

THE House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

HOUSE OF ASSEMBLY

Tuesday, April 6, 1982

Pursuant to the adjournment, the House of Assembly met on Tuesday April 6, 1982 at 12.20 p.m. o'clock.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Hon. L. S. CRAIG, (Minister of Parliamentary Affairs and Leader of the House); Mr. L. E. SANDIFORD, M.A., (Econ.); Hon. Miss B. A. MILLER, (Minister of Education); Hon. L. B. BRATHWAITE, (Minister of Health); Mr. J. G. ODLE, B.Sc., (Chairman of Committees); Mr. L. L. SISNETT; Hon. Dr. R. L. CHELTENHAM, M.A., M.Sc., (Econ.), (Minister of Agriculture, Food and Consumer Affairs); Dr. R. C. HAYNES, M.B., Ch.B., F.R.C.P. (Edin.); Mr. R. E. BRATHWAITE and Mr. A. TRUSS.

Prayers were read by Archdeacon F. A. Cayless.

Hon. H. B. St. JOHN and Hon. DeL. O. BRADSHAW entered the Chamber and took their seats.

MINUTES

Mr. SPEAKER: I am advised that there are no Minutes ready for confirmation.

PAPERS

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to lay The Annual Report and Statement of Accounts of the Barbados Community College for the year 1980–81.

Mr. L. E. SANDIFORD: Mr. Speaker, can I re-commit the question of Minutes because I got a copy of the Minutes for the day of March 31, 1982 circulated to me.

Mr. SPEAKER: I thank the honourable Member. Please continue.

GOVERNMENT NOTICES

Hon. L. S. CRAIG: Mr. Speaker, I beg to give notice of a Bill to make provision respecting the purchase by tenants of agricultural holdings for the purpose of facilitating agricultural development in Barbados.

FIRST READING OF BILLS

On motion of Hon. L. S. CRAIG seconded by Hon. H. B. St. JOHN a Bill to make provision respecting the purchase by tenants of agricultural holdings for the purpose of facilitating agricultural development in Barbados was read a first time.

Hon. V. L. JOHNSON, Hon. L. R. TULL, Messrs. N. K. SIMMONS and B. M. TAITT entered the Chamber and took their seats.

NOTICES OF QUESTIONS

Mr. SPEAKER: The honourable Member for St. Michael South, his question respecting an unsightly build-up of refuse in certain locations in the constituency of St. Michael South.

Hon. Dr. D. G. BLACKMAN entered the Chamber and took his seat.

Mr. L. E. SANDIFORD: I beg to give notice of the following question. To ask the Minister of Health: 12.30 p.m.

"Is the Minister aware that there is generally an unhealthy and an unsightly build-up of garbage for unduely long periods at certain locations in the constituency of St. Michael South, particularly at Palm Tree Place, near the southern junction with Luke's Avenue;

at Clarke's Avenue, near the southern junction with Browns Avenue, and at the Crescent of First and Second Avenues Beckles Hill?

Will the Minister indicate what plans he has for having those areas cleaned on a more regular basis than pertains at present thereby removing the health hazards and nuisance to those who reside near, or traverse areas identified?"

ORAL REPLIES TO PARLIAMENTARY QUESTIONS

Hon. L. S. CRAIG: Mr. Speaker, I see this Reply on the Order Paper again, but I am quite sure that I have indicated that the reply was ready on our last sitting.

Mr. SPEAKER: I did not follow the honourable Member.

Hon. L. S. CRAIG: Sir, I indicated at the last sitting that Question No. 13 was ready.

Mr. SPEAKER: It is a question for oral reply and since the oral reply was not given on our last sitting it, is only reasonable that it is given today, unless the honourable Minister was instructed to lay the reply.

Hon. L. S. CRAIG: Sir, this is one reply I would not like to lay. I beg to give notice that Oral Reply to Parliamentary Question No. 13, asked by the honourable Member for St. James South, is now ready.

SUSPENSION OF STANDING ORDERS

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that Standing Order Nos. 6, 16, 20 and 42(5) be suspended for the remainder of the day, Sir.

Mr. SPEAKER: The question is.....

Mr. L. E. SANDIFORD: Mr. Speaker, may I ask whether the Leader of the House would care to give some reasons why he is moving for the suspension of these Standing Orders. I think we....

Hon. L. S. CRAIG: I can assure the honourable Member Sir, the Acting Leader of the Opposition, that if necessary we will make provisions for any Private Members' Business during the course of the day. (*Asides*) If it is necessary I will make it available to you.

The question that Standing Orders Nos. 6, 16, 20 and 42(5) be suspended for the remainder of the day's sitting was put and resolved in the affirmative without division.

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the instant order of the day.

Hon. L. S. CRAIG: Order No. 3.

Order No. 3 was called — To move the Second Reading of a Bill to amend the Consumption Tax Act, 1980-35.

CONSUMPTION TAX ACT, 1980-35

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, this arises out of the Budgetary Proposals and I am really not intending to make a long speech on it. I will at this stage merely outline the fact that the Act contains amendments of the Schedules, those I have dealt with at some length, but it also contains a few other matters in which opportunities have been taken to modernize the law.

12.40 p.m.

For many years, we have been taxing petroleum through the Storage of Petroleum Act of 1884 and also through a Mobil Refinery Act which started life, I believe perhaps as long as 1922 as the British Union Oil Company Act and which has been amended in substance and in form since.

We are taking this opportunity to tax all petroleum by means of the Consumption Tax Act. Secondly, we are putting in the exemption for fishing boats which use gasoline. There are not many of them, but for the ones that do use gasoline, we are giving a rebate of 95 per cent of the tax paid where the Comptroller of Customs is satisfied that the gasoline is to be used in fishing boats. This is not to give anybody a licence to carry big drums to the gas station and says that he wants some gasoline for fishing boats. But the exemption has existed for some years and it has not been abused, so we are retaining it.

There is also an agreement with the Mobil Oil Company by which we allow them a rebate of tax of six cents per US gallon on petroleum products delivered from their refinery here. Indeed, it is intended to apply to all refineries although, obviously, we do not intend to have another refinery in competition with Mobil. And it will be observed that that is also now included in this legislation, that embodies the longstanding agreement with the Mobil Oil Company. It runs for a number of years still.

We have taken the opportunity, also, to include a number of exemptions from Consumption Tax similar to the exemptions which exist in the cases of Import Duty.

A good deal of a Minister of Finance's time is unfortunately taken up with applications for exemptions from Consumption Tax and it is a waste of ministerial energy to be dealing with matters which are clear cut, one way or the other, and in which no real discretion is required. So we are improving the law so that a number of specific imports will now enter free of Consumption Tax.

We have added a Schedule, which is required for the general purposes of the Act, and I now beg to move that this Bill be now read a second time.

Mr. J. G. ODLE: I beg to second that.

Mr. SPEAKER: The question is that this Bill

Mr. B. M. TAITT: Mr. Speaker, Sir, I have a few observations on this Bill which seeks to amend the Consumption Tax and therefore to implement some aspects of the Budgetary Proposals.

Mr. Speaker, there are two main observations I wish to make on this Bill. The first one has to do with a matter to which I alluded during the course of Budgetary Debate, but which was not expanded upon. I should like to draw to the attention of this Honourable House that beginning with the 1980 Consumption Tax Act, and perhaps even earlier, back in 1977; there has been a now not so imperceptible shift in the economic burden in the community so far as taxes are concerned, and it has been done in so subtle a way that most people, while aware that something is happening, are not themselves privy to the full impact of this shift to indirect taxation.

Now, the honourable Minister, while introducing this Bill, said that he did not intend to make a long speech and he said he was taking the opportunity to make a few incidental adjustments to some old law that has been hanging around.

But, Sir, this and a companion Act — and I am not anticipating, Sir, but I have necessarily to refer to it — concerning Stamp Duty will in the end mean that a substantial part of the cost of almost every item which will be purchased in Barbados is now going to be borne by precisely those persons for whom the major part of their income must necessarily be spent on the fundamental aspects of their lives.

For a person who is in the higher bracket of income earning in this country, whether that income is by way of salary, or whether it is by way of investments, those persons have traditionally spent a relatively small part of their income on the matters of existence — food, clothing, shelter, *et cetera*.

But when we examine what is happening to the middle classes and the lower middle classes, and those at the bottom of the socio-economic ladder, we find that a policy, very akin to what obtains in the island of Bermuda, is being implemented, without the safeguards which also apply in the island of Bermuda and, to a lesser extent in the Bahamas.

In Bermuda and in the Bahamas, Sir, there is no Income Tax. And as we have already heard, the level of wages is such as to allow everyone in that small population to have a certain basic level of income which, therefore, does not impinge on the total income of the individual in quite the same way as in Barbados, where you have both Income Tax and indirect taxation.

Mr. Speaker, Sir, if you wish to have a Bermuda-type situation, it would seem to me that you would have to declare to all and sundry that Barbados is no longer to be considered a productive community, or a community that is hanging its development on the productive areas of the economy so much, as it would be hanging its development on the service areas of the economy. The Bermuda economy is built on tourism, a service industry, and wholesale and retail trade.

We, in Barbados, for a substantial part of the last 25 years, have been indicating that we pin our development on the three prongs, if you will, or the three stands, of manufacturing and the ancillary results of manufacturing — agriculture and tourism development.
12.50 p.m.

I have charged, and I will continue to charge, that the present Minister of Finance has been shifting the emphasis away from the agricultural and the manufacturing sectors more and more into the service sector, which can be exemplified in the wholesale and retail trade. And I have heard him, on more than one occasion allude to the fact that people are leaving their countries and coming to Barbados to shop. I have heard him alluding to the hordes of Trinidadians who come up to Barbados with their petrodollars, and who find solace in their capacity to shop in the supermarkets of Barbados — and there to find almost any item which they wish, or which they desire.

Now it is instructive, that Trinidad and Tobago, which has a fundamental industry, and extractive industry, and therefore an indigenous industry which can bring it, and has brought it substantial foreign exchange, that is to say, oil, still considers it prudent not to shift its country into the service area. And therefore the Trinidadians, for the last 12 years, have been emphasising agriculture and manufacturing to the exclusion of importation for resale, as it were, or even for sale to their own people. And so we have the Trinidadians, who

cannot get certain items in Trinidad and Tobago, coming to Barbados to purchase those items.

Sir, if those items were being manufactured in Barbados, that would be a good thing. But where those items are being imported from other areas, and the only value added which we are getting is the profit sector, the profits which accrue to those who engage in wholesale and retail trade, and a cumulative benefit is being derived from any taxes which those persons who pay either by way of Corporate Tax or by way of Income Tax; where that is the benefit which we are getting, or which we are to get, and the economy, at the same time, is being shifted into indirect taxation, Mr. Speaker, it does not take much genius to recognise that the policy is doomed to failure — if for no other reason than that what the left hand is doing is being counteracted by the right hand. Because those who will benefit from such trade as might occur by turning Barbados into a nation of shopkeepers, if you will, those who will get the benefits from the major supermarkets, from the airport shops; those who are the beneficiaries of such activity, are not likely to be the ones who are expending large sums in the areas where indirect taxation can be felt.

So you have two negative aspects of this policy. There is one, that the persons who earn the least amount of money are being called upon to spend most of it; and they have built into that, a tax-added disadvantage. Secondly, you have those who are expending foreign exchange to bring a number of items not manufactured in Barbados, or indeed within the region, are not those who will be re-extending their profits into the market place. They are those who are more likely to be — I do not wish to use the word “hoarding” — but to be engaging in ways of keeping their wealth away from the eagle eye of the Minister of Finance, or the Authorities. I am saying that as kindly as I can, because I do not wish, by way of what I am saying, to cast any aspersions on any citizens of Barbados.

But if, at the same time, a policy of wage restraint is being pursued by the same authorities who are following the policy of indirect taxation, you can see, Sir, that the average man in Barbados is constantly being placed between a rock and a hard place, as they say in North America, because on the one hand he is being required, more and more, to expend that little bit he gets in, and on the other hand he is being admonished not to seek to get in any more than the absolute minimum; and in some cases less than the absolute minimum.

It would seem to me that a policy of indirect taxation which may have been induced to some extent as a result of a Common External Tariff — one has to be scrupulously honest in these arguments — a Common External Tariff, which applies to the entire Caribbean

Community, does leave a Minister of Finance a limited amount of room for the acquisition of additional taxation. But as a result of that, it requires of a Minister of Finance that he be particularly prudent, and especially careful, as he applies such measures as he deems necessary for the acquisition of taxes. To constantly apply across the board and at the point where the multiplier effect is going to percolate to the masses — and I shall show how that is, Sir — a 2 per cent added on top of a Consumption Tax as an *ad valorem*, it is added at the beginning.

I have said in the past that the budgetary measures were inflationary, and I believe that in the Consumption Tax, the inflation can be best seen as it multiplies and permeates downward in the system. When you add a 2 per cent tax at the border, on top of a Consumption Tax — let us say that it is an item for \$100 — if that item attracted a tax of \$20 and then a 2 per cent is added on top of that, it is 2 per cent of \$120. It means, therefore, that the item itself, by the time it reaches to the fourth, fifth or sixth stages, as is the norm in Barbados, it has multiplied far in excess of the 2 per cent which has been added at the border. The *ad valorem* cost therefore has to be passed on, and it is passed on to the consumer.

If the taxation in the community is going on those items which the small man must necessarily acquire out of a relatively small salary or wage, then what you are saying is that you are adding an additional tax on top of that particular individual, which is in excess of the 2 per cent which is added at the border.

If you realise, Sir, that other taxes have also tended to be gross taxes, that is to say, taxes on the gross emoluments — those taxes have not been named taxes, they have been named levies — but the levies have also been applied on the gross salaries or wages of these individuals.

In essence, Mr. Speaker, when one totals the cumulative effect of these various bits — 2 per cent here, 1 per cent there, another 2 per cent there, 5 per cent somewhere else — and I will invite the honourable Minister of Finance to examine this — the cumulative effect of taxation that has been added, since 1980, is in excess of 12 per cent, when you add the multiplier effect on the wages of the individual.

1.00 p.m.

Now, Sir, if you add the inflation — I am not here talking about the rate of inflation — I heard the most ingenious argument put forward by the honourable Prime Minister, talking about the rate of inflation as opposed to the inflation rate. I have never heard that argument put in that way before in order to make a point.

Everybody knows that when one talks about inflation in a country one is usually talking about the

extent to which prices have moved up, taking a particular year as a base year. So even if one made a slip of the tongue, to counteract that argument by saying that the rate of inflation is to be distinguished from the inflation rate, is nothing short of sophistry. That is another matter.

The point is that if you add inflation to the cumulative effect of all these taxes added to the gross figure, both in terms of importation and in terms of salaries and wages, you begin to realise that there is a downward pressure that is being felt by the base of the society. And that is bound to be felt, even if it is applied to the top of the pyramid, because, traditionally, in a pyramid, all the pressures felt at the top have been forced downwards.

And so, you are bound to have a diminution in the quality of life of the ordinary masses. The ordinary man in the society is bound to have a diminution in his quality of life because he is getting to do less, not with more, but with less. He is getting less actual money in his pockets and he is required to spend more for less items.

I give you another example of how this attitude has been exemplified in the fiscal policy of this Government. Sir, at a time

Mr. SPEAKER: You will give another example without repeating yourself again.

Mr. B. M. TAITT: If Your Honour wishes. Mr. Speaker, with the greatest respect, I draw to your attention that the examination of an economic phenomenon could possibly result in repetition. It is not necessarily the same point being repeated.

Mr. SPEAKER: Provided it is not contrary to the Rules of this Honourable House, that is the only concern.

Mr. B. M. TAITT: Take the example of the motor car. Now we are going to have a Consumption Tax increase, or a Road Tax as it is called; but it is a tax by another name — the Road Tax is a Consumption Tax. Now we are going to have an increase in the Consumption Tax for petrol for motor cars. It would be a fallacy if it is assumed that the motor car is owned by those who operate at the top of the society. In Barbados, if one examines who owns a motor car now, if one examines the aspirations of those who are, shall we call them, in the second half of the middle class, and those who are in the lower socio-economic groupings, who aspire towards a better life; they aspire towards owning a motor car.

Mr. Speaker, we have heard in this Chamber that there are some 30 000 vehicles in Barbados. And a close examination of the ownership patterns of motor cars in this country will show that it is no longer true that only those at the top of the pyramid are the owners of motor cars.

If the policy is to drive people away from owning motor cars, then it is a correct policy; if that is the policy. But you cannot say on the one hand that you are aiming towards improvement of the society, you cannot say that you are aiming towards improving the quality of life, you cannot accept that owning a motor car is seen as one of the rungs, upwards, on the ladder towards social mobility, and then at the same time institute a policy which is determined to blunt the very aspirations which you are talking about.

Let us examine who are those who own motor cars. There was a time when the people who go around selling fish and vegetables used to do so by way of donkey cart. Nowadays, in Barbados, it is true that you can see people going around selling fish and vegetables in open pick-ups. When you look at the people who are working in the Civil Service, you will find that the length of the line of those who own motor cars goes well below the middle line in the Service proper — that is to say, a number of people in the lower echelons of the Civil Service own motor cars. When you look at, say, the drivers and conductors — and I do not think anyone would be willing to assert that they do not fall into the category of the lower socio-economic groupings — you will find a substantial number of them own motor cars. When you look at the teachers in the society — and no one would insist that teachers are overpaid — you will find that a substantial number of them own motor cars. When you look at the people who work in commerce in Bridgetown, you will find that whether they are journalists, whether they are cashiers; they all own motor cars.

I am making the point that the owning of a motor car in the society is no longer a luxury. It falls into, and forms part of, the productive sector of the society.

It is fine to use the taxing rod for conservation. It has been demonstrated, however, that there is an absolute limit, and this can be seen in a simple economic model, to what extent the taxing of petrol will stop a person from travelling from point "A" to point "B". If a man travels 750 miles in the course of his work, there is nothing he can do to prevent himself from travelling that 750 miles. You may preclude his travelling the additional 200 miles for pleasure, but the 750 miles would still be the core travel which he has to do.

When, therefore, your taxation policies impinge on that core travel of the individual, and when it can be seen that that is applied to a substantial sector of the productive areas of the society, and the productive population of the society, I submit that the policies, however well intentioned, are multiplying a negative effect, which is opposite to the effect which the policies appear designed to achieve.

The multiplier effect, Mr. Speaker, in terms of transportation can, of course, be applied to the question of travel as a whole. We have heard the honourable gentleman suggesting that an economic price for bus fares was one dollar. If the economic price for bus fares was one dollar before the imposition of additional taxes on petrol, it stands to reason that the economic price for bus fares must be more than one dollar. It stands to reason further, therefore, that it will not be long before the same argument of cost will be used to increase the bus fares further and put more pressure on the mass of people whom we are discussing.

When we look at the ground transportation for one of the productive sectors of the community, that is to say, tourism. It is only a matter of time now before those who own taxis find their way, into whichever Ministry is responsible, to negotiate and discuss the cost of running their particular vehicles, and the need, therefore, for an increase in the fares.

When one looks at agriculture itself, except in the case of the fishing boats we just heard about, we find that the policy of allowing diesel-using vehicles a certain advantage has now been wiped away and they now attract a substantial Consumption Tax. The result would be, therefore, that both in the productive sector of tourism and in the productive sector of agriculture, including fishing, we are going to have again a multiplier effect of the indirect taxation spreading its wings, or spreading its terror, throughout the base of the economy itself.
1.10 p.m.

Mr. Speaker, one cannot merely get up and criticize the policies for the sake of criticizing them. One is suggesting to the honourable Minister, and the Government, that there is a point at which the efforts of the multiplier must be examined, and must be examined in sufficient detail that one can see where diminishing returns will not flow from policies which are designed to stimulate an economy.

I am contending that the imposition of indirect taxation in this economy that has been structured the way it has been over the last 25 years — that an indiscriminate or too broad implementation of an indirect taxation policy, will do the opposite of what the taxation policy is designed or is claimed to be designed to do.

