary spiral.

When applications for increases are based on the need to prevent erosion in the real wages of workers, the increase in the cost of living index can be used as a guide. If this were the only criterion, then it would be reasonable to expect that the maximum wage increases which could be justified in Barbados at the present time would be of the order of 5 per cent per annum and the Government considers that this figure may be used as a general guide. However, it is clear that accounts needs to be taken of considerations of social equity in order to determine the actual rate of increase which can be accorded to workers at various income levels.

More importantly, since the remuneration of a worker is his most important incentive to effort, account will have to be taken of gains in productivity at the sectoral level, in the making of wages settlements.

The Government feels that these are relevant considerations which should inform future discussions between representatives of workers and those of employers, in both the public and private sectors. In addition, in arriving at future increases in wages and salaries, I think it is important to recognise the role which the Government is playing in increasing disposable incomes of workers through the tax credit which will now be available to a large number, perhaps as many as half of all wage earners, and through the new and increased income tax allowances which I announced earlier. Further improvements may be anticipated from additional concessions in the course of the tax review to which I have also referred; indeed, the extent of these concessions will be influenced by any wage-price guidelines which are arrived at through consultative machinery involving Government, workers' and employers' representatives to which I shall refer in a moment.

Further, I intend to ensure that those who are most able to bear their full part of the sacrifice involved in an incomes policy do so, and that the weight of such a policy does not fall on lower paid wage earners alone. I therefore propose increasing the marginal rate of tax

on taxable incomes in excess of \$30,000 per year from 65% to 70% for Income Year 1977. In addition gross salaries of employers which exceed \$40,000 annually will be allowed as expenses against the tax liability of employers only to an upper limit of \$40,000, including all taxable allowances. This will not prevent an employer from paying an employee more than \$40,000 a year if he so wishes; he will just be unable to claim the excess as an expense against the profits of his business. If these guidelines are broadly accepted by employers and employees alike, Government considers that they can prove to be a major step in preventing the growth in unemployment caused by retrenchment of workers in recent years following high wage settlements. At the same time the export sectors will be placed in a strong competitive position from which to push for new markets.

Machinery of Consultation

I am convinced that the adoption of guidelines such as I have discussed above will only be possible if the parties concerned voluntarily agreed to observe them and this would require tripartite machinery comprising the representatives of employers, trade unions and Government. Any tripartite machinery which is established will of course go beyond the mere discussion of national guidelines for wages and salaries. It would be a forum in which broad issues affecting the entire community would be discussed and would be a source of new ideas and fresh thinking on national problems which can be of great benefit to Government in formulating development policies. I accordingly intend to invite representatives of the bodies concerned to discuss with me the early establishment of a national forum in which the issues I have outlined can be discussed fully with a view to arriving at the best possible decisions.

Relations with the Private Sector

Mr. Speaker, the Government is committed to the continued operation of a mixed economy in Barbados. We recognise the important part which private initiative has played in the development of Barbados and consider that the further growth of the economy should proceed in the framework in which the public and private sectors compliment each other in providing employment and ensuring improved living standards.

The Government also recognises the important role played by foreign capital and technology in developing certain key sectors and will continue to pursue policies that will ensure that private foreign investment will be enabled to assist in a positive way in future development on terms which safeguard our essential national interests.

However, the Government feels that there is an increasing need in the uncertain world in which we live for Barbados to become more self-reliant, to generate a higher level of domestic savings and to increasingly assume responsibility for decision-making in the economic sectors. Government itself, through direct investment and through entering into joint ventures with private capital will take the lead in areas where the size of investment or the risk to be undertaken might deter private initiative or where monopoly situations require intervention in the public interest.

In the latter regard, Government considers that it should assist wherever possible in promoting greater local ownership and involvement in the privately-owned utilities. I should make it clear at this stage that the Government has absolutely no intention of harassing the owners of these utilities or of attempting to take immediate control of their operations. However, whenever the occasion arises for increased participation by Barbadians in the ownership of these utilities, we consider that we have a responsibility to encourage Barbadian citizens to invest in these enterprises and for Government itself to become a direct participator. Accordingly, the Barbados Light and Power Company and the Barbados Telephone Company have agreed at our request that Government should appoint a Director to serve on each of their respective Boards. This will enable Government to be fully informed of the future developments in these key areas of our economy and additionally will ensure that the public interest is represented when important decisions are being made by these Boards.

Cabinet has also agreed, and the Barbados Telephone Company has been so informed, that the Government will purchase 300,000 shares of a par value \$4.80 each when a new issue of shares is made by the Barbados Telephone Company shortly.

