

# THE

# House of Assembly Debates

## (OFFICIAL REPORT)

FIRST SESSION OF 1986-91

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### HOUSE OF ASSEMBLY

*Tuesday, May 24, 1988*

Pursuant to the adjournment, the House of Assembly met at 12.15 p.m. o'clock.

#### PRESENT

His Honour L. A. Weekes, J.P., (Speaker)

His Honour J. J. Payne, (Deputy Speaker)

Hon. B. M. Taitt, B.A., (Hons.) M.P.A., LL.B., (Hons.) (Minister of Health)

Hon. P. M. Greaves, Q.C., B.A., (Deputy Prime Minister and Minister of International Transport, Telecommunications and Immigration and Leader of the House)

Hon. E. E. Greaves, B.A., Ed.M., (Minister of Trade, Industry and Commerce)

Hon. Dr. D. G. Blackman, B.A., M.A., (Minister of Transport and Works)

Hon. M. A. King, Q.C., LL.B., (Attorney-General and Minister of Legal Affairs)

Hon. N. K. Simmons, (Minister of Employment, Labour Relations and Community Development)

Hon. H. A. Blackman, B.Sc., (Ecoa), (Minister of Housing and Lands)

Mr. D. A. C. Simmons, Q.C., LL.M.

Mr. O. S. Arthur, M.Sc., (Ecoa)

Mrs. M. Barker-Welch, (Parliamentary Secretary, Ministry of Employment, Labour Relations and Community Development)

Hon. C. V. Walker, (Minister of Education and Culture)

Mr. E. Bourne

Dr. E. A. Simmons, M.D.

Hon. W. W. Hall, (Minister of Tourism and Sports)

Mr. C. A. Neblett, B.A., (Parliamentary Secretary, Prime Minister's Office)

Mr. C. L. Trotman, M.A.

Mr. R. L. Morris, B.A., Cert. Ed.

Mr. P. J. M. Miller

Mr. R. P. Byer, LL.B., L.E.C.

Mr. D. J. H. Thompson, LL.B.

*Prayers were led by Rev. Father Ivan Harewood.*

Mr. SPEAKER: The House is in session.

#### MINUTES

Mr. SPEAKER: The Minutes of the meeting of Thursday, April 28, 1988.

Hon. P. M. GREAVES: Mr. Speaker, I move that the Minutes of the proceedings of this Honourable Chamber for the meeting held on April 28, 1988, be taken as read and be approved.

Hon. M. A. KING: I beg to second that, Sir.

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Mr. SPEAKER: If there are no observations or corrections, let these Minutes stand confirmed.

#### ANNOUNCEMENTS BY HIS HONOUR

Mr. SPEAKER: I am to announce that I am in receipt of:

The Accounts of the Sugar Industry Research and Development Fund for the Year ended 31st March, 1987.

#### PAPERS

Hon. P. M. GREAVES: Mr. Speaker, there are a number of documents, Sir, to be laid. They are as follows:

The Customs Tariff (Amendment) (No. 4) Order, 1988.

The Customs Tariff (Amendment) (No. 5) Order, 1988.

The Customs Tariff (Amendment) (No. 6) Order, 1988.

Guarantees granted under the Exempt Insurance Act, Cap. 308A, section 32, to the following:

1. Centre Reinsurance (B'dos) Ltd.
2. Coral Reinsurance Co. Ltd.
3. Insure-Rite (B'dos) Ltd.
4. Mariners Insurance Co. Ltd.
5. National Capital Reinsurance Co. Inc.
6. Sequoia Insurance Company (B'dos) Ltd.
7. Shure Insurance Co. Ltd.
8. Braeside Limited.
9. Carlyle Insurance Co. Ltd.
10. Commercial Acceptance Insurance Co. Inc.
11. Community Insurance Trust Ltd.
12. Excess Reinsurance Ltd.
13. Fencourt Reinsurance Co. (B'dos) Ltd.
14. Financial Indemnity Co. Ltd.
15. Great Western Assurance Co. Ltd.
16. Lincoln National Reinsurance Co. (B'dos) Ltd.
17. Old Fort Insurance Co. (B'dos) Ltd.
18. Owners Protective Insurance Co. Ltd.
19. Pharmacia Insurance Inc.
20. St. Andrews Insurance Ltd.
21. Transportation Reinsurance (B'dos) Ltd.
22. Tristar Reinsurance Co. Ltd.