It may very well be, as we have contended from this side in the past, that the Government is so hamstrung in its revenue earnings that it has no alternative but to follow these policies which are themselves harmful. In those circumstances, the Government must admit a certain failure in its fiscal policy, and as a result admit to the requirement to restructure, or to re-examine with a view to restructuring the economy, so as to bring in

the new approach of indirect taxation in which there will have to be a turning upside-down of the pyramid to a certain extent.

You will have to raise the base of the pyramid to such a level — that is to say, Mr. Speaker, you will have to bring the minimum wages, whether those minimum wages fall naturally or whether they be legislated — you will have to bring the minimum wages up to a level where indirect taxation cannot have the effect which I have just outlined.

That is the situation in the Bahamas. That is the situation in Bermuda. That is the situation wherever an indirect taxation policy has been followed as the main thrust in the taxation policy. And I submit that in my view it is not in the interest of Barbados, having said that that is what will have to be done, to have an indirect taxation policy as the main thrust of the financial policy of a country such as ours.

We have got, as has been said before, to improve and increase the productive capacity of the country. We have therefore to make it possible for those who are engaged in the three main areas of activity in the country to be able to stimulate the economy. I am saying that a relief of Consumption Tax would generate more activity in the sectors because those persons who would find the money in their pockets, who do not now find money in their pockets through the Income Tax route — they cannot find money in their pockets through the Income Tax route if they have to expend that money on a daily basis as a result of the indirect taxation policy — cannot now create the necessary demand to get the manufacturing sector going.

I go further, Sir. These Consumption Taxes, together with the Stamp Duty, will impinge directly on the manufacturing sector because it is my understanding that the 2 per cent, for example, will apply across the board, and it will take into its ambit those who hitherto escaped when their raw material for manufacturing was involved.

You will recall, Mr. Speaker, that on the last occasion, in the 1980 law itself, the manufacturing sector was included into indirect taxation bin for the first time, or at least for the first time on such a wide scale.

You will also recall, Sir, that there was a tremendous amount of confusion between the manufacturers in the country and the Customs Department as to the application of the indirect taxation, that is to say, the Consumption Tax. And I think I can make bold to say that up to now that has not been settled satisfactorily so far as the manufacturers are concerned, although the Customs Department should be lauded. The Customs Department should be praised for the fact that they were able to come up with a formula the terms of which were

within the four corners of the Minister's intention, which permitted them to at least collect Consumption Taxes.

Mr. Speaker, if you in recent time ordered a manufacturer, for example, to put up wrought iron windows, or wrought iron bars at the windows, when he submits the bill, included in that submission is a Consumption Tax component. Whatever is done in this country today by way of manufacturing, when the final bill is presented to the consumer, there is a Consumption Tax element in it. And when you add on top of that now in your new Consumption Tax proposals, all you are doing is plunging precisely those areas which you claim, in all of your pronouncements, that you wish to get started again.

I am contending that the combination of factors of high interest rates, unequal or unavailable capital, the imposition of Consumption Tax at the point where it is now being imposed, and the additional 2 per cent which is now being imposed on top of that — I am contending that all of them together add up to a tightening, indeed an almost pushing out, of the manufacturing sector, one by one, bit by bit, piece by piece.

Mr. Speaker, unlike countries like the United States, and to a lesser extent Britain, where the manufacturing sector has been in the habit of storing its raw materials, having large inventories on which it can prey during the first six months of a tight year, Barbadian manufacturers have not been able, either by dint of their financial capacity or indeed of their practice, to have large inventories in this country. They have not been able so to do.

What it means, therefore, is that each time they bring in another load, or they have brought in for them — because that is another aspect of difficulty in manufacturing in Barbados except for the Enclaved industries — each time they have raw material brought in for them, there is a new element of tax which is added to that raw material. They in turn, when they can, have to include it in their costings. And what we have seen, therefore, is an addition to the inflation rate and the rate of inflation in the country, both the rate of inflation and the inflation rate in the country, to the extent that the policies which are adumbrated in these Bills which we are passing here now, can be described as negative policies.

I am saying that when you announce that you are giving an Income Tax allowance of an additional \$100 to a child, or you have captured all those persons who worked for \$115 or more only, and hence you have relieved those who used to be within the net of \$25 a week, a quite erroneous statement that has been repeated again and again from the Government benches — it is not true that anybody who worked for \$25 a week in 1976 paid any Income Tax. That is not correct, but it has been

pushed into the debate from time to time in this country — but if you have people at \$115 or below not paying Income Tax, and you have multiplied their cost a hundredfold or tenfold, it would have been better if you left their Income Tax intact, and you had allowed them the freedom, on a daily basis, to exercise better choice or more choice in their spending, because they would have at their disposal more disposable income.

1.20 p.m.

As it stands now, they are not going to be any better off in terms of the Income Tax allowances — Inflation will take care of that, and they have less disposable income and they have less prospects of getting disposable income, through negotiations by the trade unions, because the climate has been set for pressure in the area of negotiating.

I am contending finally then, that the economy will not move unless there is stimulus to have it moving, and that stimulus must be provided by creating demand. If you are not going to lower the interest rate, and if you are not going to allow an increase in emoluments which people receive, and then you are going to put a damper that is more damaging than any Sales Tax can be — you will recall, Mr. Speaker, that there was a great hue and cry about the Sales Tax implemented by the Democratic Labour Party for economic purposes, but the sales tax was applied to persons and they had a choice. When there is a Sales Tax you only pay the sales tax when you purchase. When, however, there is a Consumption Tax it is added to Peter and Paul. It falls like the rain — on the just and the unjust alike.

Rt. Hon. J. M. G. M. ADAMS: On a point of order, Sir. I really do not intend to pay any attention to this speech. It is surely misleading for the honourable Member to suggest that you had a choice of paying the Sales Tax but you have no choice to pay the Consumption Tax. It is all discretionary expenditure — you buy or you do not buy.

Mr. B. M. TAITT: Mr. Speaker, it is precisely that type of intervention which allows Barbadians to be confused about these matters. If the honourable gentleman.....

Mr. SPEAKER: Just repeat that please.

Mr. B. M. TAITT: I said that it is precisely that type of intervention which allows Barbadians to be confused about these matters.

Mr. SPEAKER: Proceed.

Mr. B. M. TAITT: Thank you. The fact is, Sir, that one makes the assumption that the Rt. Hon. gentleman

who just got up to intervene, and the other persons who hear such a statement, understand enough basic economics that it is not necessary to spell it out A, B, C to them, like the alphabet. Since the honourable gentleman is asking me to do that, I can happily do it for him. The fact is that a Sales Tax is added on at the terminal point of the particular item. When you go to purchase something in New York City, when you purchase whatever attracts the Sales Tax, it is added at that point. The whole gravamen of my statement had to do with the multiplier effect. I am contending that the multiplier effect on a 2 per cent that is added *ad valorem* applies across the board, and hence the statement that rain falls on the just and unjust alike. Everyone who has done Economics 1 in any institution understands that, and I therefore contend that for the Prime Minister to pretend that he does not understand that mystifies me.

The fact is that a Sales Tax does have an element of choice, because you only pay the Sales Tax when you purchase. When you have a Consumption Tax, it is applied as soon as the item arrives in the country, and — I crave your indulgence if it seems that I am repeating myself but you have to say 'multiplier' each time — it finds itself multiplying through the transactions until it reaches the point where you purchase. But whether you purchase it or not, and you form part of the economy, you help to pay for it through the *ad valorem* tax.

Mr. Speaker, I do not think it is necessary for me to proceed along that line any more, except to finish the thesis I was making, that where in society you pressure those persons who should create the demand, and where you are making no provisions for an infusion of capital into the productive sectors, then, Mr. Speaker, there is going to be a continued diminution of demand. And if there is such diminution of demand, there is no way that you can get an economy that has started going backwards to pick up its heels and go forward.

I am saying that these Consumption Taxes, which we are now dealing, as simple as they may seem are much more devastating in terms of the total economic situation in Barbados than immediately meets the eye.

I am calling on the Government to review its incidence of Consumption Tax and Stamp Duty.

Mr. SPEAKER: Stamp Duty is not before this Honourable House.

Mr. B. M. TAITT: The new Stamp Duty, Sir. I am not discussing the new Stamp Duties. I am discussing Stamp Duty as a policy, Sir.

Mr. SPEAKER: I knew you would say so. But the Chair says you are anticipating.

Mr. B. M. TAITT: Mr. Speaker, I apologise to the Chair, Sir. I am saying that the incidence of Consumption Tax and similar taxes, if the Minister does not work out a model, if he is not in a position to find the point at which his policies will create a diminishing rate, then he is in fact creating a monster, which is bound to rise up, some time during the next eighteen months, by way of a further diminution in the total amount of revenue per capita that is recovered. It is bound to happen, because as the demand contracts, Mr. Speaker, precisely the effect which we are seeking will not occur.

I hope, Sir, that putting these few observations on this particular Bill would preclude one having to make similar inputs with regard to another Bill which will come before this chamber. And one hopes that the Government can recognize that we on this side are primarily interested in seeing this economy moving again. It cannot be in our interest to be saddled with the kind of National Debt and other costs in the community, to see recession, and, Mr. Speaker, to see the continuing retrenchment of persons.

Our best resource is not being utilized in the manner in which we expect it to be utilized. When one reads continuously, day after day, Sir, that the purchasing power which those persons who are working, and who are now being laid off, will not be available in the economy, one becomes concerned that the objectives are not being reached.

The Government will have to find other solutions to these problems — it cannot merely go on taking off a little piece every two months by way of a 2 per cent levy or 2 per cent tax or a 2 per cent duty on top of those taxes.

Mr. Speaker, for what it is worth that is my contribution on this Bill.
1.30 p.m.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, there is one area that the honourable Member spoke of in relation to the petroleum taxes, which I hasten to point out to the Hon. House that an examination of the incidence of taxation and revenue collection in relation to gasoline taxes, would reveal that because of the deliberate policy decision of Government, there has been a greater use of diesel in Barbados in the tourist industry than hitherto.

Up to 1976 this industry was largely serviced by gasoline units. As part of our conservation programme, we were advised that it was in the interest of the Government to promote the use of diesel within the industry as the transportation fuel because it was being clearly determined in other parts of the world that diesel was a more efficient fuel to use in that type of transportation.

Now the Government went further. We set out a policy that over a period of five to ten years, over a period of ten years, duty was removed, completely, on *bona fide* taxis which were operating in Barbados. So it is possible for a taxi driver to qualify to get duty free entry for a new diesel vehicle for use in the tourist industry.

But we did not stop there. We also, Mr. Speaker, deliberately changed the law, under the Road Traffic Bill, to permit a taxi to carry as many as 10 people. That also had an impact. So the fuel consumption of taxis has gone down again. Now faced with that evidence, I would like to see, even with the small imposition on diesel fuel, any taxi association in Barbados which could satisfy the Ministry of Transport that their costs have gone up. I would like to see that. Their costs have up, but now the same vehicles that formerly could only carry five can carry 10, the new type of vehicle. It can carry ten people. As for the coaches, we allowed that they can carry 24 people. So a whole revolution has taken place in the transportation within the tourist sector in Barbados.

Of course, an examination will demonstrate and prove that the new diesels, Nissan diesels, carrying ten people, are being effective. This morning, Sir, I saw something that pleased me very greatly. I believe there are three cruise ships in the harbour today, and I saw no less than 60 to 80 vehicles lined up along the Deep Water Harbour. They were taxis. But what were they? They were the ten-seaters operating. The 10-seaters. And the honourable Member for Christ Church West Central, I know he would be doubly pleased to know that there was a very large number of blue and white ones too.

But go and ask the people who run the blue and white company, the co-operative, and they will tell you, because they came to me, when we first came in, and they said that they had been battling with the previous Administration for a number of years to allow them to bring in these 10-seater vehicles. So we did that.

What you are seeing now is that a vehicle, which is a diesel vehicle, is carrying a greater number of people using the diesel fuel and that was cheaper even under the prices that the honourable Member talked about when they were using gasoline. So I have no fear about that part.

The honourable Member also mentioned one other area. It is the question of manufacturing. I am not sure that the honourable Member appreciates that there is a specific exemption within these proposals for fiscal incentive industries and for Enclaved industries. There are different — one is a pure export and in the case of the other, you are permitted to sell within Barbados. The 2 per cent does not apply to those industries. That was specifically said in the Budget Speech.

Now, Sir, the 2 per cent will apply, as I understand it, to the other industries which have what is called the Customs Tariff Duty Exemption, because they are exempted from duty but not from the entry fee.

We also went further. It is necessary sometimes, Mr. Speaker, to look at the cumulative measures that this Government has done for industry in Barbados. I am sure that the honourable Member forgot that the Industrial Development Corporation, in conjunction with the Department of Customs and a representative of the Ministry of Finance, have implemented a scheme where small manufacturers in Barbados are allowed to bring in their raw materials free of duty, provided that they comply with the regulations as set out by the Ministry of Finance and Customs for monitoring.

We introduced that scheme. So the duty that they formerly paid under the Democratic Labour Party has been removed, and that has acted as a great stimulus to a large number of small people, particularly in the garment industry, who could not qualify for the general duty free exemptions because their minimum employment had to be 20. So we, removed all of that.

The other point that the honourable Member made — but I do not think that it is generally appreciated in Barbados — is this, that under the Common External Tariff Agreement we are tied; there is very little scope. He conceded that point. So if you look at all of the patterns of budgets within the area of CARICOM, you will see that a number of Governments — some were mentioned in the Prime Minister's speech — are trying to find a legitimate alternative way to effectuate an increase in revenue at the port of entry, and this Stamp Duty device has been adopted by others. So that is another factor one must take into account.

But the most amazing thing is that despite the argument about the shift to indirect taxation, the proportion of revenue collected by Customs and Excise is still less than the Income Tax collections. It is still less, I am reliably informed.

I would like to see less taxation in Barbados but we know it is easier to administer a tax regime at the point of entry of goods than it is to get people to pay Income Tax in Barbados. I would like to know, I would like some help from the other side, everybody would like some help from everybody in Barbados about how to get at the tax evaders in Barbados. There are many, they are legion, there is a large number of tax evaders, regrettably, Sir, among the self-employed class. If we could get at them and let them pay their legitimate tax, it would be possible for some of the general level of taxation to be reduced.

1.40 p.m.

I also dispute the fact that the Consumption Taxes in Barbados cannot have the effect, when added to the duty, of stimulating local economic activity. I believe that the agricultural industry does get an additional measure of protection for the products that they produce in Barbados, because the Stamp Duty that is imposed on imports will not be imposed on the products that are produced in Barbados.

Let us look at some of the comments we have had. Let us not forget that the meat producers and the milk producers in Barbados have been advocating higher farm gate prices. I want to know what is the attitude of the Democratic Labour Party in respect of that. You must look at this thing as a whole. To the extent that an importer brings in an item, which is capable of being produced in agriculture in Barbados, the 2 per cent will operate as protection for the local producer. He has 2 per cent more — he is at an advantage. That is a very important point.

Now, Sir, on the question of fuel, this does not apply to fishing boats. I think there is some misunderstanding. No increase in taxes has been put on that type of diesel which is used in the fishing industry. I see some comments to that effect. It is not correct to say that there has been a tax put on the diesel for the fishing industry. The budget made that specifically clear. The Order implementing the petroleum increase in price also makes that abundantly clear, so I do not think that we should try to mislead people in that respect.

I believe that others will speak on this general subject of indirect taxation versus direct taxation, but I say this: I know of no country in the Caribbean which had its historical origin similar to ours, which has successfully done what the Bahamas, Bermuda and the Caymans did. They never had a large mass of population in those countries, they were never sugar growing islands. They never had a large mass of population working in agriculture and had to go through the problems that we in the sugar growing islands had to go through, namely, the reduction in the numbers of the people in the industry, and finding alternate employment. The Bahamas did not have it, Bermuda did not have it, the Caymans never had it.

Antigua is trying. But it is a myth to say that Income Tax is not payable in Antigua today. The Company Tax is still there and they have a multiplicity of other devices to perpetuate the same objective, particularly if you are not what is called a believer.

So it is quite easy for us to point to the examples of the Bahamas, Bermuda and others, but we must remember that they did not have to go through the restructuring of the economy to provide employment opportunities for that large number of people who were brought here to work in agriculture.

Mr. B. M. TAITT: On a point of elucidation, if the honourable Member will give way. I believe the honourable Member might have missed the gravamen of the point I was making. The point I was making is precisely that those three territories — in fact, I named only two, Bermuda and the Bahamas — are of a different economic base, and therefore we ought not to try to emulate them by using indirect taxation. That is the gravamen of my speech, Sir.

Hon. H. B. ST. JOHN: I take the point the honourable Member was making, but the truth of the matter is that we have gone through all this exercise before. I only rose to speak in the specific areas that I thought wrong impressions could have been given, in respect of the cost, and what the Government has done in relation to transportation in tourism, and in relation to manufacturing.

Dr. R. C. HAYNES: Mr. Speaker, I rise just to make a very few observations on the Second Reading of this Bill. I do not propose to go through what has been exhaustively done by me only a few days ago.

However, there can be no doubt that the incidence of Consumption Taxes in Barbados has contributed considerably to an increase in the cost of living in this country, and has certainly placed the burden of taxation, when taken in conjunction with the levies on insurable earnings, very firmly on the shoulders of those least able to bear that tax burden. I believe that honourable Members would be interested to know the insight....

Mr. SPEAKER: Please, please, in your interest — I speak to the honourable Member for St. Michael South Central — in your own interest, address the Chair in the same manner as the honourable Member for St. Michael West and the honourable Deputy Prime Minister. Do not, I warn you, do not read your speeches, please.

Dr. R. C. HAYNES: There is nothing here to read.

Mr. SPEAKER: Please, hear me. Do not argue. I am only warning the honourable Member. The honourable Member for St. Michael West rose and made a delivery, and he would have carried on until just now, I believe, as Parliament would have him. You do the same. If not, I will have to stop you. Who likes it, likes it; who does not, does not. The Chair will rule.

Mr. L. E. SANDIFORD: I rise on a point of order, Mr. Speaker. The Member for St. Michael South Central, as a member of the Opposition, is making his contribution to this debate. I am sitting beside the honourable Member. There is no speech over here that he is reading, and I think that as an honourable Member, he will not set out to deliberately break or breach the Rules of this House.

1.50 p.m.

In cases where you may justifiably believe that he is reading a speech, I believe you are in duty bound, as upholding the Rules of this House, to ensure that such does not happen.

But in this case no speech is being read, and I would submit, Mr. Speaker, that the point you are making does not apply, and I think therefore that the honourable Member should be permitted, not only to continue his speech, but that you should acknowledge that the point you are making in relation to the Standing Orders and reading is invalid.

Mr. SPEAKER: Now the honourable Member for St. Michael South will please withdraw his remarks immediately. If he wants to challenge anything from the Chair, he must learn how to do this. The honourable Member for St. Michael South must withdraw his remarks.

Mr. L. E. SANDIFORD: I am saying that the honourable Member for St. Michael South Central is not reading a speech, and we here on the Opposition have rights in here. He is not reading any speech.

Mr. SPEAKER: The honourable Member must withdraw his remarks or withdraw himself from this Honourable House for the remainder of today's sitting. He must withdraw his remarks.

Mr. L. E. SANDIFORD: Mr. Speaker, if you point out to me which remark I must withdraw. You have clearly said that the honourable Member is reading his speech and he is not reading his speech. Now why must I withdraw and you do not have to withdraw what you have said? This is a democracy we are talking about.

Hon. L. S. CRAIG: Sir, I think I know the Acting Leader of the Opposition well enough. I think he would appreciate that the word "invalid" is really an insult to the Chair and I have no doubt in my mind that that is what he knows the Speaker is asking him to withdraw. This debate need not get into this position.

Mr. SPEAKER: I cannot hear any other honourable Member. Please!