Summary of Budgetary Proposals 1977

Finally, Mr. Speaker, I shall now summarise the budgetary proposals of the Government for the fiscal year 1977/78:

- (1) Abolition of Trade Tax with effect from 1st April 1977 and introduction of revised rate structure for Corporation Tax from income year 1977 with tax credit for incremental employment.
- (2) Restoration of partial tax credit for dividends distributed to resident shareholders. Additionally, restrictions on loans to Directors and imposition of withholding tax on after-tax profits of branches of non-resident companies. These measures are estimated to cost the revenue \$1 million.
- (3) Abolition of Interim Traders License and institution of a comprehensive registration system for all traders. It is intended to adopt a comprehensive system of registration for all self-employed persons.
- (4) Revision of personal income tax rates and allowances to be effective for income year 1977. For income year 1976, a tax credit to be granted to all taxpayers with gross incomes less than \$500 a month. This credit is estimated to cost \$2 million.
- (5) Introduction with effect from income year 1977 of an income tax allowance of up to \$350 for fees paid for children at all Government recognised fee-paying secondary schools.
- (6) With effect from income year 1977 the allowance for children attending secondary school to be increased from \$300 to \$400 and the qualifying age to be lowered from 12 years to 11 years.
- (7) With effect from income year 1977, the allowance for children over 16 years attending secondary schools to be increased from \$500 to \$600.
- (8) With effect from income year 1977, the allowance for students overseas to be increased from \$800 to \$1,000.

These increases collectively are estimated to cost the revenue \$604,000.

- (9) Increase in marginal tax rate of income tax from 65% to 70% on taxable incomes in excess of \$30,000.
- (10) Introduction of a 10% withholding tax on interest paid to residents by financial institutions and attorneys.
- (11) Abolition of Succession Duties with effect from 1st June, 1977 and restructuring of the rates of Estates Duties.
- (12) Effective income year 1977, a premium tax at the rate of 1½% for local and Caricom-controlled companies and 3% for other companies to be imposed on all companies transacting life insurance business in Barbados. Estimated yield of this tax is \$283,000.
- (13) Increase in import duty on motor vehicles from 40% to 45%. This has an estimated yield of \$450,000.
- (14) Increase in tax on motor spirits from 81¢ per gallon to 91¢ per gallon. This tax is estimated to yield \$1 million.

- (15) 10% levy on overseas telephone calls. It is expected that this levy will realise \$500,000.
- (16) Increase in rate of Property Transfer Tax from 7½% to 10% for non-residents. This increase is estimated to yield \$400,000.
- (17) Increases in existing and introduction of new license fees including those relating to the Barbados Light and Power Company and Barbados Rediffusion Service Ltd. The expected yield from these measures is of the order of \$1 million.
- (18) Increases in consumption tax on 38 items, estimated to yield \$1.6 million.
- (19) Increase in the rate of motor vehicle tax from 20% to 30%. This higher rate of tax is expected to bring in \$900,000.
- (20) Increases in Hotel Restaurant and Sales Taxes from 5% to 8%. This is expected to raise the yield from this tax by an additional \$2.4 million.
- (21) Increases in taxes on pool betting duties, racing service registration, sweepstakes, bingo and entertainment. These increased taxes are anticipated to yield \$856,000.
- (22) Introduction of tax on amusement machines and pool tables, estimated to raise some \$248,000 in additional revenue.
- (23) Revision of Stamp Duty Act and general increase in rates payable thereunder. This is estimated to bring in \$290,000 in revenue.
- (24) Increase in fees and charges for services rendered by Government including hospital charges, police fees, fees payable to registration office for certificates, etc. These higher fees are estimated to yield \$2.1 million.
- (25) Increases in water rates and charges payable by developers for installation. This measure is expected to yield \$1.1 million in additional revenue.
- (26) Increase in license fees of motor vehicles and equalization fees between cabs and privately-owned vehicles. This is estimated to bring in \$2.1 million.
- (27) Revision of the fees payable under the Companies Act, estimated to yield \$90,000.
- (28) Increase in registration fees payable by professional persons. This is estimated to yield \$70,000.
- (29) Increase in Aircraft landing fees. This measure is expected to increase the revenue from this source by \$1 million.
- (30) Imposition of an 8% surcharge on rentals in excess of \$20 per day or \$600 per month. The yield from this new measure is conservatively estimated at \$150,000.
- (31) Increase in licence fees payable by the owners of T.V. sets, estimated to yield \$300,000.