The Annual Report and Financial Statements of the National Petroleum Corporation for the year April 1986- March 1987.

The National Insurance and Social Security (Non-Contributory Old Age Pensions) (Amendment) Regulations, 1988.

The National Insurance and Social Security (Benefit) (Amendment) Regulations, 1988.

#### FIRST READINGS OF BILLS

*On separate motions of Hon. P. M. GREAVES seconded by Hon. M. A. KING, the following Bills were read a first time:*

A Bill to amend the Companies Act, Cap. 308.

A Bill to amend the Exempt Insurance Act, Cap. 308A.

*On separate motions of Hon. M. A. KING, seconded by Hon. E. E. GREAVES, the following Bills were read a first time:*

A Bill to amend the Land (Adjudication of Rights and Interests) Act Cap. 228A.

A Bill to amend certain enactments in order *inter alia* to confer jurisdiction on the Registrar of Titles under certain enactments.

#### ORDERS OF THE DAY

##### SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, before we proceed further with Government Business, I would like to move the suspension of Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44, Sir.

Hon. M. A. KING: I beg to second that, Sir.

*The question that these Standing Orders be now suspended for the remainder of the day's sitting was put and was resolved in the affirmative without division.*

#### GOVERNMENT BUSINESS

##### COMPULSORY ACQUISITION OF LAND AT HALLS ROAD, ST. MICHAEL

*Order No. 3 was called - To move the passing of a Resolution to approve the compulsory acquisition of land at Hall's Road, St. Michael, for environmental purposes. 12.25 p.m.*

Hon. H. A. BLACKMAN (St. Philip South): Mr. Speaker, this Resolution seeks authorisation from Parliament for the acquisition of 137 square metres of land at Hall's Road, St. Michael. It would appear, Sir, that, quite a number of years ago, the Government used some land at Hall's Road, St. Michael, for the purpose of constructing a drain, and since the use of that portion of

land, the remaining portion of land has become, to all intents and purposes, useless to the present owners.

The Ministry of Transport and Works has advised that the land should be acquired, and the Town Planner has also said that no building of houses can go on there. So the Government has decided to acquire the entire portion of land, just a small strip of land going across Hall's Road towards the Globe Cinema on the left hand side. It will be an open space, and it is already landscaped.

Mr. Speaker, I beg that this Resolution do now pass.

Hon. E. E. GREAVES: I beg to second that and reserve my right to speak.

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

#### COMPANIES (AMENDMENT) ACT, 1988

*Order No. 2 was called — To move the second reading of a Bill to amend the Companies Act, Cap. 308.*

Hon. M. A. KING (Christ Church West Central): Mr. Speaker, the short purpose of this Bill, as stated in the Objects and Reasons, is to provide for the appointment of alternate directors of companies.

The practice prior to the coming into force of the new Companies Act, Cap. 308, in 1985, was that alternate directors had been appointed for companies in Barbados although the law did not prescribe or make provision for the appointment of alternate directors. Since the passing of the new Act and its coming into force, it was discovered that, again, no expressed provision had been made for the appointment of alternate directors.

With a number of offshore companies and financial institutions doing business in Barbados, a number of legal advisers to those companies, and their directors, were a little concerned that expressed provision had not been made in legislation providing for the appointment of alternate directors, bearing in mind that it was not always convenient for overseas directors to be present at meetings in Barbados and that it was important and desirable that provision be made for the appointment of alternate directors to represent them.

Despite the fact that the law made no expressed provisions for it, the practice, nevertheless, continued in Barbados, and when questions were raised as to the validity of this practice, opinions were expressed on both sides of the line, some lawyers expressing the view that it was not necessary to provide expressly for the

appointment of alternate directors, but that it could be done by the articles or memorandum of association in the absence of expressed provision, and some other lawyers, on the other hand, arguing that since the statute did not provide expressly for it, alternate directors could not be appointed.

The law remained in this state of uncertainty. We have decided to make the position abundantly clear because of the doubts which were raised, about the concerns of overseas companies who desired to appoint alternate directors, and bearing in mind that there were other jurisdictions in the Caribbean, like Bermuda and the Cayman Islands, whose legislation expressly provided for the appointment of alternate directors. So to remove any doubt of the validity of the appointment of alternate directors, we have brought the legislation to provide for that contingency so there will be no question raised as to whether it is lawful to appoint them or not.