Hon. L. S. CRAIG: Withdraw the word "invalid" and let us proceed.

Mr. SPEAKER: I have called on the honourable Member to withdraw his remarks. I cannot entertain any other honourable Member. For the last time I ask the honourable Member for St. Michael South.....

Mr. L. E. SANDIFORD: I withdraw the word "invalid", Mr. Speaker.

Mr. SPEAKER: I never accused the honourable Member of reading his speech. I warned the honourable Member to address the House in the same manner as the honourable Member for St. Michael West did, and as the Hon. Deputy Prime Minister. They did so, and I said the honourable Member for St. Michael South Central would have gone on addressing the House until this very moment, and I warned him with respect to his notes, and I saw the extent to which the honourable Member was familiarising himself with his notes, and no other honourable Member need do this. I appreciate what the honourable Member for St. Michael South had to say, that he does not believe he would do it wilfully or words to that effect.

The honourable Member for St. Michael South Central may continue.

SUSPENSION OF SITTING

Hon. L. S. CRAIG: Mr. Speaker, I beg to move that this sitting be suspended until 2.45 p.m. today.

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

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

On Resumption

Mr. SPEAKER: This sitting is now resumed. Government Business is the instant order of the day. When the suspension was taken, the honourable Member for St. Michael South Central was addressing the Chair. He may do so now if he so desires.

Dr. R. C. HAYNES: Mr. Speaker, when I rose to address myself to the matter of the Consumption Taxes, I stated that I wished to make a few brief comments. I had no speech to read since I prepared no speech.

Mr. SPEAKER: Please, please, please.

Dr. R. C. HAYNES: And I will continue with the few comments that I intended to make. The intrinsic regressive nature of Consumption Taxes is accepted by all. The fact that these taxes charged as there are, on the C.I.F. and duty of materials coming into Barbados, mean that as they go through the distribution process of Barbados, they inevitably increase the cost of living to the entire community. And therefore the impact of such increases must fall most heavily on those who spend the greater proportion of their incomes on consumption, that is, those with the smaller disposable incomes, which means the poor people within our community.

Having established those two principles, I would wish to quantitate the levels of Consumption Taxes and the changes that have taken place since 1976-1977. I have made a note of the Consumption Taxes paid into the Treasury of Barbados in 1976-77 and the note indicates that it was \$11.9 million.

In 1980/81 there was an estimate of \$27 million appearing in the Estimates. Nevertheless, following the Budgetary Proposals, that tax yielded somewhere in the region of \$56 million and in this Financial Year, whether it includes or excludes the impositions in the Budgetary Proposals, there is an estimate that it will yield \$63.5 million.

Therefore, those figures are a clear indication that there has been a tremendous increase in the burden of Consumption Taxes on the people of this community. It is therefore necessary for us to seriously examine whether or not this is a most appropriate form of taxation in a society which, from time to time, has to put the breaks on consumption and, indeed, where one of the main thrusts of Government's monetary and fiscal policy at the moment is to try and reduce the level of consumption within the society because of its relationship with the high level of imports and its relationship with the erosion of the foreign exchange earned by other sectors.

In other words, what I am trying to say is that if you try to tie your tax base so closely to Consumption Taxes and then you find that you are in a situation where you have to implement measures to reduce consumption, you therefore reduce your own tax base; and then you are forced into a situation where you have to introduce other forms of Consumption Taxes, either by widening the base, that is, you include more items within the net of the Consumption Taxes, or you increase the per cent level on which the Consumption Taxes are based.

The impact of those Consumption Taxes, Sir, have been looked at in relation to taxis. I do not intend to traverse that ground at the moment, except to say that there is considerable concern among the taxi drivers as to their fate in respect of tax impositions since last year. But I think that it is equally important to look at the impact of those Consumption Taxes on the private motorist and also on the private sector of transport, which is very important to the economic and social livelihood of this country.

At the present levels of Consumption Taxes, along with other impositions, namely, duties — I would not even refer to Stamp Duties. I will deal with that when the appropriate Bill comes although other persons have referred to it — this is what I would say. It would seem to me that the amount of tax that persons would be paying on motor cars might well range between 119.5

percent and 148 percent on new cars coming into Barbados.

Now that is a serious imposition when you recognise that you not only have to pay that level of taxation but also there are numerous impositions on motorists. And I believe that this tax measure, this serious increase of the Consumption Taxes on motorcars, is going to lead to a progressive destruction of the car stock of this country, because it means that people will be forced to bring in the very cheapest motorcars where they have to pay in some instances 100 percent on the taxes charged on the duty, 100 percent of the value, and the net effect of this is going to be that we are going to be landed in Barbados with cars whose lifespan is very short, whose demand for parts will be very high and in the long run, we will reach the point where the roads of Barbados, you will see a very serious rundown of motor cars and other vehicles in the private sector in Barbados.

I do not think that this is in the best interest of the country and I believe that the other measures introduced by Government, namely, the establishment of quotas, and also provisions in relation to credit for the purchase of such categories of vehicles, are probably more appropriate instruments than this very high level of taxation on the motorists.

I made a note, Sir, of a few points made in debate which I would like to refer to, and there are strictly notes made in debate by other Members. One point made, Sir, was that although there has been a shift from direct to indirect taxation, that this is not reflected in a significant rise in the revenue at Customs.

I am saying, Sir, that you do not have to look at the yield of revenue from Customs in order to quantitate the shift from direct to indirect taxation. You can see it clearly quantitated in respect of increases in Consumption Taxes, somewhere in the region of about \$54 million over a two or three year period. You can see it in the massive increases in Stamp Duties, which have always formed part of the Estimates since I have been in the House and before. There have been Stamp Duties which I believe amounted to some \$900 000 in 1975/76 and would be about \$4.7 million this year. I will not refer to the increases in Stamp Duties. I will have an opportunity to do so.

3.00 p.m.

You can see the shift to indirect taxation when you look at the numerous impositions over the years relating to charges made by various Government departments, increases in relation to Property Taxes, and in fact up until 1980 you could quantitate that shift as being one of 7.4 per cent which will probably increase this year to about 10 per cent and certainly over \$50 million.

So, Sir, I would like to add support to the positions taken by the honourable Member who spoke first on this side. I think he was correct in his analysis, not only on the nature of the imposition, but in questioning whether or not it is the direction in which we should be moving in tax policies in Barbados, because it is my belief that the errors and imbalances which we face are more on the expenditure side of Government and that increasing taxation, whether direct or indirect, is not going to help, and the indirect form of taxation in this case is likely to aggravate this situation, rather than make it any better.

Those are a few comments which I rose to make, comments arising out of the debate which I did not intend to participate in. But I thought that it would be desirable to reinforce the argument of my distinguished colleague by putting quantities on the extent of the shift and also the rebutting of the argument put forward by the Hon. Deputy Prime Minister in respect of the impact of these taxes on motorists.

That is the limit of my brief intervention, that was the intent of my brief intervention. And I have to take the position in this Honourable House that those rights guaranteed under the Constitution to me as an honourable Member shall not be abridged at any time, those rights which you yourself, Sir, have claimed on my behalf.....

Mr. SPEAKER: Is that something to do with this?

Dr. R. C. HAYNES: Yes, the right to speak on the Consumption Tax matter.

Mr. SPEAKER: Please, take your seat now.

Dr. R. C. HAYNES: On what grounds should I take my seat, Sir?

Mr. SPEAKER: Please take your seat now.

Dr. R. C. HAYNES: In what way have I offended you, Mr. Speaker? I am not a little boy in here and I have not offended the House in any way. I have stated the reasons why I wish to speak on this matter, and the freedom to speak.

Mr. SPEAKER: Does any other Member wish to make a contribution to this debate?

Dr. R. C. HAYNES: Mr. Speaker, I have not completed my contribution.

Mr. SPEAKER: I would no longer hear from the Honourable Member for St. Michael South Central.

Dr. R. C. HAYNES: Mr. Speaker, as I was saying.....

Mr. SPEAKER: I will no longer hear from the honourable Member for St. Michael South Central.

Dr. R. C. HAYNES: It is a question of democracy. You all can remain silent if you wish.

Mr. SPEAKER: The honourable Member for St. Michael South.

Mr. L. E. SANDIFORD: Thank you, Mr. Speaker. I would like to make a very brief intervention in this debate speaking on the Consumption Tax (Amendment) Act, 1982.

From time to time, it is said that there is no difference between the Barbados Labour Party and the Democratic Labour Party, and that if there is any difference, it is between Tweedledee and Tweedledum. The same comments are made about the Conservative Party in Britain and the British Labour Party.

Of course, if we get behind the minutia of this particular measure which is before us, and all other related measures in the budgetary packages that have been placed before us, I think we can see emerging a clear distinction of philosophy and approach between the two parties in Barbados. There must, of course, be some similarities within a democratic form of government. We have to share the same basic beliefs in democratic principles and constitution. A change of government, human rights and so on.

But when you look at the fundamental approaches, we will see that it is clear, from this particular measure before us and other related measures, that the present government is placing considerable emphasis on indirect taxation as evident in this Consumption Tax (Amendment) Act, and the other amendments to the Consumption Tax Act which have gone before, and that this is in contradiction to the approach which the Democratic Labour Party advances, that emphasis should be placed on the direct taxes which are not regressive in their effect.

It is clear, as have been pointed out, and as academics and economists have pointed out that if you put on taxes which apply to the rich and the poor alike, that such taxes will have greater burden on the poorer classes than on those who are in the middle and upper classes. This does not say that those who are in the middle and other classes are not affected, but the poorer classes would have to carry a disproportionate share of this measure.

We say that the effect of this and other taxes is regressive. It bears heavily, or more heavily, on the poor than on the other sectors in the economy and this represents a clear distinction between the Barbados Labour Party's approach and the Democratic Labour Party's approach to the management of the public finances and monetary and fiscal policy in this economic policy in this country.

3.10 p.m.

Of course, there are economists who will tell you that this approach is a sound approach — the approach being followed by the present Government. Other economists may advocate a different approach, and one, in a democracy, and especially when it comes to matters relating to Budgetary Proposals, can honestly differ on the steps and measures which should be taken for the sound management of an economy.

But no one quarrels, let us say, with the great economist Keynes, because he was a liberal. He was a liberal politician but he was also one of the outstanding economists. No one attacked him because he was a liberal, or because his views were espoused by the liberals. No one attacks, let us say, the welfare economist, the social scientist in the United States, Senator Daniel Patrick Moneyham. I had a very interesting discussion with him in Cambridge, Massachusetts; at Harvard, when he was there. (Mr. B. M. TAITT: Hear you, Sandy!) But no one attacks him because of his particular views in relation to his politics.

So we have got to realise that when it comes to the Consumption Taxes and the effect of such taxes in this country, publicists, the economists and others in this country have a right, and even a duty, to speak out on these matters. And I do not think that the Government should attack young economists like Michael Howard simply because they have expressed their views and opinions which differ from the opinions of the Government. He is a young man of considerable intelligence....(Hon. Dr. R. L. CHELTENHAM: Inexperienced.) and we should not try to personalise the analysis of public affairs in this effect.

He has pointed out, and we are pointing out from this side that we believe that the effect and impact of this measure, and the other measures, overall, will be regressive, and it will bear down too heavily or more heavily on the poor, and we reject that approach to the management of the public finances of this country.

It is one thing to impose Consumption Taxes as part of a package to regulate approaches in a Common Market, or in some regional grouping or something like that. But it is an entirely different thing when such imposts become a major means of improving your revenues because the public finances have got into a state of disarray.

This warning, of course, was given to the Government. We consider that the measures set out in this particular Consumption Tax (Amendment) Act clearly fall into the category of imposts put on the people of Barbados in order to correct the imbalance between revenue and expenditure in this country. And we are registering our strongest protest against this approach to the management of the affairs of this country. We

believe it is not in the interest of the masses of people in this country and we will probably see the deleterious effects of this approach as we go farther along the road.

I wish to refer particularly to the question of the imposts on the taxi owners in this country. We believe that they are carrying a very heavy burden and they are complaining. They are complaining because what they have been required to pay over the years, since 1976, 1977, have been disproportionate, as far as imposts are concerned.

We would like the Government to reconsider this particular matter and to make it clear that they perform a very vital function in this economy, in an economy in which tourism represents one of the major sectors of the economy and when, as a result of Consumption Taxes and other taxes, they are required to pay heavy duties and make other kinds of payment, it naturally sends up the cost of their service and contributes in some way towards the designation of Barbados as being one — not one — being the most expensive tourist destination in the world.

This was said, not only once. I believe that within the last four weeks, it was again repeated — not by the original body which said it, but by another body in Britain. And we have to watch because it is all of these little imposts which tend to contribute to the overall impact of the policies and, of course, to the way in which the economy has tended to develop. No one cause, or one factor, but it is a combination, an accumulation, of various fiscal and monetary measures which have led us into the present situation.

I believe that around 1976 that the fee that was being paid must have been about \$65 or \$75, or something like that, but today, the maximum fee that they are being called upon to pay is something like \$750 and this is a considerable burden. And when we have the motor spirits being increased — it must have been about three or four times, probably about three times at least — that also, this kind of creeping increase, contributes to the effects to which I have been referring.

And I have been searching the Financial Statement and Budgetary Proposals — maybe I will not be able to find it — I will be glad if I can be corrected — but I do not quite find where it was in that speech that it was made clear that those who use fishing boats would not be subjected to the increase for diesel. To the best of my knowledge that was not made clear, if it was the intention.

But whether that is so or not, the fact is that those persons who purchase diesel taxis on the grounds that it would be more, not only fuel efficient, but that the diesel itself would be considerably cheaper than the

gasolene, now find that having taken that decision that the price of diesel itself has now been substantially increased.

As we go into the details on this particular measure, we may have more to say on it, but I think I just wanted to draw these very broad lines as far as philosophy and approach may be concerned, and also to make the point, and to stress, that we should be encouraging the free expression of views in this country, freely arrived at, and the right of public-spirited persons to express their views.

But if every time they come up and speak — this is not necessarily the far out left speaking now — if every time public spirited persons get up and speak they are bludgeoned and clobbered around the head, simply for expressing a different approach, an approach which may be sound, if that happens we may very well end up in that position which we were warned about by a very serious minded and tough minded Barbadian.

3.20 p.m.

I think it was back in 1979, where one solid, and as I said, tough minded Barbadian, Mr. Douglas Lynch, warned about fear in this country, because if every time we open our mouths we are attacked in this way, people may tend to shut up, they may tend to withhold their views. And public debate and public affairs in this country would be the worse, if persons believe that every time they put forward an opinion, formulate a position, that they are to be attacked in a personal way, and we protest against that kind of approach.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, since it does not appear as though anyone else is going to speak, I am going to reply to the debate. I had not intended to say a word until I heard the speech of the honourable Member for St. Michael South.

I have never known any politician upon whom responsibility has better sat than the honourable Member for St. Michael South. From the day that he was formally recognised as Deputy Leader of the Opposition, his parliamentary contributions, improved in standard, and now that the Leader of the Opposition is ill, and over an important period of parliamentary life, the leadership has fallen to the honourable Member.

His contributions on economics so far outweigh those of the honourable Member for St. Michael South Central as to put in the shade any conceivable argument which the honourable Member might have had — the honourable Member for St. Michael South Central — that appeared plausible.

His contributions in fluency so far outmatched those of the self-advertised chief orator of the House of Assembly, the honourable Member for St. Michael West,

as to make him realise that style is as nothing compared to content, and indeed his contributions and decency set a model which the Democratic Labour Party in the previous House completely lacked.

That, however, Mr. Speaker, is not to say that his arguments are right, when he puts them forward, or are well founded, however fluent, however polite, tactful, decent or whatever. And in a way, it is regrettable that he should make the only speech worth considering from that side today, and yet the three points he makes are all wrong.

The first point he made related to Mr. Michael Howard. I am not aware of any personal attack on Mr. Michael Howard. But even if there was, the burden of Mr. Howard having to be discussed in here largely rests upon the shoulders of the approach which he has adopted, which has caused honourable Members to believe that his economic views have been put at the service of his political opinions; that his economic views owe more to his hostility to the Barbados Labour Party than to a sound assessment of economics.

When he was at the Central Bank I was aware of it. I remember that he used to send papers that he had written to me, and he sent me a paper in the course of which he attacked the Commonwealth Sugar Agreement back in the 1950's as having been destructive of Barbados' economy because it prevented adequate agricultural diversification in the country.

The essence of the Commonwealth Sugar Agreement was that it provided an export market for an agricultural crop, and therefore the crop could be grown all over Barbados in a large quantity with an assured market.

The reason why agricultural diversification in Barbados is hampered, is because all that we can grow, and would eat if we grew it, can be produced on one large plantation; all the vegetables, all the other agricultural crops. The market of Barbados is too small for massive diversification. You therefore need an export market in order to diversify on a commercial scale.

And I formed the impression that Mr. Howard was so hostile, due perhaps to radical political opinions of one sort or another, and he so hated the sugar planters, that he wrote down what was an economic nonsense and submitted it for the attention of the Minister of Finance, because he wanted to say something against the sugar industry. He started out from the point of view that the sugar industry is wrong and wanted to find an economic argument to attack its contribution to the island.

Now my quarrel with Mr. Howard is that I think he starts out from the point of view that the Barbados Labour Party is wrong and should be destroyed, and he

tries to find an economic argument to give an easy tool to the honourable Member for St. Michael South Central to put up some plausible case against the Government. Here you have it in a nutshell.

The honourable Member is saying that you must not attack a young man. That point is well taken. The first thing that my wife commented to me was that if Howard is wrong he is wrong, but he is not necessarily wrong because he is young, or wet behind the ears.

Quite truthfully, a young man, however inexperienced, may produce a good theory, although I think economics is not an area where you would expect a junior lecturer at the university to achieve, by the mere exercise of thought, a solution, or to find a reason for an economic difficulty, where wiser, older and more practised than he have failed for a hundred years.

But I am not attacking Mr. Howard for his views. Since he has been defended so vehemently by a man whose sincerity is above question, the honourable member for St. Michael South, I will now give the honourable Member for St. Michael South my own reason, given sincerely. I do not trust Mr. Howard, I do not trust his opinions, I do not trust his economic views because I think they are the service of his opinions generally. So much for that.

The second point relates to direct against indirect taxation. The honourable Member has one of the vices of the political centre. Having no strong partisan convictions about which he could possibly feel really powerful — I mean, I do not think the honourable Member really considers that Barbados is badly governed under the Barbados Labour Party, nor do I believe that the honourable Member, whatever may be his reservations about the methods of the honourable Member for St. Michael South Central, and the destructive effect that he would have on public life, the divisive effect, I do not think he really feels that the Democratic Labour Party is incapable of controlling the honourable Member for St. Michael South Central so as to prevent him destroying the island — the honourable Member, therefore, finds himself in this situation of wondering whether his failure to capture the imagination of his party in the last few years, is due to a failure to seize extreme points and to find points of difference, and therefore he seeks to find a point of difference between the Barbados Labour Party and the Democratic Labour Party — that one party believes in indirect, and the other party believes in direct taxation.

3.30 p.m.

The honourable Member does not want any of us to go on a platform in the Bayland and say that his argument amounts to an argument that Income Tax should be higher and should not be reduced. But that is what his arguments do amount to. That is what he means

when he says he believes in direct taxation and says we are wrong to shift the burden on the indirect.

There is also, I think, a mistake in his grasp of the figures. What had happened, is that for a long time there was a fairly well accepted balance between the two. But, for reason or another, unprecedented inflation over a period of twelve years — in 1972 it was 8 per cent which was then unprecedented, twice what it ever had been before — caused Income Tax to become a greater and greater burden on the public, and the balance shifted, without a conscious act by a Government, away from indirect taxation to direct.

The balance shifted further when, in Barbados' case, there was a general fall in customs revenue following CARICOM. And if I remember correctly, from a peak of 60 per cent, collections of indirect taxation fell to a low of 40 per cent of Government revenue. At the same time, direct taxation went up.