Mr. Speaker, the total estimated additional revenue which will result from the measures I have announced is \$16.8 million. The reduction of revenue expected from income tax concessions contained in my statement is of the order of \$3.6 million, so that the net increase in revenue totals about \$13 million, but many of the new charges will be allowable as business expenses and will thus reduce the net gain even more. I should also point out that any reduction in the incidence of personal income tax rates and allowances could reduce this net figure even further.

This has been no fireside chat, Mr. Speaker. This has been a Budget designed to cope with the financial and economic mis-management of the last four years which has led Barbados into a chronic deficit situation threatening a breakdown of Government finances every bit as complete as those which have overtaken some of our CARICOM partners. That a studied and serious approach to our problems was needed, and that increased taxation was essential, was recognised by former Ministers, now in Opposition, when they called for a new Budget to raise money as long ago as last October. I do not now expect Honourable Members opposite to complain if I have done as they asked, and raised money for the service of the people of this Island. I do not expect them to complain if I have been forced to raise the water rates because of a contract signed by one of them. I hope they will not complain at the reductions in the burden of the income tax, with more to come, or the remission of all land tax arrears to 1972 just as they complained at the removal of the 5 per cent sales tax. I would be very surprised if they complained that I have shifted some of the weight of taxation from Barbadians on to others within our shores by means of the increases in Banking and Immigration fees and the hotel and other related taxes. And most of all, Mr. Speaker, I trust they will not complain at the positive new policies enunciated here today; at the steps taken to increase savings through the mobilisation of private insurance funds and the expansion of National Insurance coverage; at the steps taken to promote exports and to improve our balance of payments; or at the fiscal incentives to be given to private businesses to expand employment and thus ameliorate our greatest social problem.

Mr. Speaker, the plans of Government for the use of the moneys appropriated in this financial year include the construction or completion of seven factories on the Industrial Estates; the completion of the soon to be started Health Centre at Litchfield, St. Peter, and of the special expansion of the Roebuck Street School also started since this Party came to power. Actual construction work will start on the Flour Mill and the Oistins Fisheries and general re-development scheme later this year; and on the Bridgetown Sewage Scheme in February, 1978 or shortly after. Pelican Village will be reconstructed also starting early 1978, and a starting date for actual construction of the Polytechnic on its new site at Wildey will soon be fixed. New roads are already being built, as anyone who visits the Lands End area can see, and really major roadworks will be commenced in 1977-78. These will be some of the productive fruits of the resources being mobilised by the Budget. None of us should complain, Mr. Speaker.

Appendix
CONSUMPTION TAX

Tariff Heading Number	Item	Present Rate	Proposed Rate
24.02.2	Cigarettes	6¢ per five	15¢ per five
27.05	Manufactured Gas	12% of value	15% of value
27.11	Petroleum Gases	12% of value	15% of value
22.09.5 } 22.09.6 }	Whisky	\$10.00 per proof gallon	\$15.00 per gallon
22.09.1 } 22.09.2 }	Brandy	\$10.00 per proof gallon	\$15.00 per gallon
22.09.7 } 22.09.8 }	Gin	\$10.00 per proof gallon	\$15.00 per gallon
22.09.99	Vodka	\$10.00 per proof gallon	\$15.00 per gallon
34.02	Organic surface — active agents; surface active preparations and washing preparations whether or not containing soap	5% of value	8% of value
32.09.9	Varnishes and Lacquers	10¢ per gallon	12¢ per gallon
34.01	Toilet soap in cake or tablet form including shaving soap	10% of value	12% of value
71.16	Imitation Jewellery	15% of value	18% of value
33.06.1 } 33.06.9 }	Perfumed spirits	15% of value	18% of value
92.11	Phonographs, Radios, Radio- Gramophones, Tape-Recorders, and other Sound Recorders and Players	10% of value	20% of value
85.12	Water Heaters (excluding Solar)	15% of value	30% of value
84.12	Air Conditioning Equipment	15% of value	25% of value
87.09	Motor Cycles, Auto-Cycles and Cycles fitted with an auxiliary motor	10% of value	15% of value
87.10	Cycles (including delivery bicycles not motorized)	10% of value	15% of value
97.04	Equipment for parlours, table and funfair games for adults or children (including billiard tables and pin-tables and table tennis requisites)	10% of value	20% of value

CONSUMPTION TAX – *Cont'd*

Tariff Heading Number	Item	Present Rate	Proposed Rate
97.05	Christmas tree decorations and similar articles for Christmas festivities; Carnival articles; entertainment articles (e.g. conjuring tricks and novelty jokes)	20% of value	25% of value
90.07	Photographic cameras, photographic flashlight apparatus	10% of value	15% of value
37.02	Film in rolls, sensitized, unexposed, perforated or not	10% of value	15% of value
90.08	Cinematographic cameras, projectors, sound recorders and sound reproducers; any combination of these articles	10% of value	15% of value
48.05	Paper creped, crinkled, embossed (excluding writing paper)	20% of value	25% of value
06.04	Foliage, branches and other parts (other than flowers or buds) of trees, shrubs, bushes and other plants and mosses, lichens and grasses, being goods of a kind suitable for bouquets or ornamental purposes, fresh, dried, dyed, bleached, impregnated or otherwise prepared	20% of value	30% of value
67.02	Artificial flowers, foliage or fruit and parts thereof, articles made of artificial flowers, foliage or fruit	20% of value	30% of value
85.06	Electro-mechanical domestic appliances, with self-contained electric motor e.g. vacuum cleaners, food mixers, floor polishers	10% of value	15% of value
84.25.1	Lawn mowers	10% of value	15% of value
91.01	Pocket-Watches, Wrist-Watches and other watches, including Stop-Watches	10% of value	12% of value

CONSUMPTION TAX — *Concluded*

Tariff Heading Number	Item	Present Rate	Proposed Rate
91.02	Clocks (excluding instrument panel clocks for vehicles, aircraft or vessels)	10% of value	12% of value
98.10	Mechanical lighters and similar lighters including chemical and electric, flints and wicks	10% of value	15% of value
98.11	Smoking pipes, cigar, cigarette holders	15% of value	20% of value
42.02	Travel goods, hand bags, wallets, purses, toilet cases and other similar containers of leather or composition leather, paper bound, textile fabric, vulcanised fibre, artificial plastic sheeting	10% of value	12% of value
33.06.9	Cosmetics and other products for the care of the skin (excluding baby care products); manicure preparations	10% of value	15% of value
23.07.1	Food for pets	15% of value	20% of value
93.02	Revolvers and Pistols — being Firearms	10% of value	25% of value
93.04	Other Firearms including Very light pistols, pistols and revolvers for firing blank ammunition only, line-throwing guns and the like	10% of value	25% of value
93.05	Arms of other descriptions, including air, spring and similar pistols, rifles and guns	10% of value	25% of value
22.05.9	Still wines	\$5.00 per gallon	\$8.00 per gallon
22.05.2	Sparkling wines	\$5.00 per gallon	\$8.00 per gallon
22.06	Vermouths	\$5.00 per gallon	\$8.00 per gallon
22.07	Other Wines	\$5.00 per gallon	\$8.00 per gallon

Item									Present	Proposed
									\$	\$
Still	..	..	..	..	..	..	..	..	200	500
<i>Sellers Licence</i>										
General Wholesale	..	..	..	..	..	..	..	..	1,500 p.a.	2,500 p.a.
Wholesale license	..	..	..	..	..	..	..	..	500	800
Retail	..	..	..	..	..	..	..	..	100	150
<i>Hotel</i>										
(a) up to 10 rooms	..	..	..	..	..	..	..	..	100	200
(b) 11 to 25 rooms	..	..	..	..	..	..	..	..	250	500
(c) 26 to 50 rooms	..	..	..	..	..	..	..	..	500	1,000
(d) 51 to 100 rooms	..	..	..	..	..	..	..	..	1,000	2,500
(e) over 100 rooms	..	..	..	..	..	..	..	..	1,500	5,000
Restaurant	..	..	..	..	..	..	..	..	100	150
Occasional	..	..	..	..	..	..	..	..	10 a day	15 a day
Members' Club	..	..	..	..	..	..	..	..	10 p.a.	50 p.a.
Proprietary Club	..	..	..	..	..	..	..	..	500	1,000
Druggist	..	..	..	..	..	..	..	..	25	50
Distillers	..	..	..	..	..	..	..	..	8¢ per proof gallon	25¢ per proof gallon
									\$	\$
Places of Public Entertainment	..	..	..	..	..	..	..	..	20	40
(a) Fire arms	..	..	..	..	..	..	..	..	20	50 (1.1.78)
(b) Retailer of Business associated with Firearms	..	..	..	..	..	..	..	..	100	200
Licence to manufacture in Bond	..	..	..	..	..	..	..	..	500	700
<i>Motor Vehicles</i>										
(International Circulation)	..	..	..	..	..	..	..	..	10	50
Banking Licence	..	..	..	..	..	..	..	..	2,000	(i) 25,000 and (ii) 1,000 for each additional branch.
Barbados Telephone Company	..	..	..	..	..	..	..	..	100,000	200,000
Warehouse Licence	..	..	..	..	..	..	..	..	600	960
Barbados Light and Power Co. Ltd. (New)	..	..	..	..	..	..	..	..	—	200,000
Barbados Rediffusion Services Ltd. (New) ..	..	..	..	..	..	..	..	..	—	5.00 per set