And the honourable Member seems to have forgotten that direct taxation, under the Democratic Labour Party, meant that if you worked for \$25 a week in 1976, you were liable to pay Income Tax. If the honourable Member wants to return to that, he is welcome so to say. I hope the Leader of the Opposition would put him in the Senate after the election in which he put those arguments forward. I do not wish to return to that.

I am satisfied that when people say they are heavily taxed, they mean that they are paying a great sum in Income Tax. I am satisfied that whatever you say about Bermuda and the Bahamas, that there is more general satisfaction with the tax system in these two territories that do not have Income Tax than there is in Barbados itself.

I, personally, will say this, Mr. Speaker, — I believe that a country without Income Tax is a country whose tax system lacks equity. I accept, very fully, the need for some progressive taxation — apart, entirely, from the need for revenue.

I think that in Bermuda, a country with a per capita income equal to that of the United States, where there is no Income Tax, the country is unable to develop its health and educational services as fully as so rich a country should, precisely because their Government revenue is too small in relation to the GDP.

There are good sound arguments for Income Tax, but none of those arguments have I heard here today, Mr. Speaker. And I do not believe that they can apply in a country where when you earn \$US20 000 taxable income in a year, you have to pay 70 per cent of each new dollar that you earn at that level. That is too high taxation.

If the Democratic Labour Party wishes to take that as a division ground between the parties, and wishes to choose that and draw a battle line along the 70 per cent limit, I am glad to fight. I will be happy to fight. In my opinion, the Democratic Labour Party will have taken up residence in Dien Bien Phu, and will actually have sent arms and ammunition up to us on the surrounding hills.

The Consumption Taxes imposed in this budget are of the most modest character. We have increased taxes on cigarettes and on liquor. We have increased the taxes on liquor in such a way as to give further protection to rum and, incidentally, as it happens, to other locally produced spirits; because of the nature of the excise charges they are lower than the duty.

We have increased the taxes on cigarettes which are locally produced, and I am told that the tobacco companies, so far from passing on the increase to the public, are seriously considering absorbing a portion of the increase themselves, because of the difficulties of competition from CARICOM sources.

The Democratic Labour Party, if it is against profit, ought to be glad that the foreign tobacco companies are willing to take less profit and give up a part of it in Consumption Tax to the Government.

The other Consumption Taxes relate to small things, but they also have a protective input.

So I really do not think that these Consumption Taxes can justify the long speech made by the honourable Member for St. Michael West — who was too nervous and unsure of himself to talk properly in the televised debate, and now thinks he can make up for it by elaborating at length on this occasion — nor do I think that they justify anything that was said by the honourable Member for St. Michael South Central.

The final point, Mr. Speaker, relates to taxis. I think that it is time that the nature of the taxi business is fully analysed by us in Barbados. No tourist business in the world is intended to exist on taxis. Ground transportation for tourism is not taxi transportation, and it is because of a failure to understand this that the plight of the taxi-men strikes such a responsive chord.

Taxi business was once an easy business to get into in Barbados, because motor vehicles were cheap compared to investment opportunities in other businesses available to the small man. But Barbados does not have a city with great distances. And an enormous population waiting to take a taxi to a restaurant and back in the middle of the day, and as the number of motor cars increased in Barbados it was inevitable there would be less work for taxis.

No tourist expects to go to a country in this day and age and get about the country solely by means of taxis. If honourable Members have forgotten what it was like to live overseas, let me remind them. I will ask any honourable Member who has lived in London, if he ever stayed at home a morning and decided he was going to take a taxi to go to Westminster Abbey to view it. I ask any honourable Member who has ever visited New York as a tourist, if he assumed that the only way to get to Radio City from the depth of Brooklyn was to take a taxi.

It is simply not a concept that appeals to the tourists. And for this reason, this Government has given the most generous Consumption Tax exemptions ever given in the country to taximen, to enter into the coach business, in order to modernise our surface transportation for the tourist sector, and, at the same time, ensure that those who are losing business, namely, the taxi men, would be first beneficiaries of the modernisation.

It is ridiculous for anybody to talk about the burden of Consumption Taxes since 1976 on taxi men, when taximen and diplomats are the only people that can get duty free cars in Barbados. I have never heard such nonsense in my life.

I have a file here — I do not want to call the gentleman's name — in which he now has three old taxis that qualify, and he cannot get the three new duty free taxis because the garages are trying to string him out. He wants three of a particular sort and the garage only can get in one, and so on and so forth. They can get duty free taxis and that negates the entire argument of the honourable Member. That is all there is to it.

The greatest cost of running a car is not gasoline. The greatest cost of running a car is not oil or repairs. The greatest cost of running a car is depreciation, because when the car is old you want to be able to buy a new car. It is something that people who have motor cars should learn.

But the most fundamental economic fact of owning a motor car is that you must make sure that you have enough money to buy one when that wears out. And the essence of that is that we have reduced the depreciation element in the taxi man's budget, because by saying that after ten years you can get a duty free taxi, effectively we have allowed people who could not, in the ten years before we came to power, afford to buy a second taxi that is really what it is — the revenue has absorbed the unprovided for depreciation by giving them duty free taxis — 10-seater taxis.

3.40 p.m.

We changed the law so they could have 10-seater taxis so they can carry more people, and now they use

the 10-seater taxis as mini-buses, in fact. And they are proving perfectly well that if they reduce the fare to 60 cents that they can get all the passengers they want. But taxi-men are old fashioned, almost as old fashioned as the arguments of the honourable Member for St. Michael South, and they do not see that they are on a shrinking market.

The market is shrinking because Barbadians now have motorcars and do not need to hire taxis to go to funerals and other occasions, because the tourists who come here now in such large numbers that it is economic to provide large vehicles to give them the service transportation that they need. Also, we have a better bus service than we used to have so the tourists catch the buses.

So taxis are in a shrinking market because of the facts of economics, not because of the Barbados Labour Party which, whether they know it or not, has given them the greatest breaks ever.

And I think the Honourable Member's arguments are really quite misplaced on this account. Three cents on a litre of gasoline is as nothing compared to taking off the cost of duty and Consumption Tax on a taxi.

The money that a man saves when he buys a new taxi would keep that taxi in gasoline up to the year 1990. So honourable Members really would be quite wrong if they encourage taxi-men to believe that this is yet another nail in their coffin. They have to see the flowers, they have to see the red roses and not only the white lilies, Mr. Speaker.

Mr. Speaker, I beg to move that this Bill be now read a second time.

Hon. Dr. R. L. CHELTENHAM: Mr. Speaker, I beg to crave your indulgence in this matter, but the Honourable Prime Minister misread my position, Sir, when he indicated that no one else wanted to speak.

Mr. SPEAKER: I will not now misread it, so I will put the question.

The question that the Bill be now read a second time was put and resolved in the affirmative without division.

On the motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. L. S. CRAIG, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Rt. Hon. J. M. G. M. ADAMS: The honourable Member for Christ Church East will carry the Bill on through Committee. I have another commitment.

Mr. CHAIRMAN: The House is in Committee.

Clauses 1- 10 inclusive were called and passed.

On motion of Hon. Dr. R. L. CHELTENHAM, Mr. CHAIRMAN reported the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On separate motions of Hon. Dr. R. L. CHELTENHAM seconded by Mr. L. SISNETT, the Bill was read a third time and passed.
3.50 p.m.

BILL TO AMEND THE STAMP DUTY ACT, CAP. 91

The Fourth Order was called - to move the Second Reading of a Bill to amend the Stamp Duty Act, Cap. 91.

Hon. H. B. St. JOHN: Mr. Speaker, this Bill is to implement the proposals as set out in the budget. We have had a long debate on this and I believe in the last matter before this House some of the matters which were canvassed really were pertaining to this Bill.

I beg to move, Sir, that this Bill be now read a second time.

Mr. SPEAKER: The question is.....

Dr. R. C. HAYNES: Mr. Speaker, I have not had an opportunity to make any comments on this Bill which seeks to amend the Stamp Duty Act, Cap. 91 in order to give effect to the Budgetary Proposals of the Minister of Finance given in the House of Assembly on March 31, 1982, as stated Objectives and Reasons of this Bill.

The first thing I would like to do is to draw honourable Members' attention to the very steep rises in Stamp Duties which have been taking place in Barbados over the years. In 1976/77 Stamp Duties in Barbados - and under the appropriate Standing Order I make reference to my notes which clearly state the amounts - amounted to \$1.15 million and rose to \$4.7 million in 1981/82.

In this budget, Sir, referred to in this Bill, an amount of \$8.5 million is stated to be the income to be derived from the totality of this Bill. It is my contention, Sir, that represents a considerable underestimate of the amount of money which will be obtained from these measures. It is my belief, looking at the retained imports in Barbados, that the amount which will be subject to the 2 per cent tax will be not less than one billion dollars in 1982/83.

Even if you assume that there is no growth in the quantity of imports, then assuming for inflation in those

countries that we trade with and increases in prices, not only in respect of the cost at source, but also the cost of insurance and the cost of freight on which it will be charged, I think it is reasonable to assume that it will be a billion dollars or so that will be involved.

Now, Sir, this particular 2 per cent is passed "on every Bill of Entry, or set of entries other than those mentioned hereunder, passed on the importation of goods, or to pass goods out of bond for home consumption, on the C.I.F. value." So states the Bill. The main exemptions will be for the "Bill of Entry or set of entries relating to articles for use by the Government, Bill of Entry or set of entries relating to, or in which is included individual pieces of machinery or equipment having a C.I.F. value of \$100 000 or more."

Now, Sir, the other area of exemption would be "articles imported by an approved enterprise or an enclaved enterprise within the definition contained in the Fiscal Incentives Act or the Industrial Incentives Act or the Industrial Development (Export Industries) Act."

I do not speak to the total import bill. I am speaking purely to the retained imports and a casual glance at the growth of retained imports over the years, looking, for example, at the various statements of the Central Bank of Barbados, or if you look at the various Economic Reports, then you will see the figure will be somewhere in that region.

But it is important to understand that it is not only the 2 per cent on retained imports, with the exceptions quoted there, but there are a whole wide range of other charges involved in this Act. It relates, Sir, to various agreements, appraisements, bankers' cheques, Bills of Lading, customs, licences for marriage, licences for agreements on leases, and a whole wide range of other areas, including policies of insurance, life and fire, power of or letter of attorney or substitution, travellers cheques and so on.

There is quite a wide range of impositions in relation to Stamp Duties. But the one which I would like to deal with in principle is the 2 per cent on the amount of goods passing through the Harbour which should be seen in your projected levels of retained imports. It is difficult to be sure of the figure, but I think that \$20 million would be a much more reasonable figure, according to the calculations I have made, and according to all the advice I have had from those who deal with those matters.

Sir, this means that I underestimated the revenues in that budget by \$12 million when I said that it was \$62.5 million. The total revenue raised would be in the area of \$74 million, because there would be \$30 million

under the National Insurance Levies, which you would add on to the \$30 million quoted in the budget which makes it \$60 million, \$2.5 million in relationship to the water rates for water in Barbados and another \$12 million in relationship to the Stamp Duties. That is how I have arrived at the figure of \$74 million after careful thought on this matter over the week-end and after having proper advice available to me.

4.00 p.m.

Another serious matter, Mr. Speaker, is this: it is important to note that that 2 per cent will be charged on food, that 2 per cent will be charged on drugs, and that 2 per cent will be charged on every single essential item that is coming into this country because the exemptions would not apply to them. And I am appealing to the Government of Barbados from the Floor of this Honourable House that, in view of the many impositions, direct by way of levies, indirect by way of increases in Consumption Taxes, that when dealing with the question of Stamp Duties, that foods and medicines should be exempt from it.

I do not feel that in a situation of rising prices, in a situation where there is a shrill, if irrelevant, call for restraint in respect of wages and incomes in Barbados, that the Government, itself, should be placing an imposition of this kind on those people, whose net take-home pay would be seriously eroded by the measures imposed via Consumption Taxes, via levies which come right off the top, irrespective of their obligations, and now a further imposition affecting the very basic matters which would influence the cost of living of the most underprivileged in Barbados.

Not only would those basic things be affected by it, but the building industry, which is already under serious pressure because of rising costs, contributed significantly by various forms of taxation, would be even worsened — the cost factor in relation to building, the cost of repairs, the cost of home maintenance. No wonder when you drive around Barbados today you see the number of windows which are nailed up, strapped up, when normally those windows would have been repaired expeditiously in the past!

I think that this is a serious imposition, as serious as the other matters which we discussed today: that the amount to be raised will not be any \$8 million — it cannot be less than \$20 million — and I am asking the Government certainly to do their best to exempt those vital areas from the trauma of this imposition.

I have no further comment to make on this matter.

Hon. L. S. CRAIG: Mr. Speaker, Sir, I really had no plans of addressing this Honourable Chamber today.

I have heard, over the past eight months, almost one speech coming from the honourable Member for St. Michael South Central. I think he can sometimes...put it ...with a degree of calmness, on another occasion with some drama. What I have not been able to find out from the honourable Member on that side is if he would tell this Honourable House why we are in power? Why we are holding office? If he would tell us what are we to tax, so that we can pay teachers, so that we can pay the police, so that we can buy drugs for the hospital, so that we can subsidise the Transport Board, so that we can repair the roads, so that we can give old age pensioners a pension, so that we can build schools? Or if it is possible that the honourable Member can tell us if he can go out into the road and say, "Abra Cadabra" and some money comes down and run the country?

I am really sick and tired of hearing one story all the time. From the time there has been a Parliament in Barbados, and I believe in the entire world, Sir, wherever there is a Parliament and there are people, there must be some form of taxation to run the country. Today it is stamps bringing in too much money. Last week it was that one area was not giving enough. On one side you hear the Deputy Leader of the Opposition praising the Government. On the other side you hear they are critical of the Government.

I really would like to find out, I would like to have an appointment tomorrow morning at Delaware Clinic, not in my interest, in the interest of the people of Barbados, if the honourable gentleman on the other side, from St. Michael South Central, can write down the areas, just to write down the areas for me, so that I can give the Minister of Finance, so that the Minister of Finance will be able to take off all the taxes from everybody in Barbados — no Income Tax, no Consumption Tax, no Stamp Duties. I would like the honourable gentleman to tell me, what to do — not in my interest — in the interest of the people that he loves so much.

I am sick and tired. Sick and tired. I could not have envisaged that I could be in here today for over two and a half hours, I think, Mr. Speaker.....

Mr. SPEAKER: Are you looking for a prescription?

Hon. L. S. CRAIG: A prescription. Yes, Sir, a prescription, because I believe that if a doctor can diagnose a case, he should be able to prescribe the medicine for the patient, for the economy that is ill and I am just sick, Sir. I really could not have imagined that I would have spent this time in here today — not that I have not got the time, I could remain in here, it is no big thing with me — but to hear the same story.

I read the honourable gentleman's speech, the honourable Member for St. Michael South Central. Sir, it

is a political speech that he was making, but is adding some economics to it now, throwing out figures. It is the same one-armed bandits speech, it is the same speech about resign, the Government must resign — the same old cold soup warmed up. And, I told him, Sir, on this occasion, you present yourself to the public a little better than last time. That is what I would give him credit for.

It is \$20 million now, we are putting too much money on Stamp Duty so take off something off of food. Let me say, Mr. Speaker, any Prime Minister, whether on that side or on this side, any part of the world, likes power — what you are fighting for. The Minister of Finance of Barbados, I believe, wants to be Prime Minister of Barbados, for at least for a few more terms. Therefore, he should do everything within his power to make sure that he can relieve this country in which he lives in of whatever taxation; whatever measures there are at his disposal that he can use, to make sure that he can serve the country well, at all levels.

You cannot have any sound advice. I say this on the Floor of the House: the Government is in a better position to have better advice than the honourable Member for St. Michael South Central. Better advice!
4.10 p.m.

Do you know what this Bill is all about? This is part of the Budgetary Proposals and I am hearing the same story I heard last week. I consider that to be a time wasting exercise. I regret I have to say it, Mr. Speaker, and I know you would not allow me to waste the time of the House, but I personally consider it a time wasting effort.

The Member for St. Michael South Central will give it all the over kill, but I learnt in my insurance selling days that you should never over sell your client. You are trying to over sell yourself now, never mind that you have Clement Atlee to deal with. But do not over kill, you do not need a rock engine to kill the Member for St. Michael West he is half dead by now, he is limping. He has made his speech and he would like to make the same speech he made last week, and now you are going for the kill again. You do not over kill.

Sir, whatever the Budgetary Proposals are, they have my wholehearted support, because I listen to the public outside and I know that John Public out there expected both legs and both hands to be cut off. They expected bus fares to go up to \$5, gasoline should have been going to \$20 and they would be calling on the Government to resign.

The Minister of Finance produced a budget in keeping with troubled economies throughout the world. Suppose we had the troubles that Mrs. Thatcher has tonight. Do you know we are lucky? Think of the Jamaicans and the Trinidadians.

I heard a lot of nonsense today about people walking about hungry. Have you ever been to Rick's Supermarket, Super Centre or J.B.'s on a Friday evening? Do you know that while we are in here talking the supermarkets are turning around? The people are buying food to carry home, and they are not only from Barbados, people are coming from outside to shop here. Go to the airport and see the Guyanese catching planes to go home with bicycle tyres, inner tubes, toilet paper, soap and sugar.

We are fortunate. Stop wasting the time of the Government and your side. That is all you are doing, the people have rejected you.

You talk about the bunching of projects. I have your Manifesto here, and the Leader of the Opposition said that in early May he walked or he drove from St. Lucy in the north to Christ Church in the south, into St. Philip and then down to Bridgetown, with a camera — he did not have anything to do — taking pictures of your projects, he said, that you all had started.

Now, when we came into power we had to finish your projects, and then we had to carry out our programme, because if we did not carry out our programme we could not tell the electorate what we had done, how many houses we had built, how many schools.

Now that we have finished your projects and have carried out ours, we hear that we are bunching projects, and we are hearing this from some of the Members on the other side, like the honourable Member for St. Philip South. That is accelerating, not bunching. It is uniformity, accelerating your capital projects, not bunching. Do you think these projects are gooseberries?

I beg to give this Bill my wholehearted support, Mr. Speaker, and I sincerely hope that this will be the last I will hear, unless there is another economic crisis, as you put it. We will then have to send then for a task force, the Invincible, the people from the Falkland Islands to come down here and assist us.

Hon. Dr. R. L. CHELTENHAM: Mr. Speaker, in this brief contribution in support of the Bill before this Chamber, I just want to correct one or two mistaken impressions that arose from the speech of the honourable Member for St. Michael South Central.

We know that there are at least two limitations in his manner of presentation. He is, in the first place, a declamatory speaker, where in the circumstances there is no need to declaim; and secondly, he often loses his sense of proportion as he makes his presentations.

Here today he found himself speaking in very excessive language, of the Stamp Duty attracting \$1 billion

of activity. He said Stamp Duty will attract \$1 billion in goods passing through and as a result it will yield about \$20 million. I dare say he has his colleagues there now confused and the Press led astray.

Then he went on to read from the section of the Bill dealing with exemptions and he mentioned that intermediate goods for approved industries — that means, Sir, the goods, the materials, the raw materials and the spare parts and machinery brought in by the industries or the industrial estates — will be given fiscal incentives — and he did not appreciate that once you exempt the intermediate goods, in truth and in fact you could not get \$1 billion in goods attracting Stamp Duty.

That is an important point, Sir, because earlier in the day we were told by the honourable Member for St. Michael West, dealing with a related measure, the Consumption Tax Act, that the Government would be depressing activity in this country by not exempting the industries in the industrial estates. That is precisely what we have done in relation to the Stamp Duty Act. We have exempted intermediate goods, Sir, so that we are not putting any burden on a productive sector of the economy, namely the manufacturing sector.