Appendix
LICENCES – Concluded

<i>Item</i>	<i>Present</i>	<i>Proposed</i>
Television Licences	\$ 12.00	\$ (a) 10.00 half-yearly Black and White (b) 15.00 half-yearly Colour
<i>Fees for Film Censorship</i>		
Fees paid to the Members and Secretary		
(a) in the case of a Member		
(i) For every 1,000 feet or part thereof of 35 mm – film examined by him	1.00	2.25
(ii) for every 1,000 feet or part thereof of 16 mm film examined by him	2.00	4.00

	<i>Item</i>	<i>Present Fees</i>	<i>Proposed Fees</i>
3	Notwithstanding anything contained in paragraph (1) of this regulation where the length of the film submitted for examination is less than 5,000 feet, a member examining such film shall be paid a minimum fee of	8.00	18.00
	Travelling allowances paid to the members and Secretary of the Board Film Censorship (Charges) Regulations 1972–51	120.00	240.00
	The charges to be paid in respect of the examination of films with a view to public exhibition shall be computed at the following rates:—		
	(a) in the case of 35 mm film – for every 1,000 feet or part thereof	2.75	5.00
	(b) in the case of 16 mm film for every 1,000 feet or part thereof	7.50	10.00
	(c) Notwithstanding anything contained in paragraph (i) of this regulation, when the length of film submitted for examination is less than 5,000 feet, the minimum charge to be paid in respect of the examination shall be	20.00	45.00

Hon. F. G. SMITH: Mr. Speaker, it is now 8.20 p.m. The Opposition in reply to the speech made by the Prime Minister had proposed to reply immediately. If we do, after I understand from the Acting Leader of the House he proposes to adjourn the House for 45 minutes, which would mean, that if we took up the same time as the Prime Minister, it would end at twelve o'clock tonight. This would mean that we would be subjecting T.V. and Radio audiences to over six to seven hours of T.V. and Radio broadcasts. The Opposition would like to reply at five o'clock on Tuesday in view of the length of the Prime Minister's Speech and the lateness of the hour. (*asides.*)

Mr. SPEAKER: Order!

Hon. F. G. SMITH: The Opposition would like to reply at five o'clock on Tuesday in view of the 3½ hours and 20 minutes of the Prime Minister's speech, the lateness of the hour, and the necessity to adjourn for dinner at this time. If the Government are not conceding it, then let them say so.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, that is a matter for the Leader of the House and the Leader of the Opposition to discuss during what, I understand, is going to be the dinner adjournment. I still have one or two duties to do arising out of the Budget. I believe that the Leader of the House has sought leave for me to give certain notices now. I would like to discharge my duty and let the hon. members for St. James and St. Michael South Central have their talk during the....

Mr. SPEAKER: The Hon. Prime Minister may proceed.

DOCUMENTS TO BE LAID

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, first of all, I beg to lay The Hotels and Restaurants (Rate of Tax) Order, 1977.

GOVERNMENT NOTICES

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to give notice of the following Bills:—

A Bill to amend the Companies Act.

A Bill to amend the Professions (Registration Fees) Act.

A Bill to amend the Entertainment Tax Act.

A Bill to amend the Stamp Duties Act.

A Bill to amend the Liquor Licences Act.

A Bill to amend the Income Tax Act.

A Bill to amend the Property Transfer Tax Act.

I also beg to give notice, Mr. Speaker, of the following Resolution:

WHEREAS the public finances of Barbados have been in a state of chronic deficit on current account;

AND WHEREAS the level of economic activity in the country had been low and the level of unemployment has been high;

BE IT RESOLVED that this House congratulates the Government on the Financial Statement and Budgetary Proposals for the year 1977-78 presented on April 15th 1977 and welcomes and records its full support of the steps taken to generate and mobilise new savings for the development of the country to offer new incentives to the private sector of the economy to expand employment; to eliminate the imbalances in public finances; and to give a measure of relief to payers of income tax.

Mr. Speaker, having given that notice, I would just like to say this very shortly. For 15 years Budget Debates have been proceeding on the basis of Opposition Resolutions. This is not Parliamentary Practice in any country of which I am aware except Barbados. Last year the then Minister of Finance in, perhaps, an accidental spasm of observing proper Parliamentary Procedure gave notice of an amendment in similar terms, granted the difference of the emphasis which he was placing, to the Opposition's Resolution of taking note of the Budget Proposals. It is time that we put an end to this belief that there is something unparliamentary about the Minister of Finance moving the Budget Resolution. It is done everywhere that I know of, and upon this occasion I give notice of the Resolution and, on resumption, if required by you, Sir, I will formally move it. I will get up and say: I beg to move that the Resolution standing in my name do now pass. The Opposition can then speak to it, amend it, or do whatever they want without having to put pressure on any Speaker as was put on Mr. Joy Edwards last year when he bent the Rules of the House in one of the most grossly partisan ways I

have ever seen in order to give the former Prime Minister the right of last reply on a motion on which clearly he was not entitled. Let us have proper procedure in here so that we do not have to ask the occupants of the Chair for any concessions or relaxations or, indeed, perversions of the Rules.

I, therefore, give notice, and with the leave of the House, I will formally move it in one sentence upon resumption after any suspension. Whenever the suspension is to, Sir. That is in the hands of the hon. member for St. James. I will formally move it and the Opposition can continue.

Rt. Hon. E. W. BARROW: Mr. Speaker, on a point of order. I would not like our silence over here to be taken as any indication that we on this side agree with anything that the Hon. Prime Minister and Minister of Finance has said on the procedure either in here or in the United Kingdom. As he well knows, what the Minister moves in England is the First and Second Reading of the Finance Bill. The Resolutions which we introduce in here arise out of the Budget and you can have as much debate on them as possible, but the procedure that we have adopted in Barbados has been for a Resolution approving or taking note of the Budget or amending the same. I just say that, parenthetically, and very briefly just to get it on the record that I do not agree with any of his expressions of opinion or statements of fact or law.

8.25 p.m.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Companies Act, Cap. 308 was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Professions (Registration Fees) Act, Cap. 372A was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Entertainment Tax Act, Cap. 69 was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Stamp Duty Act, Cap. 91 was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Liquor Licences Act, Cap. 182 was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Income Tax Act, Cap. 73 was read a first time.

On motion of Hon. L. S. CRAIG seconded by Hon. H. deB. FORDE, a Bill to amend the Property Transfer Tax Act, Cap. 84A was read a first time.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, it is now 8.30 p.m. and I beg to move that this House be suspended until 9.15 o'clock p.m.

Hon. C. L. BOLEN: I beg to second that.

Hon. F. G. SMITH: Mr. Speaker, I want to speak on the motion for the suspension. I want to make the Opposition's position quite clear. The House started at 4 o'clock this evening. At 5 o'clock the Prime Minister began his Budget Speech and he spoke until 8.20 p.m. The Opposition had no control over the length of the Prime Minister and Minister of Finance's Budgetary Proposals. We did not know it was going to be ten minutes, an hour, four hours or three days. It is now 8.30 p.m. by the clock in the Public Building. The Opposition was prepared had the speech been an hour or an hour and a half or two hours to reply tonight. It is now proposed by the Leader of the House that we suspend until 9.15 p.m., barely 45 minutes. The public has been listening to television and radio for the last three hours and twenty minutes, and we are asking the Government, they can say "yes" or "no", that the Opposition be given the same time and the right to reply at 5 o'clock on Tuesday next. We are prepared to come in at 12 o'clock on Tuesday and dispose of all the Government Business on the Order Paper — Bath, Compulsory acquisition and such — but if the Government insists that the Opposition has to come back tonight, then the Opposition will have to reconsider its position, because we do not intend to subject the radio and television audience to any six or 6½ hours of television listening and watching in the particular circumstances of this Budget Speech. It is as simple as that.

I had spoken to the Leader of the House. Prior to last year's Budget Speech the Government used to give them the same time the following Tuesday. In the fifteen years that the hon. member for St. John was the Minister of Finance and from the date when we started to broadcast Budget Speeches, the Opposition which is now the Government always replied and had equal time the following Tuesday. 1976 which I

called the cheque-producing reply is the first time that they have replied on the same occasion, and in the particular circumstances, not that we are scared to reply tonight, where the Prime Minister has spoken for 3½ hours, the Opposition would like to request that it be given the same time on Tuesday. If they are not giving us, that is their business. We want the maximum coverage. If they say you cannot use television next Tuesday at 5 o'clock, that is your business. Barbados is a free country and we have a right to tell the people anywhere in Barbados why we were not allowed to speak. It is now 8.35 p.m. and the Opposition will not occupy the television time of this country until 12 o'clock tonight. That is our position in a nutshell.