Just let me make one further point in relation to intermediate goods and the fact that approved industries have not been attracting Consumption Tax, indirect tax, in relation to their raw materials and spare parts, because this is one of the fundamental reasons why the Democratic Labour Party Administration was forced to introduce the Sales Tax, and why, to some extent, this Administration was forced to put some increased emphasis on the Consumption Tax, indirect tax.

Two things happened in this country in the mid-seventies and before. First, as we introduced the CARICOM Treaty, we had to exempt a large number of items from Consumption Tax. Over one thousand items, you will recall, were exempted in 1974 under the Democratic Labour Party Administration. That meant that a considerable source of revenue was gone from the Government. That is the first thing. The second thing that happened, Mr. Speaker, was that as the industrialisation effort in Barbados gathered momentum and we approved more and more industries under the Fiscal Incentive legislation, it meant that more and more intermediate goods, raw material and spare parts, had, too, to be exempted.

As a result the Democratic Labour Party Administration was forced to find an alternative source of revenue in order to maintain the level of services in this country, and they settled for the Sales Tax, which was a very oppressive tax, because it was non-discriminatory.

Now, indirect tax is not necessarily oppressive; it is only oppressive when it does not discriminate. And that Sales Tax, if you will recall, Mr. Speaker, was on drugs, it was on food, it was on every conceivable thing at a time when, if you worked for \$25 a week you had to pay Income Tax. All essentials attracted a Sales Tax up to 1976.
4.20 p.m.

Mr. B. M. TAITT: Mr. Speaker, on a point of order. I believe the honourable Member in the course of his speech, in the momentum of his speech, made a statement which is misleading to this Honourable House. He said that there was a Sales Tax on drugs. The law was specific. This Honourable Chamber specifically excluded drugs from the Sales Tax. I believe the honourable Member would wish to correct that.

Hon. Dr. R. L. CHELTENHAM: I am advised, Mr. Speaker, that following the outcry of the population of this country, the Sales Tax was removed on drugs. But the initial position, when the tax was first imposed, was that it was on everything; drugs included. So that was the revised position of the Democratic Labour Party in relation to the Sales Tax.

Now, Mr. Speaker, the point I am making, and which the Rt. Hon. Prime Minister made a few minutes ago, is that Government was driven, almost imperceptibly, almost without it being a deliberate act of policy, into an increase in indirect taxation in this country. But at the same time, you have to earn, not \$25 a week, but up to \$115 and beyond, before you attract Income Tax.

The point has been made that the indirect taxation has been to heavily linked to the service sector. But the point that has got to be made in rebuttal of that is that the service sector has grown by 1978 dramatically in this country in the last fifteen years, and it was outside of the tax net for the most part. And so, the Government was losing a large source of revenue by not putting the service sector within the tax net. So that was very important, not only from the point of view of equity, but from the point of view of revenue creation, that the service sector be brought under the system of indirect taxation.

I just want to make one other point, Mr. Speaker. It has been said in here earlier that one of the big issues dividing the Democratic Labour Party from the Barbados Labour Party is that the Democratic Labour Party emphasised direct taxation which was progressive and that we in the Barbados Labour Party emphasised indirect taxation which is regressive.

Mr. Speaker, that position can only be maintained if taxation is seen, not in the overall context of fiscal policy, but in the narrow context of whether or not it is

an instrument of social engineering, and whether it is re-distributional or anti-distributional.

If taxation is seen in the broader context as to whether or not it is used to stabilise the economy, to generate employment, to generate foreign exchange, it will be seen that the Barbados Labour Party Administration has been far more successful in its policy of taxation than the Democratic Labour Party.

The Democratic Labour Party's policy — and I want to emphasise this — may be seen as conservative in so far as it failed to use, between 1971 and 1976 in particular, concessionary aid funds in order to stabilise the economy to create employment, and in order to generate foreign exchange for this country. And that is what the Barbados Labour Party's fiscal policy did since 1976.

One or two additional points must be made, Mr. Speaker. The question as to whether or not you have shifted your emphasis from direct taxation to indirect has got to do with economic efficiency. We all know that the direct taxation system in this country had reached the point where it was crippling and counter-productive. And the overall aim of your direct taxation policy is to make sure that there is economic efficiency, both at the personal level and the corporate level. And there can be no doubt, Mr. Speaker, that we in Barbados have seen increased economic efficiency, not only at the personal level, but also at the corporate level, since the Barbados Labour Party's Administration has come into office.

I just want to say, Mr. Speaker, that the honourable Member for St. Michael South Central says that he has taken advice over the weekend, and he believes that the tax yield from the Stamp Duty, and from all the other taxes imposed, will provide far more than the Government anticipated. He has not been once or twice or thrice ill-advised, and I can only say that once again he has been ill-advised.

It is difficult to predict, with mathematical certainty, precisely how much revenue a tax will yield, because in predicting a yield from a tax, you have to make an assumption about the level of economic activity, — and that may be greater or lesser than your assumption indicates. The idea that it will not yield \$4 million, for example, but it will yield \$30 million, I believe is so out of proportion to the reasonable assumptions that have been made that it is a further reflection and an illustration of the loss of proportion which I spoke about; which is a dominant feature of the honourable Member's presentation.

I share the view of the Rt. Hon. Prime Minister, and indeed of all of us on this side, that the taxes imposed by the indirect method in the last budget are modest; they are certainly far below what the population had expected.

We had a difficult exercise of balancing. If you impose too much tax you would depress the economy; if you imposed too little tax you will not have amended the demand situation sufficiently and, in any event, you would not have taken any steps towards correcting your deficit either on Current or Capital Account.

I believe that we have got the balancing quite right, though only time will tell. But certainly, Sir, I regret the suggestion of the honourable Member, that the amount of goods that will attract the Stamp Duty is anything like \$1 billion. I applaud the decision to exempt the intermediate goods and I give my wholehearted support to this Bill before this Chamber.

Mr. B. M. TAITT: Mr. Speaker, I do not propose to engage in long debate on this measure, because much of what has been said on the previous measure applies with equal force, if not more force, to this particular measure. I find, however, that having listened carefully to the honourable gentleman who just sat down, it becomes necessary to make merely two points: firstly, that the revenue which will accrue from Stamp Duty will be nearer to the \$20 million alluded to by my colleague, and indeed will be in excess of that \$20 million — and we will wait for history to confirm or deny this.

I draw to his attention that on a previous occasion, in similar circumstances, when we had indicated that the yield from a tax measure would be in the vicinity of \$60 million, that the Rt. Hon. Minister of Finance subsequently came to this Honourable Chamber and confirmed that he had underestimated the yield on that particular occasion.

The second point I wish to make is this: I listened carefully and heard the honourable Minister for Agriculture and Consumer Affairs admit on the floor of this House, for the first time, that the Sales Tax measure was a measure that was considered necessary and desirable in the context of the economy at that time. A Daniel has come to judgement.
4.30 p.m.

He went on to make the point that the Sales Tax was oppressive. He had to make that point, having concluded as he did, that the economic situation at the time and the implementation of the Common External Tariff forced the Democratic Labour Party to find the measure called the Sales Tax. But he made a cardinal error as well, Sir. He suggested that the Sales Tax was non-discriminatory. I thought, Sir, that I had laid that to rest earlier, and I will repeat the position.

A Sales Tax is only paid when you purchase. When the person who purchases an item actually collects the item and pays for it, the tax is applied at that point. And

indeed, Sir, such application is discriminatory in the sense that only he who buys, pays such a tax; a tax, which I may add, has been in existence in New York State and in most of the United States. It has been in existence in the European Economic Community by way of a Value Added Tax — and it has been applied in a manner which has proved exemplary in providing a means for calibrating the economy and dealing with the whole question of revenues in a situation where a Common External Tariff is operating to the detriment of a particular country that forms part of a regional institution.

But, Sir, unfortunately and regrettably, I found myself having to intervene during his debate to draw to his attention that a certain extravagance of phrase was leading him farther along the garden path than was necessary.

The honourable Member rose to repeat for himself that the Sales Tax had been applied to a wide range of items. He made it necessary for me to go back to the record itself.

Mr. Speaker, I refer you, Sir, to page 16 of a document called the Supplementary Financial Statement and Budgetary Proposals made by the Rt. Hon. Prime Minister and Minister of Finance and Planning, November 21, 1974. At Page 16, after the tax had been imposed, the then Prime Minister goes on as follows:—

“The levy on retail sales will be paid by the purchaser. An obligation is laid on retailers to collect the Sales Tax from customers and pay it over to the Government on a monthly basis. Full details of the operation of this tax will be given by the Commissioner of Inland Revenue in the course of the next few days.”

He then said:

“I have agreed, as a measure of relief to consumers, that a number of commodities essential to the welfare of the community and to the economic development of the country should not be subject to the Sales Tax.

“Having regard to the sporadic cost of imported food items and the impact the Sales Tax would have on food items to people in the lower income categories, I have decided that food” — I repeat, Sir — “I have decided that food and beverages, excepting similar items sold in restaurants and hotels, which are subject to Hotel & Restaurant Sales Tax under the Hotels and Restaurants Sales Tax Act 1974, will be exempted from the payment of the Retail Sales Tax.

"Similarly, stationery, books and newsprint will be exempted.

"Again, bearing in mind your dependence on imported food items and our drive in the agricultural diversification programme to grow and provide more food, fertilizers and pesticides will be exempted from payment of the tax."

I am quoting again, Sir:

"Machinery and capital equipment for industrial development and maintenance as well as building material for the construction industry will also be exempted."

And, Mr. Speaker, Sir, time did not afford me as I was getting to my feet to find the relevant Instrument which was brought to this Chamber and which was executed by delegated legislation to exempt drugs from the Sales Tax.

Mr. Speaker, I am not here to prove, and I am not contending that the honourable Member's speech was conceived in malice. I am not saying that.

Mr. SPEAKER: I know that you are not saying it but to say that you are not saying it....

Mr. B. M. TAITT: I am guided by Your Honour, Sir.

Mr. SPEAKER: I invite the honourable Member to save the Chair.

Mr. B. M. TAITT: As Your Honour wishes, Sir. Mr. Speaker, your tremendous experience in these matters is always a source of great learning for me, Sir.

The fact is that the honourable Member, and his political party, have for some time been able to give the impression that the Sales Tax measure applied widely. I hope by this intervention, now, that I have laid to rest the question as to the application and the breadth of the sales tax of 1974.

I do not deny the right of the other side, as a matter of policy, to question the imposition of a Sales Tax. That is not my business. The honourable Members on the other side have already taken their position on the Sales Tax and they have scored their political point on the Sales Tax.

But I was amazed to hear the honourable Member for Christ Church East, the Minister of Agriculture, using the premise of the Common External Tariff and the

imposition of the Sales Tax *pari passu* the imposition of the Stamp Duty today, I hear with amazement, and draw to their attention that the Stamp Duty is going to be applied equally to food, to drugs, and to everything without discrimination except for the few exemptions which are mentioned here and to which he alluded.

Food is not exempted, Sir. Warrants to pass food will not be exempted, Sir. Warrants will be determined in terms of the quantity. It does not differentiate between the quality of the product, the use to which the product is being put. It is merely going to be applied to the document, and it is in that context that we are contending that there has been an underestimation of the amount of revenue which will be yielded from this Stamp Duty.

What we have said, Sir, and what we are saying, Sir, is that a measure of relief to prime the economic pot could have been given while not sacrificing the laudable concept of acquiring sufficient revenue, which the honourable Member alluded to. And therefore if the Government is minded to take advice, as it is always giving direction to others to take advice, it would listen to the voices of wisdom which come from this side of this Honourable House.

Those voices of wisdom are steep in an equal belief in the necessity for the people of this country to have a high quality of life. Those voices of wisdom from the Democratic Labour Party are equally steep in the wisdom, Sir, of not wishing to see this country fall to the ground.

It cannot be in our interest as a political party who will form the next Government to wish to see the people of this country or the economy fall to the ground. We wish, when we take up the reins of Government, on the next occasion, that is to say on the very next election, if it is the wish of the decent and respectable people of this country, if it is their wish, we would like, as they found the economic situation when they came in, we would like when we go in not to go back too far in order to go forward.

4.40 p.m.

That is why, on this occasion, we have been giving constructive recommendation for the development of the country. That is why when we speak on this occasion we have left the Rt. Hon. gentleman so little room for criticism that he has had to resort to the unacceptable methodology of the argument.

We do not wish, we do not desire, we do not need either the Prime Minister, or any other honourable Member from that side, to direct us on the paths which this political party must take in its internal organisation. This political party is one of the few in the Caribbean to boast, effectively, of having so many who can aspire to

the leadership, that that, in itself, provides the grist for the political mills of our enemies.

But we in this political party are very certain of the direction in which we are going. We have always had the people in this country uppermost in mind, and while I stand in the position in which I stand in this political party, and my colleagues hold their respective positions in this political party, they will be guided only by that principle, the higher principle of the people of this country.

We are not going to allow rhetoric, thrown out by frustrated persons who have been giving the population.....

Hon. L. S. CRAIG: On a point of order, Sir. I am not quite sure what the honourable Member is speaking about. I hear him talking about leadership in his political party. I do not know what he is thinking about. There is only one leadership over there, and so far he is ailing.

Mr. SPEAKER: I sat and listened to it from this side, and that is why I am listening to it from that side.

Mr. B. M. TAITT: I am grateful to Your Honour, Sir. I should not be long, because the point has been made. We are suggesting that it is not moving the country forward for anyone, especially an experienced politician such as the honourable gentleman for St. James North, to try to ferment difficulties and problems which do not exist. It is the soundness of our views, it is the application of tenacity, it is the economic measures which we will propose, it is the willingness of the people, and the view of an alternate which will allow us, Sir, to speak on this Stamp Duty Act in the manner we have been speaking, bearing in mind the attacks which have been made from the other side, Sir.

We accept that the policy of a Government is the decision of that Government. We accept that the imposition of a Stamp Duty is the right of a Minister of Finance to impose. We do not dispute his right so to do. All we are drawing to his attention is that the objective which he has set himself by the imposition of the Stamp Duty may, in the words of the honourable Member for St. James North, be a measure of over kill.

We are saying that if we can point out to you that a 2 percent Stamp Duty is going to bring you twice as much revenue that you state that you would wish to acquire, perhaps you may consider a half percent Stamp Duty, because if all you require for your purposes is \$8 million and it is 2 percent, and we say that is \$20 million we are even now pleading with the honourable gentleman and lady on that side to consider a reduction of the 2 percent — (*Asides*) these disruptions come in many forms, Sir, — that they may apply one half of one percent, or some other such measure, to put into play the kind

of policy which we are outlining, so that more money will go into the economy without, in any way, interfering with the sworn commitment of the Minister of Finance.

We expect that such honourable Members, as the Member for St. James, would find sufficient difficulty in these kinds of measures, and in the complex argument which ensued, as to require him to go outside the veil of the particular economic argument. We understand that such honourable Members, long standing Members, who have confined themselves in the past to rather simple matters, may have some difficulty in trying to follow the logic, and indeed the complexity of argument, which may flow from such matters.

We do not deplore them, Sir, and I believe the honourable Member for St. James North fulfills a function in this regard. Whenever his colleagues, and especially the honourable Prime Minister and Minister of Finance, runs into the fork of difficulty, it is the honourable Member who comes like a knight — I cannot say in shining armour, Sir, but in a three-piece suit. The honourable Member, white-haired and revered, Sir, comes galloping to the assistance of his Government, as he is wont to do and ought to do, as a senior Member and make utterances along the lines as he did today, Sir. But when the froth has been lifted from what he has to say, when the veil has been removed, we understand that the honourable Member, deprived of his capacity to make a meaningful contribution in the Housing Ministry, is left with nothing else to do than to utter the kind of phrases which advance us now.

I believe if the Prime Minister would take our advice, notwithstanding the sterling job which the honourable Member for St. Michael East says he is doing, I believe we can advance some, if the honourable Member for St. Thomas would reconsider his rather draconian measures in terms of housing, and perhaps allow the honourable Member to make a more meaningful contribution to this economic debate.

I think I will stop here at this point and allow other honourable Members to make their contribution.

Mr. SPEAKER: The question is.....

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I would have thought really that after two days of exhaustive examination of the budget, and the demolition job done by this side on the futile arguments put forward by the other side, that the honourable Members would not continue, in these implementation Bills, to put forward ideas and concepts which have already been exposed.

But it is clear to me, Sir. Never have I heard arguments which indicate very clearly that the views of the other side are exceedingly similar to the views which now

holds sway in the United States, and which have landed the world in an interest rate crisis.

The honourable Members on the other side, one by one, keep contending that it is absolutely wrong to impose taxes at this period of time. They are calling for a reduction in taxes and they refuse to face the logical consequence of that policy, namely, that there will be even further unemployment in Barbados, for the Government of Barbados is the pump-primer in this economy.

Sir, the Stamp Duties that have been imposed, which have been set out in the budget, are mechanisms which have been introduced by other CARICOM countries in order to recapture some revenue which was available under the former higher Import Duties which had to be reduced when the Common External Tariff was introduced.

I go further Mr. Speaker, it also can act as a stimulus to local production, for all local production, theoretically, ought to be at a 2 per cent cost advantage *vis-à-vis* imports.
4.50 p.m.

When they talk about building materials, the largest source of building materials that we have is our local sand and that does not have to pay. When we come to wood, indirectly the imposition of this Stamp Duty will go towards the implementation of the policy which the Government is deadset in seeing in operation, namely, a shift from the importation of the soft wood, the termite prone wood, towards the hard woods which come from within the Caricom.

I do not think that honourable Members on the other side quite appreciate the fact that CARICOM producers of wood are now in a much more advantageous position than producers outside of CARICOM, for duty is payable in respect of third country wood in addition to the 2 per cent, whereas the CARICOM producers of wood will only have to pay the 2 per cent. This is something, Mr. Speaker, that we have been trying to explain to the Government of Guyana and to other people for a long period of time.

The Government of Barbados is committed to the concept that it is wrong, economic nonsense, financial nonsense in Barbados, to continue with the importation of untreated wood. We are trying every type of device to ensure that this stops. So do not quarrel about building materials in this respect, because if the merchants in Bridgetown import Guyanese wood, which is superior wood, because it is hard wood, they do not have to pay duty on it. Purple heart, green heart, all of those things — no duty has to be paid on these woods.

Of course, the Guyanese people have to produce it. But they have been making representations to us for a long period of time saying that they have invested over \$70 million in the forestry industry in Guyana.

You want to see good wood, Sir? (*Aside: Yes.*) (*Laughter*) Take a look at the new facilities at the new fish facility in Oistins. Take a look at them, and you will see green heart, purple heart and wollaba being used. Take a look at them.

So when the honourable Member for St. Philip does his analysis — St. Philip North, not St. Philip South, Sir, because I have not heard any analytical statements from that Member since he has made a speech in here, Sir, the honourable Member for St. Philip North — let him put his slide rule upon the difference in cost between imported hard woods from Guyana and importing woods from Georgia and other third world countries. Put your slide rule on that.

Put your computer on that, and you will see that one of the indirect impacts of the taxation policies introduced here will be to provide more protection for CARICOM. This mechanism will provide more protection for CARICOM producers, because the duty element is out.

That is a laudable objective because I am a firm believer that the economic problems that we have now in the Caribbean can only be solved if we increase our production within CARICOM and increase our exports to third world countries. And this Bill specifically exempts the raw materials for third world country exports. So I do not have any quarrel, Sir.

And let me tell the honourable Members on the other side this, Mr. Speaker, if as they say it is going to bring all of this revenue, the public of Barbados need have no fear. This Government has an honourable record of giving tax relief. In 1977, we had to be tight. When the economy recaptured itself, in 1978, 1979, 1980 and 1981, Sir, the people got back everything, because we feel that we have to pay to our Civil Servant, we have to continue with a Capital Development Programme.

And I want to say very clearly, Sir, that we have had no suggestions from the other side as to how they would finance their Capital Development Programme, nor what magnitude of Capital Development Programme they would have at this period of time in Barbados. It is no use just saying that you have too much taxation. You must look to the disposition of the taxation, look to the utility, the use of the taxation.