Mr. SPEAKER: Order on the Government benches, please!

Hon. L. S. CRAIG: Mr. Speaker, I just want to make the position quite clear in here in reply to the Hon. Leader of the Opposition.

Mr. SPEAKER: I do not suggest that this is the time or place for such a reply. The matter raised by the Hon. Leader of the Opposition is something that can be readily settled and discussed other than inside this Chamber.

Hon. L. S. CRAIG: Sir, I discussed the matter already with the Leader of the Opposition and the Chair therefore will not be in a position to tell me to discuss it outside. I have already done that with the Leader of the Opposition. I made it abundantly clear that they can reply after dinner. It is as simple as that.

I beg to move that this sitting be suspended until 9.15 p.m.

Hon. H. deB. FORDE: I beg to second that.

Mr. WEEKES: Mr. Speaker, speaking on the suspension, I want to say that justice and fair play should be done in this Assembly. This is my fourth term in the House and I want to say that we should set forth examples for others to follow. If by chance the people in this Island have given you the reins of this Government, you should let the people realise that you carry your responsibility and dignity as we the members of the former Government carried them. We are here on this important occasion; it is a unique occasion for you all, and because the people have given you the power you must not usurp it in the wrong direction, and I am saying that you this evening are doing the taxpayers of this Island an

injustice. We were here from 4 o'clock. We will be back after 9 o'clock.
8.35 p.m.

We were here from 4 o'clock, we will be back after 9 o'clock. The Minister of Finance spoke for approximately 3½ hours. Now you see that that will be going on until midnight; do you think it is fair that the taxpayers of this country who are getting so much confusion already, carrying so much weight already, weight which they are unable to bear, weight which you all never told them for one moment you would bring...

Mr. SPEAKER: The hon. member for St. Philip South is completely out of order. He is attempting to discuss the budgetary proposals before this House for discussion.

Mr. WEEKES: I apologise to you, Mr. Speaker. The position is this. All I am doing, gentlemen, is appealing to you all to accept the suggestion given by the Opposition, and in the interest of the taxpayers of this country let us come back here on Tuesday and give the Opposition similar time to the one which your Prime Minister had. Let justice be done, let the community of this country see that you are a responsible body, let justice be done though the heavens may fall.

The question that this sitting be now suspended until 9.15 p.m. was put and resolved in the affirmative without division.

On Resumption:—

Mr. SPEAKER: This sitting is now resumed.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I take it that Order No. 1 is still the instant Order of the Day. The Government has come back in prepared for debate on the Resolution of which I gave notice before the suspension, but I see a row of empty seats and really I am a little at a loss as to know what to do. It is not the intention of the Government to pass this Resolution here and now, we would like to concede to the Opposition its full right to two days debate, but they have put us in such a position where we cannot concede anything, and all that I can reasonably do in the circumstances...

Mr. SPEAKER: If the Opposition has nothing to say in reply it is not your fault, it is not the fault of the Government.

Rt. Hon. J. M. G. M. ADAMS: Well, Sir, I really looked forward to a contribution. After all, the member for St. John was Minister of Finance for 15 years. I may have spoken for about three hours, but I was looking forward to hearing a contribution from the former Minister of Finance, but if they have nothing to say I can only say that I beg to move that the Resolution do now pass.

Hon. C. L. BOLDEN: I beg to second that and reserve my right to speak.

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

RESOLUTION TO SEEK THE APPROVAL OF THE HOUSE OF THE GOVERNMENT ENTERING INTO AN AGREEMENT WITH THE FIRST NATIONAL CITY BANK TO PAY OFF AND DISCHARGE THE DEBT AND LIABILITY DUE AND OWING BY THE BARBADOS DEVELOPMENT BANK IN CONNECTION WITH BATH PLANTATIONS LTD.

Hon. L. S. CRAIG: Mr. Speaker, earlier in the day I indicated that we were going to do Item No. 3 which the Hon. Attorney General and Minister of External Affairs started under Government Business, and we had asked for the postponement of further consideration.