So Mr. Speaker, Sir, I really do not believe that the honourable Member for St. Michael South Central has

done any sophisticated analysis as to these revenue measures when he says that they will raise \$74 million.

He has ignored one vital point, that in respect of intermediate goods, which are the raw material inputs for the manufactured goods, they form a very large part of the imports and the machinery. This is very important, because if you looked at the Economic Report, you would see, Mr. Speaker, that the two items under the SITC which increased last year were your intermediate goods and your machinery and capital goods; and they are dealt with specifically — they are exempted.

You know, Sir, the honourable Member needs some more tutoring. I hope that the honourable Member for St. Michael West — Central or whatever it is..... (Mr. B. M. TAITT: West.) No, the honourable Member who just spoke, the last speaker, Sir, would sit down — West — would sit down with the honourable Member for St. Michael South Central and explain to him how you analyse the SITC. It is necessary. He cannot just look at the total imports. The first thing he has to do is to deduct the re-exports to arrive at your net exports. Then, he has to do an analysis of the eight columns. And then he has to do a sub-analysis of them, because mineral and fuels are also exempt.

He is not in here, Sir, if not I would have given him a piece of advice, Sir, that instead of going up the hill for the advice, he should go and ask his honourable Member from St. Michael West, who had to deal with that when he was Minister of Trade. The honourable Member would know that you do not just look at your gross imports, because if what you are importing are goods for capital re-equipment, that that is a very good thing, because you are improving your productive base in your community.

I have the Economic Report. Seventy-four million dollars! Well the honourable Member would have to tell me what proportion of the imports of Barbados is consumed by unclaimed industries, by export industries, by fuels, by the other exempted goods, and then let me see what is the base that he is applying the 2 per cent to.

The question that the Bill be now read a second time was put and resolved in the affirmative without division.

On the motion of Hon. H. B. ST. JOHN, seconded by Hon. L. S. CRAIG, Mr. SPEAKER, left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.
5.00 p.m.

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 to 7 inclusive were called and passed.

The Schedule was called.

Hon. H. B. ST. JOHN: Mr. Chairman, I beg to move that this be the Schedule to the Bill.

Hon. Dr. R. L. CHELTENHAM: I beg to second that.

Dr. R. C. HAYNES: Mr. Chairman, very briefly, I just want to assure the honourable Deputy Prime Minister that in the calculation of the yield, I took into consideration all the factors which he stated, and if he was in here when I made my substantive Second Reading speech, he would have heard I not only looked at imports, but I looked at re-exports, I looked at the exemptions and I looked at all the factors. I also looked at inflationary factors and the whole range of the Stamp Duties apart from the particular clause referred to. All these things were included in my Second Reading speech.

Now, I admire the honourable Deputy Prime Minister as a rebutter, because he does it with delicacy, unlike, some of the other honourable Members on the other side. Really, he just tickles it around the corner. That is what he is doing now. Thank you.

The question that the Schedule be the Schedule to the Bill was put and resolved in the affirmative without division.

On the motion of Hon. H. B. ST. JOHN, seconded by Hon. Dr. R. L. CHELTENHAM, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. H. B. ST. JOHN, seconded by Hon. L. B. BRATHWAITE, the Bill was read a third time and passed.

THE INCOME TAX (AMENDMENT) ACT, 1982

Order No. 5 was called — To move the Second Reading of a Bill to amend the Income Tax Act.

Hon. H. B. ST. JOHN: Mr. Speaker, this Bill is to implement the provisions of the budget last year, and to tidy up some drafting uncertainties which arose over some amendments to the Income Tax Act previously.

We have gone through all of this before, Sir, and it also introduces certain allowances and implements the Government's policy in relation to worker participation in Barbados, something that not enough capital has been made of.

The fact that this Government has systematically set out to encourage worker participation in the ownership of the means of production has not engaged people's

minds sufficiently, and if one would look at section 37(b) of this Bill, one will see that it seeks to put that in the law.

In addition to that, we are giving encouragement to co-operative societies as an alternative financial capital intermediary to foreign banks.

It is a great pity that in this country, over the course of the years, we have not been able to encourage people to have their own mutual societies in Barbados, particularly in the field of house financing.

Now, the expert on the other side on housing will have to concede that the role which is played by building societies in the United Kingdom, the role which is played by savings and loans associations in the United States, is a predominant one.

Maybe one of our problems in this society is that we have not developed comparable institutions, because what we have done is to depend on, firstly it was the attorneys-at-law who used to provide that role. Up to 25 years ago when I first started to practise law here, Sir, you could not go in Bridgetown at a commercial bank and get a mortgage for a house. That was not their business, that was the business of the solicitors.

Then gradually it became the business of Trust Companies, but what is the real situation with Trust Companies? Trust Companies are profit oriented from the word "go".

The Mortgage Finance Corporation was formed, but that was a bastard institution. It is only since we have brought it into public ownership that its concepts have changed. But, in truth and in fact, the high administrative costs which banks have make it necessary for them to have a big spread between the deposit rate and the lending rate.

5.10 p.m.

But savings associations, savings and loans, and building societies, have this advantage over them; that they guarantee the savers, once they have saved a certain percentage, that they will automatically get their own.

As the President of the Building Society Association in the United Kingdom, whom I had the pleasure of meeting about a month ago, told me, in a place like the United Kingdom the amount of weekly savings is almost on par with the amount of loans that they have; so it is self-generating, and that is our problem.

Our problem here with house loans is that we have not developed these institutions. I had really hoped that

our Mortgage Finance would have developed a tool whereby they would have, as part of our housing bonds scheme, which this Government introduced, with tax exemptions, gone out to young people and say that they would have a saving instrument to compete with insurance, and they could have tied it to term insurance. But the problem, Mr. Speaker, is that our conception of this necessity is beyond the implementation at the management level. That is the great problem that we have had. It was a good conception, but we cannot get it across to get them to implement it, but we are still trying.

These Income Tax amendments which were brought last year, which we are only tidying up now, are designed, to encourage people to have a stake in the capital employed where they work, to join cooperatives whether they be credit unions — and they are the only successful cooperatives we have, so it is always credit unions, financial cooperatives — and also to ensure that the exemptions relating to sugar are transferred, the 40 per cent capital allowance, to the clay and limestone industry.

Now that is an attempt to exploit a basic raw material in Barbados, and I am sure that the honourable Members on the other side will commend the Government for that, because we believe that sand and clay are part of our natural resource. But both of them are extractive industries that demand a large capital input, and unless you have the depreciation allowance, the cash flow does not afford any inducement for investment.

I beg to move that this Bill be now read a second time.

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

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

On motion of Hon. H. B. St. JOHN seconded by Hon. L. B. PRATHWAITE, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Mr. CHAIRMAN: This House is in Committee.

Clauses 1 to 9 inclusive were called and passed.

On motion of Hon. H. B. St. JOHN, seconded by Hon. L. S. CRAIG, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

5.20 p.m.

On motion of Hon. L. S. CRAIG seconded by Hon. Dr. R. L. CHELTENHAM, the Bill was read a third time and passed.

Hon. L. S. CRAIG: Order No. 6.

Mr. SPEAKER: Order No. 6 is the instant order of the day.

**PETROLEUM WINNING OPERATIONS TAXATION
(AMENDMENT) ACT, 1982**

Order No. 6 was called – To move the Second Reading of a Bill to amend the Petroleum Winning Operations Taxation Act.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, for a number of years the General Crude Oil Company, was in possession of exploration licences for a considerable portion of Barbadians and drilled a number of wells and started a small oil production. And as honourable Members will recall, the Mobil Oil Co. bought the General Crude Oil Company, in a transaction that took place entirely outside of Barbados and, of course, since the price was US\$7 million, it would be understood that the consideration was not governed by the value of General Crude's operations in Barbados alone.

A number of legal difficulties arose as a result of this transfer of title. The General Crude Company had its shares sold, and it was intended that it be transferred as a going concern wherever it was operating in and out of the United States. A number of questions then had to be considered in Barbados.

The first problem related to the question of Property Transfer Tax and other similar matters and the second of them related to whether the Mobil Company could inherit General Crude Petroleum prospecting licences in Barbados. There was much legal correspondence between the Ministry then responsible for petroleum matters, the Ministry of Trade and Industry, and legislation was passed in order to allow Mobil Oil to inherit the exploration licences.

This did not put an end to the legal difficulties because we still had to settle the question of Property Transfer Tax. It was established that the Crown, in right of its Government of Barbados had to execute a consent to the continuance of the licences and so on. This was finally settled on October 10, 1981, following a Cabinet meeting earlier in the year.

A number of deeds had to be executed but legal problems still remained. It has therefore been decided, Mr. Speaker, that for the future, we will avoid having to have two or three years' legal arguments with the representatives of overseas oil companies, and we are passing a general Act to provide that notwithstanding a change in ownership of a concession holder that the Petroleum Winning Operations shall not be treated as discontinued

that the succeeding concession holders; once the Government has given its consent to the successor will be allowed to claim the same tax allowances as previous concession holders, and that the entire operation should be treated as if it was continuous notwithstanding the change of ownership.

It would be observed that this Act is backdated to July 5, 1979, that is the effective date of the original transfer and we are retroactively providing for all the matters which were the subject of legal controversy from that date to this.

It is a complicated legal matter – any Honourable Member is welcome to ask questions on any of the legal points – but the Government is satisfied that the best interest of Barbados has been maintained; we have got Property Transfer Tax, the succession was carried through in accordance with the wishes of the Government of Barbados, we were well satisfied with General Crude, and we are also satisfied that the Mobil Oil Company is a large, solvent and financially responsible organization, which will have the means to conduct operations in Barbados.

I beg to move that this be now read a second time.

Hon. H. B. St. JOHN: Mr. Speaker, perhaps I can amplify a few points so that the honourable Member can be assured that Barbados' interest was protected.
5.30 p.m.

Firstly, we objected to the concept that it was possible to deal in a third country with an asset in Barbados without the consent of the Government of Barbados. They argued for nearly a year that they were only transferring shares in a company under the Delaware Law, which has a particular provision; that two corporations, which are both incorporated in Delaware, can be merged, and that the succeeding corporation succeeds to all assets and incurs all liabilities.

We said that was very good for Delaware Law but since the assets that they were dealing with in Barbados was the lease, which according to the proper law, related it to real estate in Barbados, that they could not transfer by Delaware merger agreements any asset in Barbados, because we asked them if it was possible for Delaware Law to transfer a building in Great Britain without reference to the Property Law of Great Britain.

It took us about a year and a half to fight this issue, because really and truly they saw the logical consequence of our argument; that if the consent of the Government of Barbados was required, then we would raise the question of the payment of Property Transfer Tax. Well after about two years, it was finally conceded

that we were correct and that they had to pay Property Transfer Tax.

But we did a second thing, and this is most important. The second thing we did was that we said that we would only give consent to the transfer if they incorporated, originally, a company in Barbados. That is the origin of the Mobil Barbados Exploration Company. We did not want it incorporated in the United States and we register it here — it had to be originally incorporated under the Companies Act of Barbados.

And we insisted that those shares had to be registered with the Central Bank of Barbados so that in the future there could be no question of transfers, without the Government and the Central Bank knowing, without Property Transfer Tax being paid.

They complied with all of these things and I think that as a result of the insistence of the Government on the localization of the company owning the licence in Barbados, that we now have far greater control over the disposition of any shares in that company in the future, and we have got our Property Transfer Tax.

The position, I believe, which would be of interest to the other side, is that the leases which they succeeded to are the development leases. We are not in production yet. In 1984 you have started off with an exploration lease, which had, annexed to it in the five years, a development lease; and we are still in development. In 1984, they will have to go into a production lease or give up. When you go into a production lease, you have to demark an area around the existing producing wells and you are confined to that area. That is the distinction.

We also signed a separate agreement with respect to the balance of Barbados, but it is an agreement called only a Seismic Licence. It has no lease relating to it. They were permitted to do seismic work and they had a right of pre-offering as a result of any opinion they got on the seismic studies; and that expires at the end of this year. They had no leases in respect of exploration work.

It was what is called "a modern wait and see". The Chinese use it very much to get a seismic licence that allows you to do seismic work. You have to disclose the seismic work, the results of the tests, and each side is then in a position to get their own experts to do their own interpretation and what they get is an option to put up a bid for a production lease which has to be negotiated.

The seismic work has been done and after they have done their interpretation our interpretation is the one that we have negotiated with, I believe, the Inter-American Bank, and the final report on that is now

being prepared. But remember Mobil has until the end of this year, the first right to match anybody else who bids.

And we also have incorporated in that seismic licence that our National Petroleum Corporation has a right to participate in anything they have. But we have not come to that stage yet. The National Petroleum Corporation is also a logical step in a production sharing agreement.

So in relation to the succession, our law was based on the Alberta Law and if this was an individual or a partnership which had the Licence, our law allowed the unexpired capital allowances to go automatically. But since it was a company, it did not allow it. Canada had the exact same problem in 1958 and they passed a similar amendment to place a corporation in exactly the same position as a partnership or individual. They only get the unexpired capital allowances. So if there was \$20 million in unexpired that is all they can succeed to.

It took a very long time, about three years to settle, and it cost the Government quite a bit of time. We also had to get a lot of legal opinion from the United States from the experts in Delaware Law and, in particular, the impact of this special provision in the Delaware Companies Act where you can just merge two corporations and file a document, and that amounts to a transfer automatically.

But in the end we were proven correct on our legal conceptions, but it cannot arise in the future, because this company now holds the licence, Mobil Exploration of Barbados, a company incorporated in the Companies Act in Barbados, and the shareholders cannot transfer the shares now without the Central Bank's permission.

Mr. B. M. TAITT: Mr. Speaker, Sir, I accept the statements made by the honourable Members who have introduced and seconded this motion. I would like to ask just two questions.

I have asked this question before, and I do not believe that the then Minister has ever responded, and I do not believe the present Minister who carries the papers in this Honourable House is aware of precisely what I am trying to find out. Some time in 1975, I believe, the date might be wrong, I signed on behalf of the Government, an agreement with the then General Crude people an agreement by which they agreed to pay a penalty if in any given year, they did not spend a certain amount of money. I have been trying to find out whether this agreement has been carried on by the Mobil people. I take it that having acquired all of the assets and liabilities of Mobil, that they acquired the obligations as well. I am trying to find out from the Minister — I have asked

it before, and he should be able to give me an answer now, if he could give me an indication whether they have spent the required amount of money per annum, or whether they had to pay a penalty, and if they did. 5.40 p.m.

I take it from the tone of this Bill, this motion before us, that all agreements between General Crude and the Barbados Government would have been carried on without change, unless, of course, they were re-negotiated by the successor to General Crude.

The second point I wish to make is really for the benefit of the Government on the whole, and they can take it as they wish. The honourable Member for St. Michael Central, I believe, has recently been appointed Chairman of the National Petroleum Corporation, and two of his utterances, so far, have given cause for some consternation on this side, and I believe it is necessary, in the context of oil exploration in Barbados, that whatever information is put out that that information is accurate. (Hon. H. B. St. JOHN: Correct.)

It is important, Mr. Speaker, because this whole question, winning oil, is a very complicated and complex subject matter and persons as far away as China pay attention to every single statement that is made from any location concerning exploration findings.

He has indicated, on more than one occasion, that he is in possession, or the Government is in possession, of an analysis which indicated, or indicates, that Barbados would be self sufficient in oil.

Now, Sir, unless something radical has happened since I last had a look at the papers, it would seem that it would be virtually impossible for us to have reached that stage, unless there has been a new find, unless there was something coming from the deep drilling — and it is my understanding that nothing came from that — and the information which was available for the shallow drilling did indicate that there were some areas — in the St. Philip area, around Rices I believe — that were worthy of further exploration. But I do not believe that at any point along the way there was any indication that we were close to a major find.

I also know that some seismic work had been done with regard to offshore drilling, and I am not certain what stage we have reached in the analysis of that information. A number of surveys have been done, and no doubt the honourable Ministers are in a position, if it is in the national interest, to indicate what the results of those surveys have shown.

But I think it is very important that we make a distinction between the oil that has been discovered, and is workable — to wit, less than 1 000 barrels per day

so far — and the oil that is potentially there, according to very preliminary analysis.

Mr. Speaker, I make bold to say that given the time span, that all we could have had so far, in the context of the oil industry, would be a very preliminary analysis. I know, for example, that our offshore drilling has been hampered by the unavailability of the correct rig for the particular seas, given the necessity for it to be available in much more lucrative areas.

It is not useful for an oil company to move a rig from an area where the production is at a certain level to an area where they are exploring. They have to wait until an appropriate rig becomes available before you can proceed to examine, for example, the sea area between Barbados and St. Vincent. As I understand it, that is an area that has shown the most potential for further examination.

I am, therefore, asking the Government, bearing in mind that this is not an area that falls within the political purview, this is an area that has more national connotations and more national indications, I would like to call upon the Government to invite that honourable Member, as Chairman of that very important institution, to make a distinction between potential which is anticipated or hoped for, and findings which have been analysed and which are considered to be real, even if they are not being worked.

I think it is very important that we do not make broad statements that hold out more hope that either of us in this Honourable Chamber has a right to do.

Thank you very much, Mr. Speaker.

Hon. H. B. ST. JOHN: Mr. Speaker, Sir, I can respond to one of the points in relation to the penalties.

I think it was about 1978 or 1979, when the then General Crude Oil Company was up for sale, that they came with a proposal to the Government that they would do additional work of an investigative nature and use the money that they would have to have paid in the next year for the penalty, rather than pay it to the Government that they would use it for exploratory work, seismic.

But they had the quotations from the seismics — there are probably only two or three geophysical contractors in the world, it is really amazing how specialized they are, Sir — the quotations were exceptionally high.

Subsequently, General Crude was sold and Mobil, succeeding to the obligations, continued discussions with us, and Mobil expanded the scope of the geophysical

work which was proposed by General Crude in return for the penalty, not only for a total onshore geophysical survey inside and outside of variances, but, also, to a very large area between Barbados on the south coast and Trinidad, because they had a seismic licence with the Government of Trinidad and Tobago and they really wanted to tie the lines between them.

So it is true that in return for certain work to be done that they had to have a penalty, but that was in return for doing all of the total land geophysical survey, more in-depth with modern computer technology, and widening of the area.

Sir, that is the seismic work that the Inter-American Development Bank loaned us, under a technical co-operation loan, the consultants to do the interpretation, independent of Mobil. And those are the packages that you hear about, which can go out to bid at the end of this year. That is what you hear about. So we have a complete seismic data on land and we have the package in relation to the offshore.

The question of the oil production. The drilling programme was one that Mobil was interested in. It is one that had been going along since the McKenzie Report. What that showed was that although there were hydro-carbons at greater depths, there were more at what we had man-jacked, because they came up in globules, they did not flow.

But it did show that what is known as the Woodbourne field, was a larger field than originally envisaged, that is that it went on the Foursquare side and it has gone, as I understand it, over on the Sunbury side, and as I understand it even up by St. Philip Church.

Having got that information, it also showed that what was producible was producible from the zones of 8000 feet and up.

So what is happening this year is that you are intensifying your drilling, but you have a larger area to drill. That is what is happening.

But we have to come back to the same problem that I believe the Honourable Member would be familiar with, that in a country like Barbados, because of the peculiar nature of our sands, that if we extract what production that we have in some wells very quickly, the wells will cave-in. So it is a longer process, although the reserve determination will be much more certain now — we had a lot of reserves — you can have reserves — you cannot extract them as fast.

But what they have been doing, and there are two wells that they are going to drill, is the modern gravel packing technique which was developed in other parts of the world, but particularly applicable in certain parts of Trinidad and in Venezuela, because there is a remarkable similarity in the geology. So that will ensure that the criticism that we had by the foreign experts on the engineering at Woodbourne will be removed because once you decide in your mind that you do not try to exact at a very fast rate so that the wells cave-in, as happened at the one in Fisherpond in St. Thomas, as happened at Adams Castle with gas, once you decide in your mind you are going to use gravel packing, and you use what is called a smaller choke, producing at a lesser rate, it will last longer. And the most important thing is that the percentage of oil which is there, which is extracted, increases — but you have to have patience.
5.50 p.m.

We are up to 52 wells now, and they brought in a brand new sophisticated rig for intermediate drilling, and that can drill a well up to 8 000 feet in 19 days, which is a considerable improvement on the others. The programme this year is a 10 well programme. But it will also be appreciated, and the honourable Member will understand this, you still have to continue servicing the existing wells. So you drill fast, then you stop for a bit, and then you have to go and service the others, and if you have to gravel pack — and they have to gravel pack — that is going to take time. So the cessation of drilling will take place for a couple of months while you are doing essential servicing and recompletions, and very important, gravel packing. So it is a very complex exercise.

I will say this: we are in a much better position in that we now have in the island three trained geologists and a petroleum engineer. The petroleum engineer who started with us has just come back to Barbados with his Masters, so we now have four monitors. In the past we had only one monitor, but we now have four, and their expertise is building all the time. One of our geologists spent one year in Norway in the North Sea, and we also have, I believe, three of them with Masters now.

As to how long we will keep them is a different matter, because we had one before whom we spent a lot of time on encouraging him to do his Masters in reservoir engineering and we have not heard of him since, we have not found him for two years, but we believe he is in a place called Austin, in Texas, Sir.

The question that the Bill be read a second time was put and resolved in the affirmative without division.

On the motion of Hon. H. B. St. JOHN, seconded by Mr. L. L. SISNETT, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. ODLE in the Chair.

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 and 2 were called and passed.

On the motion of Hon. H. B. St. JOHN, seconded by Hon. L. S. CRAIG, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. L. S. CRAIG, seconded by Mr. L. L. SISNETT, the Bill was read a third time and passed.

THE DEVELOPMENT (CANADIAN LOAN) (LAND MAPPING AND REGISTRY) ACT, 1982

Order No. 7 was called – To move the Second Reading of a Bill to authorise the Government to borrow from the Government of Canada, for the purposes specified in the Act, and amount of money not exceeding the amount specified and for related purposes.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, this Bill falls to me to introduce because the Ministry of Finance is dealing with the funds for the matter. It is a project of the Ministry of Finance and Planning. It is only, however, fair to say in introducing it that while we are carrying out the land mapping in Barbados, with the aid of a Canadian loan, and while it is intended that this will lead to a complete system of land registration for Barbados, activating the Land Registry Act and ensuring for the future that land will be registered and not categorised informally as it is at present, the stringencies of Government finance make it unlikely that the Land Registration Scheme will come into operation with the speed that we had originally hoped.

6.00 p.m.

There have been a number of difficulties in this entire matter. It is not possible to have land registration without adequate land mapping, and therefore we are going ahead with this scheme at the present time to update the last maps of Barbados and so on. The technical people will have to deal with that aspect of it.

It is also true to say that we appear, in dealing with the surveyors' profession, to have been thrust into a situation, where the impetus and initiative for this Bill has come as much from the surveyors as from the lawyers – the surveyors wanting to insist that a survey of every parcel of land in Barbados virtually would have to be made in order to activate the entire Land Registration System, and the lawyers, too, insisting that scales of fees, that may very well not be appropriate to such a large scale exercise, should continue to operate.

We have had shortages of surveyors in Barbados – and at the moment one of the difficulties is with the very

intensive development programme being carried out by Government; new roads being built, new housing developments being organised, and the Plantation Tenancies Scheme being brought into force – to obtain adequate service within a reasonable time.

I could not therefore contemplate grafting on to this intense developmental activity a new legislative framework that would demand the attention of the surveyors of Barbados for the next 20 years. I think we have to swallow the Plantation Scheme and the new road plans, and other developmental plans, before we undertake the land registration.

I do think that old age pensions, for example, are more important than land registration. And I do think that fishing harbours at Oistins and Speightstown, the Sewage Scheme, and other developments in Barbados, to be more important than the convenience of lawyers, and the incomes of surveyors.

I am therefore asking the House at this stage to approve the sum of Can. \$1.4 million on the usual loan terms to carry out the mapping part of the project. As soon as Government is in a position to avoid bunching of these capital projects, we will be able to carry out the rest. Until then, the surveyors of Barbados will have to spend their time on the Plantation Scheme and the other works which the island requires.

I beg to move that this Bill be now read a second time.

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

Mr. W. O. FRANKLIN: Mr. Speaker, I am afraid that there has been a lot of very bad advice and misunderstanding about the Land Registration Project, its implementation and its cost. The statements by the honourable Prime Minister leave no doubt in my mind that this is accurate. Since the statement that there is a shortage of surveyors in Barbados and they therefore cannot be taken off the Tenancies Scheme, the road schemes etc.....

Rt. Hon. J. M. G. M. ADAMS: On a point of elucidation. I am not saying that there is a shortage of surveyors. I am saying there is a lot of exceptional survey work. What I said was that there is a lot of survey work to be done, but I have not said there is a shortage of surveyors. The honourable Member, if he reflects for a moment, will see what I mean. There is an exceptional burden of work. It is not that there are not enough surveyors in Barbados to do what would be the ordinary burden of work.

Mr. W. O. FRANKLIN: Thank you, Mr. Speaker, and I take the correction. Mr. Speaker, what I am going

to try to illustrate to the honourable Prime Minister is that the present work that is being done need not be lost to the Registration Scheme in Barbados. I do not know who are the Government advisers on this scheme, Mr. Speaker, but I am certain that they are completely mistaken in their approach to the Land Registration Scheme in Barbados. The Land Registration Scheme involves a few components that are absolutely necessary, and I would seek to indulge in it, because I think it is necessary that the records be put straight, and a lot of misunderstanding about this in Barbados be corrected soon.

For a Land Registration Scheme to be introduced in Barbados, you need the following components: (1) You need a cadastral survey completed in Barbados. (2) You need an administrative section. (3) You need the necessary legislation, which has already been drafted and passed through this House. (4) You need the implementation, either by a systematic compilation or a sporadic compilation. (5) You need to make a decision whether or not you are going for general boundaries or you are going for mathematical boundaries, and (6) You need to decide whether you are going to follow the English method or the Australian method, or whether you are going to use your commonsense and use a mixture of the two that is appropriate for Barbados.

Mr. Speaker, it is a myth to say that present human resources, the infrastructural work, the legislation, are not in place in Barbados at this period of time to start a Land Registration Scheme. Let us look at the map requirements.

The map requirements for a Land Registration Scheme, Mr. Speaker, which are cadastral maps, are well on the way, and need not wait any further mapping in order to start properly.

What is needed in Barbados to start the scheme has been done, that is, that the trigonometrical survey of Barbados has been broken down to the stage where, throughout Barbados, there are trig points at a sufficient density in Barbados to make it possible, as is being done now, for every single survey done in private practice, or otherwise, to be tied on to the national grid by way of an astronomical observation or re-section from outstanding points in the trig system.

This is being done in Barbados at the moment, and the simple reason that this is being done in Barbados at the moment would mean that the technological and the necessary information needed is available for the accurate plotting of any parcel of land in Barbados at the desired scale. And that would mean that on the compilation and the in-filling of that particular information, there would be no overlaps and there would be no gaps. So as far as I am concerned, the surveying technology, the surveying

information, the surveying framework, are already in place that a registration can start.

The second thing is the legal system, and we have passed in this House, although they have not been assented to, two Acts, the Land Adjudication Act and the Land Registration Act, both passed in 1979, one 1979-6 and the other 1979-8, and these Acts set up the necessary machinery and laid out the personnel that would be needed for the Land Registration Scheme. What is missing is the fact that the personnel, which would be needed in this scheme, were never recruited. I understood that a Registrar was appointed for a short period and then he went back to the Bench, and also that the recommended training for the back-up staff has not taken place.

Let me try to explain, Mr. Speaker, what can be done in Barbados. It is a myth that a land registration can only be compiled on a systematic basis. The English land registry has been compiled almost sporadically over the years, and in Barbados' context this is absolutely necessary since we do not have that excess in human resource to waste it. So I would like to follow, step by step, and to prove that we have now wasted that very human resource that we do not want to waste.

Let us take the Plantation Tenantry Scheme, Mr. Speaker. These plantation tenancies are now being surveyed and paid for, by the Barbados Government to the surveyors in Barbados. They must under the laws of Barbados, be tied on to the national grid. After the enclosing traverse is to the accuracy that is necessary for registration and stamping under the Lands and Surveys Department, they must be tied on to the national grid, so that means that they can be plotted to whatever scale is necessary for registration purposes.

What is being done with these surveys at the moment? They are being wasted, in a way, because they are being surveyed, the titles are being transferred under the old Act, and there is a special conveyance being drawn up, and they are on to the old recording system, when they can be brought on to the new system.
6.10 p.m.

The Government had decided that they were going to introduce a special short form for the tenancies. The Government could also have decided that they could have gone one step further by providing a guarantee of titles for those parcels of land in the tenancies. So you would have had two components — you would have had the survey, as is done; you would have had the legal work by the short form, and the third thing which was needed was a guarantee by the Government that the titles, if there were any problem arising from the titles, the Government would give the necessary guarantee that any costs would be met.

If this is so, Mr. Speaker, you have two of the integral components of a Registry. You have the maps. You have the guaranteed titles. All you would need now, Mr. Speaker, is the administrative work. The administrative work would be to take those legal titles and the maps to the administrative section of the Land Registry, where they would be plotted, and where they would be entered on your Land Registry Forms, which are broken down into three sections — your Property Register, your Propriety Register and your Charges Register.

Rt. Hon. J. M. G. M. ADAMS: If the honourable Member can give way on a point of elucidation. Nothing in my speech, I hope, suggested that if you have a guarantee title and arrangements for surveys that you then need a register.

Will the honourable Member agree that you need land registration to deal with problems of title, and that the people that do not need land registration are the plantation tenants, because they have a statutory short form guaranteed title given by the Government. So if there is anybody in Barbados, who for many years, certainly for five years at least, because you cannot sell the land within five years, — for five years at least no plantation tenant could possibly need a registration of title. He cannot sell the land. He has a guarantee and he will have a survey paid for out of the Sugar Levy.

Honourable Members perhaps would have forgotten that we have agreed to use some of the Sugar Levy funds in order to give title to the plantation tenants.

Mr. W. O. FRANKLIN: Mr. Speaker, thank you. All I am saying is that we are going to have a wastage of that because those same land registry titles have to be brought on to the Register whenever you introduce the Register. I am saying that they should be brought on now, instead of waiting. You are doing them now, putting them on to the old system. When you introduce the Land Registry, which you are going to introduce, which you are committed to, you have to bring them on. So why not bring them on one time and form the nucleus of the composition of the Registry. Sir, I am saying that they can be brought on immediately.

What I am trying to lay one time is the fact that you will need a very expensive machinery now, in order to start your registration record. You do not need to go into the machinery right now that will make it necessary right immediately, under the present constraints, for a systematic system. The tenancies are going, the private developments are going, the individual sales are going — all of these can be brought on to the Registry now that they are being surveyed and tied in. It is a waste of manpower to leave them just going on to the old section for the want of an administrative section that cannot be that costly.

What do you need in the administrative section? You need a Registrar of Titles, seven hundred thousand dollars — this is what the Minister tells me. If it is to the stage where \$700 000, at this time is going to pose a problem, I agree with him. I still feel that \$700 000 as a recurrent estimate is not much, because if you take the clerical staff, the support staff, the technical staff and your professional staff you will still need it.

It is my contention that sufficient priority has not been given to this project to deny its implementation for the tune of \$700 000, because the implementation of this project would more offset the expenditure of \$700 000 interjected by the Government now.

And there are certain people in certain sections of the Government that could have been removed from where they are, certain people in the Registry who have been dealing with registration matters, who have acquired some techniques in the day to day administration, who know how to deal with maps, who know how to interpret legal documents, etc. those who could form the nucleus of your supporting administrative staff.

Your Attorney General's Office might be able at this time to put on loan one or two of their legal people trained in Land Law, in Conveyancing, to take over the registration of the Registrar and the Deputy Registrar's role. So it is, in my humble opinion, a bad decision for the sake of \$700 000 to forego the implementation of this Land Registration Scheme any longer.

I am saying that in place at the moment, you have your laws, you have your Surveyors' Act, you have your Registration Department here and I feel it is time to start the compiling, by sporadic system, bringing to your Registry all the work that is being done now.

And to offset any problem that you might have in a shortage of legal people employed by the Government, the Government could embark on a Scheme whereby all the practising Conveyancing Lawyers enter into a contractual arrangement with Government, issuing the Government a guarantee that they as practising lawyers have examined all of the work that they are doing in their day to day practice and that it is of a quality and standard that they would undertake the security and a guarantee title will be issued.

They, the practising lawyers, although the Government would be ultimately responsible for that guarantee, there would be a contractual arrangement and a legal liability of the lawyer actually doing the conveyancing toward the Government, and the Government could move against him. If there is any cost incurred to the Government for any indemnity for a bad title, the Government should be able to move against the individual conveyancer.

So at the moment of time, the scheme could easily be a day to day transaction. X is selling to Y. X has to have that land surveyed. It has to be tied on to the grid. X has his surveyor and his lawyer. Y has his lawyer, and they, to the best of their ability, has to do all the legal research to make sure that the title is good.

The one thing that is missing out of the link is a guarantee of title provided by the Government. The Government can offer to provide this guarantee of title in conjunction with an insurance scheme. A small fee would be attached to each conveyance to go into the insurance scheme, which would pay any charges that might result out of any mal-practice. And having provided that guarantee of title, that individual title could go immediately on to a Land Registry System, and at the end of a year you will have as an average of about 4 000 transactions in the day to day activities.

Those are 4 000 transactions that could come immediately on to your Registry, plus your plantation tenancies, plus your Housing Authority developments, plus any developments that are going on. So in the activity of a day to day activity as it is now in Barbados, for the only additional expense of providing a guarantee to the title and the small machinery needed, we are losing, on an average, about 6 000 transactions a year.

Taking into consideration that there are about 60,000 transactions of land in Barbados, you can well see that we could be bringing on in some cases up to 10 per cent of the total registration system, by a sporadic system, as we go along.
6-20 p.m.

Now there will come a time when there are disputes, and when you get those problems, when there are disputes, the machinery is in place for settling those disputes. But you do not need to deal with those unless there is a day to day transaction of that particular parcel of land. If there is a particular parcel of land in dispute, it means that it is in the market and there is already a system to settle that dispute. If it cannot be settled, they have to go to court. So these matters are being settled every day as long as they come on the market, and it is nothing new.

I am contending that you should re-examine your system. And if you look at it properly, at a not too expensive situation, you can start the introduction of your Land Registration Scheme in Barbados.

What are the advantages of the scheme? The advantages of that scheme is that the Government will have available to them, a series of maps of the accuracy that the Water Authority could use them, Highways and Transport can use them, Town Planning can use them, the Statistical Department can use them, the highway

people for designing roads could use them; anybody dealing with maps would have access to them and can use them for the necessary developmental work for Barbados.

I think it is a short-sighted matter to keep putting this back, because of the advice which might be given. I was told by the Deputy Prime Minister that they must have a new building costing some \$6 million before they can introduce the new system. I am saying that is bad advice — very, very, bad advice.

You have a Land Survey Department already. It is desirable that your Land Survey Department should be, if not in the same building, close to it; but it is not absolutely necessary. The functions are completely different. You can have a situation where the Land Survey Department can remain where it is and the Government certainly can find some accommodation for your initial land registration staff which cannot go pass 15 or 20 people. You are taking into consideration that there is a constraint of money, so you scale down your staff, and your initial staff, which will be put in place, will provide the back-up, and register the daily transactions taking place in Barbados now.

And if we use that system, whereby there will be a contractual arrangement between Government and the private practising solicitors, you do not need any excess legal people. You need a Registrar for the natural interpretation and periodical checks of what is being done by the private conveyances. You need your clerical staff; people at your day-book level, for the taking in all necessary documentations and registering them in your day book and passing them on to your mapping system — already in your Land Survey Department you have your nucleus of your mapping system there, the personnel — pass them to the mapping system, from the mapping system along with the necessary supporting documents and perusals of titles that were done by the private solicitors, they go for a spot check by the Registrar and then they are entered into your register.

And it is a fallacy to believe that you could only do a systematic compilation. We in Barbados must acknowledge and be guided by our own local conditions, use our own ability and the knowledge acquired by other people's experience, and provide something that is local to Barbados. I am saying that there is the available technique and knowledge in Barbados to introduce this scheme at not too expensive a rate to the Government, and I ask that they reconsider the situation in continuing to keep putting off the land registration introduction in Barbados because of the supposed millions and millions of dollars that it would cost them to introduce it.
(Applause)

Mr. L. E. SANDIFORD: Mr. Speaker, we have just heard a very learned and well-argued speech. The Member for St. Philip North has spoken with knowledge, authority and with fluency, and it is just an indication of the striking power that is the current Opposition in this Parliament.

Mr. Speaker, I would like to know and ask the question that after this particular measure may have been passed whether, for instance, in my own constituency, that it would mean that the delays and the hold-ups in terms of approvals for developmental purposes, will be speeded up in any way. We have had major problems in these areas and every time I hear there is a problem of conveyancing to get the land over and do whatever there is and I would like to know.

We are talking about plantations and tenancies and whatever. I think I would like to drag that matter in and will not detain the House anymore on this; I merely throw it out in order to get it on the record, as far as St. Michael South is concerned.

The question that the Bill be read a second time was put and resolved in the affirmative without division.

On the motion of Hon. L. S. CRAIG, seconded by Hon. H. B. St. JOHN, Mr. SPEAKER left the Chair, and the House went into Committee, Mr. ODLE in the Chair.

Mr. CHAIRMAN: This House is in Committee.

Clauses 1 and 2 were called and passed.

Clause 3 was called.

Mr. W. O. FRANKLIN: Mr. Chairman, I wonder if the Minister would be so kind as to say what proportion of the loan is for the purchasing of services.

Mr. CHAIRMAN: The question is,.....

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I know I have quite positively said that we are financing this matter and I am not the Minister handling it. I would not be the Minister normally dealing with the surveys. I think the honourable Member for St. Philip North has allowed his colleagues to try to bait me, because the honourable Member for St. Philip North was the Chairman of the Committee which dealt with this in *ex tenso*; and to some extent was even special pleading in his speech, since he is a surveyor and he would have an idea of the proportion of equipment that would likely have to be bought overseas.

Without looking in the files, I can tell you that we are hiring and getting an airplane from the Canadians, we are getting mapping equipment from the Canadians, and

so on. Now nobody on earth carries these things in his head.

Mr. B. M. TAITT: Mr. Chairman, the Hon. Prime Minister quite correctly says that he is not the Minister who would be dealing with it. The information which this side is requesting ought therefore to come from the substantive Minister.

6.30 p.m.

There must be a substantive Minister who is dealing with this matter. (*Asides*).

Mr. CHAIRMAN: Please continue.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, if the question is the division of the funds, I would surely be the substantive Minister to that extent.

I want to remind the honourable Member for St. Michael West of something. I do not know if he, not being a lawyer, but having some knowledge of the Law, ever bothers to open famous trials and so on.

Perhaps, the honourable Member is recalling a famous expert in a matter in which Sir John Simon was engaged. And the expert having explained that he was the greatest authority in engineering in Western Europe, Sir John Simon then rose and asked him "What is the co-efficient of expansion of brass?" And, obviously, the expert could not answer that, because you do not carry the co-efficient of expansion of brass in your head.

But I would tell the honourable Member this: he is not Sir John Simon, and I do not pretend to be an expert in the distribution of costs of a mapping scheme.