I therefore take it that Item No. 3 is the instant Order of the Day under Government Business.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I understand that this has already been moved. This is a known matter which has been dealt with at great length. We cannot get any money from the Inter American Development Bank until the Bath racket is off the books of the Barbados Development Bank. Earlier this evening I heard the Leader of the Opposition say that we were not going to make any concessions, but evidently there are people who expect concessions and who are not prepared to give any. In all the circumstances, Sir, I can only ask that the House support the Government's entering into an agreement with City Bank to pay back the money that Sir Lionel Luckhoo and others conned the Government of Barbados into guaranteeing, and that this Resolution do now pass.

Hon. C. L. BOLDEN: I beg to second that.

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

9.25 p.m.

Hon. L. S. CRAIG: Mr. Speaker, the Government proposes to do Item No. 2 next. Therefore I beg to move that Item No. 2 be the next Order of the Day.

Hon. H. deB. FORDE: I beg to second that.

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

COMPULSORY ACQUISITION OF LAND AT BATH

Mr. SPEAKER: Order No. 2 is the instant Order of the Day.

Hon. L. S. CRAIG: Mr. Speaker, this is a very simple Resolution. It comes out of the other Resolution which the Prime Minister and the Attorney General dealt with; and I beg to move that the Resolution for the compulsory acquisition of land situate at Bath in the parish of St. John do now pass.

Hon. H. deB. FORDE: I beg to second that.

Mr. SIMMONS: Mr. Speaker, I would like to know from the Government what is to become of the rights of individuals who now occupy on a lease basis from Bath Plantation Ltd. certain properties more on the beach land than on arable land. What does Government propose to do in respect of securing the rights of these tenants of Bath Plantation Ltd.? I would like to hear a statement from the Minister.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, as I do have some knowledge of this matter, which is in the portfolio of the Leader of the Senate, I propose to give the final reply. Bath Plantation has tenants of three sorts. It has ordinary plantation tenants, for the area of Bath stretches up to Coach Hill, St. John. It has two people who leased parcels of land to work as agricultural lots — I think that one is eight and one is fourteen acres, Sir — and it has a number of people on the beach land, many of whom have been there for a long time.

As far as the plantation tenants are concerned, the Government proposes to sell them their spots in due course. As far as the two agricultural tenants are concerned, it may be necessary for the purposes of completing the acquisition and securing all legal rights for them to be given notice. I myself hope not. It is not

intended that they should be disturbed in their tenancy. I mean these are people who are trying to work the land as agricultural holdings. The situation with the beach tenants is different. Many of the plans that have been suggested for Bath involve the use of the beach in one form or another.

The Government's plan to build an East Coast Road may occasion some disturbance of the beach tenants, because it will go right through Bath; and the Government has canvassed other ideas for use of the beach land at Bath. At the same time we well recognise that the beach tenants have some claim, because many of them have been there for some years. However, Sir, we do not think that all of these claims are of equal validity and that the equities are equal in every case.

There are persons at Bath whom the Government would not wish to have as tenants. I say quite unhesitatingly that two Americans who were co-conspirators with Sidney Alleyne found themselves in a house at Bath. They made statements which to some extent revealed their interest in political and governmental activity in Barbados on the side of the Opposition. One of them went with his landlord to a boat in the harbour and tried to contract to get that boat to go to St. Martin in the Leeward Islands to bring an alleged cargo of fruit here; and I would feel uncomfortable, to say the least, to feel that the Government was harbouring any possibilities in this direction in that case.

There are other persons at Bath who appear to have leases. It does seem that in the last days of Bath Mr. Baxter, who was the factotum of the old owners went around to all the beach tenants to get them to pay rent for several years in advance. The rents were all like \$20 a month. Instead of paying \$20 a month

give me five years in advance; and for the sake of holding on to a piece of beach land, those people have done this.

Government therefore intends to give everybody on Bath Beach notice to quit; and those who intend to stay will be free to reopen negotiations with the Government for a continued lease, for new arrangement. It might very well be that you will want somebody to move a little bit here and there and so on; but the Government intends to allow everybody who wishes to make an application to do so, and to deal with all these applications on merit.

The legal position, as I understand it, is that if they are put off by the Government they can get back their money from the company that put them on in the first place. Their rights will be transferred to the original company. So in law they will not be suffering, Sir. If they can find Sir Lionel Luckhoo, Mr. Baxter and the others they will get back the rent that they paid all up to 1983.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, that brings us to end of Government Business. I beg to move that the House stand adjourned until Tuesday, 19th April, 1977, at 12 o'clock noon.

Hon. H. deB. FORDE: I beg to second that.

The question was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

9.35 p.m.