The aerial topography, which will be used in the DOS mapping project, which will provide new maps of 1: 10 000 1: 25 000 and 1: 50 000 will cost Can. \$90 000. (Hon. L. S. CRAIG: That is enough.) No, I am going to give them all. (Hon. H. B. St. JOHN: Aeroplane time is Bds\$1 000 an hour.) (Mr. B. M. TAITT: Bree, get up and give us the information.) (*Aside*) The vertical control surveys will cost \$70 000. The film processing will cost \$4 000. I am speaking in Canadian dollars. The basic mapping is the most expensive, including salaries and time that will cost \$670 000. The field correction will cost \$85 000. (Mr. B. M. TAITT: Hear you! Hear you!)

We are giving a contingency on the aerial work and developing of the film of \$60 000. (Mr. B. M. TAITT: Hear you! Now you are doing your work.) That is what the Canadians asked for — I am not giving them that, I beg your pardon — that is what they asked for. I have said that the Lands and Surveys Department will have to

provide the contingency work to the aerial topography, other than the developing of the film. They also want another contingency work relating to the production of the maps. I do not know if that helps the honourable Member.

That is the mapping project, and out of that we will get a new 1: 10 000 map series, a new 1: 50 000 map and a new tourist map of the island and some other specialised maps which, if honourable Members like to know what price I have set the maps to be sold at when they are eventually produced?..... (Mr. B. M. TAITT: When?) Why would you want to know? Why do you want to know the distribution of the costs?

We are going to sell the maps. Instead of \$2, we are going to raise the price to \$5. We only made \$5 016 out of the sale of the 1:50 000 scale maps between January and June 1980. We hope to realise more than that, eventually.

I mean what more — we are going to produce a new map of Bridgetown and its surroundings on a scale of 1:10 000.

(Mr. B. M. TAITT: Hear you!) Is there anything else that honourable Members wish to be dealt with?

What I am not going to tell you — in fact, yes, I am going to tell you — there is absolutely no reason why I should not say this. We are speaking of amounts of \$700 000 and \$6 million for a building.

Apart from that, apart from the new building — and I believe that plans to build a new Land Registry in the general compound of Culloden Farm were started by the honourable Member for St. James North, the Leader of the House when he was Minister of Housing — apart from that, what we had to reject — and I think the honourable Member for St. Philip North will want to know this — is a plan of operation from CIDA, the Canadian International Development Agency, showing a need for Can. \$4.1 million for the Land Registry Plan and realisation of the project goals after completion of the Canadian contribution.

That is what the Canadians submitted, and that is what has had to be rejected. And that is why I have gone a little difficult on that. I mean, out of that, — Can. \$3 million alone was for wages during the completion project and that is what, — although we are committed to doing it eventually — we cannot swallow at the present time. (Hon. H. B. ST. JOHN: We are not spending that money.)

I could actually tell you what was agreed with the Canadian High Commission. The Government of Barbados is unable to proceed with the Land Registry Scheme be-

cause of financial constraints....(Asides).....The next sentence is: "It is to be noted that the Director of the Land Registry has been identified." (Aside) A very cogent aside there from the honourable Member for St. Michael West. The next sentence is: "The construction of a complex of offices at Culloden Farm, in which the Land Registry would be housed, has been deferred; nevertheless, the Government of Barbados would like to have the land mapping component of the project carried out as scheduled because of the urgent need for up-to-date, cadastral maps of the island." So that takes care of one of the points made by the honourable Member for St. Philip North.

It is pointed out that the Land Registry System did not have to occur simultaneously with the land mapping exercise. We are going to do the mapping between 1982 and 1985, assuming that the aerial photography is finished.....Is the photography finished? (Hon. H. B. ST. JOHN: No, no).....Well, the photography was supposed to be finished last week, but it has not been. But assuming that it can be finished within a month or so, it will take up to 1985 to do the mapping; and, hopefully, in 1985 we will then be able to get on with the land registration. The Director of the Land Registry will be re-assigned to other duties suitable to his legal qualifications. (Aside) He is a magistrate. We needed a good replacement on the Bench.

Mr. CHAIRMAN: The question is that.....

Mr. W. O. FRANKLIN: Mr. Chairman, I would like to thank the Minister for the information. But this is not exactly the type of information I need, because if your local counterpart staff was on the track, when the flying was being done the technology was available that most of the large estates could have been demarcated and mapped at the same time as the flying. But we missed out on it, because they are not demarcated, there is no procedure for the demarcation of the large plantations thereby allowing you to take advantage of the flying.

If this were done one time, when you were flying, you would have your large estates coming back to you already mapped to the accuracy, because the technology is available, and the accuracy could easily be obtained by land fly. You could obtain a 1:10 000 accuracy using proper instrumentation that the Canadians know of. So I am saying that we missed out on the opportunity to really cash in on it. (ASIDE: Shame.)

Mr. CHAIRMAN: The question is....

Hon. L. R. TULL: Mr. Chairman, before you put the question, Sir, I am under the impression, that... (Hon. H. B. ST. JOHN: We have satellite navigations systems here now.) I am under the impression, Mr.

Chairman, that the Franklin Committee, which was headed by the honourable Member for St. Philip North, recommended that all the mapping should have been done before the Registry was put in place. Now, that is my clear recollection; and the honourable Member is putting a different point of view this afternoon.

But that is not the only one. The Franklin Committee also recommended that there should be the systematic approach to land registration for the registering, and that the — what do they call it? — they call it the sporadic assessment, Sir — the sporadic system should only work parallel with it. And indeed, this afternoon Sir, the Honourable Member is scuttling the systematic approach and dealing only with the sporadic. 6.40 p.m.

His Committee also said that they would only be 4 000 a year, inclusive of the sporadic, which would be the normal day to day conveyances, and today he gives a completely different picture.

Now I am very impressed with the surveying knowledge exhibited by the honourable Member for St. Philip North, but I must confess that he had me a little bit confused, inasmuch as a lot of what he has said this afternoon — I am not dealing with the technical stuff, because I do not understand that — but certainly the chronological planning is inconsistent with what he is saying today.

The mapping was done and on the recommendation of the honourable Member for St. Philip North the aerial survey was done back in 1974, I think it was, with the assistance of the Overseas Development Ministry (ODM), and subsequent to that, also on the recommendation of the honourable Member for St. Philip North, the Canadians came in and completed aerial work recommended by him, and all that was to have been completed on his recommendation before we set a Land Registry into place. If I am mistaken the honourable Member is perfectly at hand to put me right.

Mr. W. O. FRANKLIN: Mr. Chairman, I have not read that report now for a little while; but the point is that if you are being advised by your local counterpart, and you run into a situation where the ideal cannot take place, you have a back-up, and the back-up is to go ahead with the compilation of the sporadic until you have your ideal situation. The recommendation was for the ideal situation, taking for granted that the economic situation....

Hon. L. S. CRAIG: Sir, on a point of order. I would like to bring it to Your Honour's attention that we are dealing with clause 3, and this is a Second Reading speech I believe I am hearing.

Hon. L. R. TULL: Mr. Chairman, the fact is that the sporadic system as being recommended by the honourable Member is in place with plantation tenancies. I sat down and listened to him carefully. He talked about the mapping, he talked about the recording of the sporadic system, and he talked about having the Registry in place to finalise the guaranteed results. All three are in place but the Land Registry. And what the honourable Member is recommending is something that can be put in place in a couple of weeks, a month, after you establish a Land Registry. So if you set up a Land Registry two years from now, the type of sporadic work that is being done for the plantation tenancies can, within one month, be transferred into the grid... the honourable Member is talking about at a saving of \$700 000 a year multiplied by two, \$1.4 million.

Mr. CHAIRMAN: The honourable Member for St. George South obviously knows more about this than he has led us to believe.

The question that Clause 3 stand part was put and resolved in the affirmative without division.

Clause 4 was called and passed.

On the motion of Hon. L. S. CRAIG, seconded by Hon. H. B. St. JOHN, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. L. S. CRAIG, seconded by Hon. H. B. St. JOHN, the Bill was read a third time and passed.

RECOMMITTAL OF ORDER NO. 4, THE STAMP DUTY (AMENDMENT) ACT, 1982

Hon. L. S. CRAIG: Mr. Speaker, earlier in the day we passed a Bill to which there were some amendments. I would like, Sir, with your guidance, to have it recommitted. It is Item No. 4 on the Order Paper. The amendments have already been circulated but they were not moved at the time. I believe, Mr. Speaker, you would have to send the House back into Committee.

Mr. SPEAKER: The honourable Leader is seeking the leave of this Honourable House to recommit Item No. 4. If there is no objection, leave is granted. The honourable Leader may proceed. *(Asides)*

The Minister has agreed to recommit the Bill. The Minister sought leave of this House to have the Bill recommitted. Leave has been granted. Leave having been granted, the Minister moved that I do now leave the Chair and that the House go into Committee on the same Bill. And in my leaving the Chair there is an instruction to the Committee when it goes into Committee on this Bill.

Please read Erskine May. It is for our guidance. I am very serious when I say this.

On the motion of Hon. L. S. CRAIG, seconded by Hon. H. B. St. JOHN Mr. SPEAKER left the Chair and the House went into Committee with an instruction to deal with a number of amendments which had been circulated in connection with the Stamp Duty (Amendment) Bill, 1982, Mr. ODLE in the Chair.

6.50 p.m.

Mr. CHAIRMAN: The House is in Committee.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I beg to move that the Schedule be recommitted.

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

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

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I beg to move that the amendments as circulated to the Schedule stand part.

I can explain the amendments very briefly. It is considered wise to include Bill of Sight, because although I may have thought that bill of entry, broadly speaking, included Bill of Sight and includes warrants and everything — for safety, the Customs would like to have a Bill of Sight specifically included, so that even where a final value is not fixed, the goods can be released by payment of 2 per cent of whatever the value as stated on the Bill of Sight, with the possibility of an amendment upwards or downwards when the shipping documents arrive. I do not think it sensible to allow there to be any argument at the Customs whether or not certain matters are included.

Goods, warehouse importation; that was always intended to be there and that was in the budget, I think. I am sure I recall saying that in the budget.

There has been some question as to what happens to duty free goods which come in and are warehoused for re-export. Ex-bond duty free goods will be of course allowed to pass free of the new duty, because they will never be warehoused, other than for export.

But I have been asked what happens to goods that are not ex-bond goods under the rebate scheme. I cannot see my way at present of evolving a whole new elaborate system of rebates of Stamp Duty, and I do not think that 2 per cent is an enormous burden to carry.

I have however had other representations made to me by persons who have concessions for sale of certain duty free goods. Now the international market in some of these goods is such that you have to give guarantees of prices a long way in advance, and it has been pointed out to me that in some cases Government concessions may have been bid for at a rate that would not allow the concessionaire to pay the 2 per cent.

I cannot say whether this is well founded or not, but certainly I am sure that both the Minister for the Port and the Minister responsible for the airport, would consider, if a case is made that a concessionaire is locked into a price, and that the price is affected by that 2 per cent, whether some relief could not be given.

The Government does have as a habit, if we accept a tender for the supply to a Government Department of a price controlled article, and we then go and change the control price, that generally we will allow the tenderer to receive the difference between the old control and the new control price, if the new control price is based on increased cost.

And I think the same would apply — if a man tenders, effectively, to supply — although not to the Government — goods at a certain price, and the Government does something to raise his base price, I am sure that the Attorney General would advise, and the Cabinet would accept, that this might be a case where equity demands an alteration.

The other amendment is a purely technical one of which I would not have the technical knowledge. They have asked me to include a Transshipment Shipping Bill as the other matter.

I beg to move that the amendments stand part.

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

Mr. B. M. TAITT: Mr. Chairman, it was recommended that Members on this side should read Erskine May

Mr. CHAIRMAN: I have made no such recommendation.

Mr. B. M. TAITT: No, Sir, I am drawing it to Your Honour's attention. I am sure this is very important. The Presiding Officer of this Honourable Chamber did. I am drawing to your attention that the procedure we are going through has to be

Hon. L. S. CRAIG: If the honourable Member would kindly give way, you may be right, but this is not before the Committee and therefore you cannot discuss that in the Committee.

Mr. B. M. TAITT: On a point of order.....

Hon. L. S. CRAIG: Give me a chance, please. What is before the Committee is the Schedule to a Bill and an amendment to a Bill. When I move that Mr. Chairman report progress and Mr. Speaker takes the Chair, then it can be drawn to the Speaker's attention, who is then in the House, that the procedure in this House is wrong. You cannot entertain this, Mr. Chairman.

Mr. B. M. TAITT: Mr. Chairman, I rose on a point of order, and the order is that the proceedings which we

are now engaging in may not be proper. I also am drawing to your attention that the Schedule might not properly be before this Committee, and I am saying that that is a proper point of order.

Mr. CHAIRMAN: I just want to let the honourable Member know that if that is his belief and he has grounds for it; he can, after I report to His Honour the Speaker, draw it to the attention of the Speaker of the House. I am not entertaining it.

Mr. B. M. TAITT: If you are not entertaining it, you are not entertaining it. That is alright with me. I merely feel that the procedure in this Chamber ought to proceed in a proper way even if....

Mr. CHAIRMAN: The honourable Member is out of order. Order, please! The Chairman is about to put the question and I must be heard in silence.

The question that the Schedule as amended stand part was put and resolved in the affirmative without division.

7.00 p.m.

Hon. L. S. CRAIG: I move Mr. Chairman, that you report....

Mr. CHAIRMAN: There was a motion from the floor of the House. (*Asides*) It is not a question of reporting progress. Mr. Clerk.

Hon. L. S. CRAIG: I move that Your Honour do now report the passing of the amendments to the Schedule served to His Honour this evening.

Mr. CHAIRMAN: I will go over it for the benefit of the reporters. And honourable Members, please understand we have reporters in here who find it difficult at times to hear and write when you speak as you do.

The question that Mr. CHAIRMAN report to His Honour, the SPEAKER, the passing of one Bill in Committee with amendments was put and resolved in the affirmative without division and Mr. SPEAKER resumed the Chair and reported accordingly.

Mr. B. M. TAITT: When Your Honour was about to leave the Chair Sir, Your Honour ruled on the question concerning the re-commitment of the Bill to allow the passage of the Bill with amendments if the Committee so agreed.

Your Honour, after some consideration, indicated that one ought to make reference to Erskine May, and I am drawing to your attention for what it is worth, Sir.

Mr. SPEAKER: First, I take it that you are now challenging Your Honour's ruling.

Mr. B. M. TAITT: No, Sir.

Mr. SPEAKER: What do you seek to do?

Mr. B. M. TAITT: On a point of order. I rose on a point of order to draw to Your Honour's attention a possible error which the House could have committed.

Mr. SPEAKER: Possible?

Mr. B. M. TAITT: A possible error of procedure.

Mr. SPEAKER: On instructions from the Chair.

Mr. B. M. TAITT: Well, I am not sure, Sir.

Mr. SPEAKER: I cannot entertain the honourable Member.

Mr. B. M. TAITT: As Your Honour wishes, Sir.

Hon. L. S. CRAIG: Mr. Speaker, it was once said that a rustling of the robe of Disraeli drove fear in some members.

Mr. SPEAKER: Please, please.

On the motion of Hon. L. S. CRAIG seconded by Mr. L. L. SISNETT, the Bill as amended was read a third time and passed.

Hon. L. S. CRAIG: Mr. Speaker, Order No. 1, Sir.

RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION OF LAND AT HALLS ROAD, ST. MICHAEL FOR THE PURPOSE OF ROAD IMPROVEMENT

Order No. 1 was called – To move the passing of the Resolution to approve the compulsory acquisition of land at Halls Road, St. Michael for the purpose of road improvement.

Hon. DeL. O. BRADSHAW: Mr. Speaker, Sir this is not a new matter. The Resolution seeks to regularise a situation that occurred as a result of the building of the roundabout at Belmont/Halls Road.

To the north-eastern segment of the roundabout was a derelict house belonging to a gentleman known as "King James" or De Vere Jordan. The Planning Authorities Committee recommended that this building should be demolished and it was so done by the Ministry of Communications and Works, now the Ministry of Transport and Works.

The owner of the land has made recommendation for payment and the Ministry of Transport and Works has advised that this matter receive favourable consideration. Cabinet has endorsed the recommendation of that Ministry and the matter before this Honourable Chamber

is to effect the compulsory acquisition of the area of land. Arrangement has been made to compensate the owner and an agreement has already been reached.

With that explanation, Mr. Speaker, I beg to move that this Resolution do now pass.

Mr. L. L. SISNETT: I beg to second that.

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

**RESOLUTION TO APPROVE THE ABANDONMENT
OF THE COMPULSORY ACQUISITION OF LAND
AT HOWELLS CROSS ROAD AND TWO
MILE HILL, ST. MICHAEL.**

Order No. 2 was called – To move the passing of the Resolution to approve the abandonment of the compulsory acquisition of land at Howells Cross Road and Two Mile Hill, St. Michael.

Hon. DeL. O. BRADSHAW: Mr. Speaker, the Addendum has clearly set out the purpose of this Resolution. It is only fitting for me to add that the purpose of this abandonment is because the Government has decided on an alternative site in order to effect the original job, that is the widening of the road at the corner of Howells Cross Road at Government Hill.

This alternative site will involve the acquisition of land which now sites a small tenantry known as Halle-lujah Bottom and those persons will be resited higher up on the eastern end of the same road on an area of land known as Mourning Site.

I do not think that this Resolution will meet with much criticism or much discussion since Government policy is well known that wherever possible it will abandon land or property which it feels will operate against the interest of the Government and Barbados alike.

I beg to move that this Resolution do now pass.

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

**RESOLUTION TO APPROVE OF THE LEASE TO
ADAMS CONSTRUCTION LIMITED OF THE
PARCEL OF LAND AT LODGE HILL,
ST. MICHAEL.**

Order No. 8 was called – to move the passing of the Resolution to approve of the lease to Adams Construction Limited of the parcel of land at Lodge Hill, St. Michael.

Hon. DeL. O. BRADSHAW: Mr. Speaker, in keeping with the Government's policy of enabling firms or certain business places particularly in the construction industry to have an opportunity to expand, the Government has decided to make available land for the setting up of such companies or firms.

Adams Construction, which is located at Lodge Hill, St. Michael, is one of those firms that has been doing a wonderful job. It is well known for the joinery work with which it deals. I am sure that honourable Members in this Chamber are aware of the very good work which it has been doing over the past years. It employs a number of persons and it is the intention of that firm to expand.

It is Government's policy to enable and to give these firms an opportunity to expand wherever possible and that is the main purpose of this Resolution coming before this Honourable Chamber.

The Addendum is very clear. The lease is for fifteen years in the first place with a Renewal Clause for three years during which time the rent or the lease will be reviewed.

Mr. Speaker, with that very limited explanation, in addition to the Addendum, I beg to move that this Resolution do now pass.

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

QUESTION TIME

Hon. L. S. CRAIG: Mr. Speaker, earlier in the day I had indicated that I would allow Question Time under which there is a question for Oral Reply. I request that time be now taken, Sir.

Mr. SPEAKER: Question No. 13 standing in the name of the honourable Member for St. James South, who I do not observe in his place. I can only advise that the reply be delayed.

Hon. L. S. CRAIG: Mr. Speaker, you can run but you cannot hide.

Mr. SPEAKER: This brings us to the end of Question Time.

ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, this brings us to the end of today's sitting and I propose that this House do now stand adjourned until May 4, 1982 at 12 o'clock noon.

It is a break after a very long session and a very interesting one. The cut and thrust of the debate was interesting and I believe that all Members on both sides of the House would be very happy to have this short break.

It comes at Easter time, Sir, and I would like to wish you, Mr. Speaker, my colleagues, Members of the other side, and the members of the staff a very happy and blessed Easter.

I beg to move that this sitting be adjourned until Tuesday May 4, 1982 at 12 o'clock noon.

The question that the House do now adjourn until Tuesday, May 4, 1982, was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the sitting accordingly.

7.20 p.m.