The Bill, in essence, provides that alternate directors may be appointed not only to overseas companies, but also to locally incorporated companies.

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

Hon. B. M. TAITT: I beg to second that, Sir, and reserve my right to speak.

Mr. R. P. BYER (St. George South): I want to lend my voice of approval to this measure before this Honourable Chamber. The Attorney-General has outlined in a very lucid way the reasons why it is now sought to have this Bill passed into law. I can give very many examples of the problems as a practising attorney-at-law, with one usually has having, as it were, to chase directors around the woiT to have documents signed. In many cases, it results not only in the wastage of time, but of money.

Over the years, the practice had developed where people would have powers of attorney, normally done to accommodate this kind of arrangement; that is, powers of attorney made out to certain persons to act instead of directors. It was all right to appoint the alternate director, but in most cases when it came to the signing and the execution of documents, it was always questionable whether that should be done. So I am very, very happy to see this measure now, which will, in a very short time, become part and parcel of the laws of Barbados.

*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. M. A. KING, seconded by Hon. B. M. TAITT, Mr. SPEAKER left the Chair and the*

*House went into Committee on the Bill, Mr. R. B. BYER in the Chair. 12.35 p.m.*

#### COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

*Clauses 1 and 2 were called and passed.*

*On the motion of Hon. M. A. KING, seconded by Hon. B. M. TAITT, 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. M. A. KING, seconded by Hon. P. M. GREAVES, the Bill was read a third time and passed and cited as the Companies (Amendment) Act, 1988.*

#### LAND (ADJUDICATION OF RIGHTS AND INTERESTS) (AMENDMENT) ACT, 1988

*Order No. 4 was called — To move the second reading of a Bill to amend the Land (Adjudication of Rights and Interests) Act, Cap. 228A.*

Hon. M. A. KING (Christ Church West Central): Mr. Speaker, the objects of this Bill are set out quite clearly as being:

- (a) to remove an anomaly contained in the Act. Cap. 228A;
- (b) to remove doubts regarding the award of compensation thereunder;
- (c) to permit the Minister responsible for Lands to classify certain titles according to their origin;
- (d) to create certain new offences; and
- (e) to require regulations thereunder to be subject to negative resolution.

Mr. Speaker', this Bill is part of the process of getting registered land a part of the laws of Barbados. Your Honour will recall that the Land Registration Act had been passed into law quite some years ago — in fact, I believe it was in the early 1980s — but it has taken a long time getting off the ground because a lot of spade work had to be done to get it going.

The Land Registry is in the process of being completely organised. A registrar of Titles has been appointed and, shortly, some Commissioners of Titles will be appointed to deal with adjudicating on titles to

land which need to be placed on the Register of Titles, in order to get the whole process underway.

This Bill provides for certain changes in the Land (Adjudication of Rights and Interests) Act, which is the bit of legislation which gives the Commissioner of Titles the authority to adjudicate titles and interests in land. This is part of the whole process of getting the machinery in order.

I believe, Mr. Speaker, that there is a typographical error in the Bill as it stands, and in the course of its passage through Committee, I shall seek leave of the Chairman to make the appropriate amendment. I would just like to indicate it at this stage, at page 3 of the Bill before us, paragraph 5(b) in relation to offences, "fails or refuses to comply with any requirements or any notice" ..... and then, "or under". I think that should be "order", "any notice or order issued under this Act", so in due course I will ask that that appropriate amendment be made.

If there are any clarifications or questions which any honourable Member wishes to raise on the Bill, I am willing to deal with it.

I ask that this Bill be now read a second time.

Hon. P. M. GREAVES: I beg to second that and reserve my right to speak.

*On the motion of Hon. M. A. KING, seconded by Hon. P. M. GREAVES, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. R. P. BYER in the Chair.*

#### COMMITTEE Mr.

CHAIRMAN: The House is in Committee.

*Clauses 1 - 4 inclusive were called and passed. 12.45 p.m.*

*Clause 5 was called.*

Hon. M. A. KING: Mr. Chairman, in moving Clause 5, as I indicated during the second reading of this Bill, there is a typographical error appearing in clause 5(b), the third word of the third line which is recorded in the draft as "under".

I move that that be corrected.

Mr. CHAIRMAN: Which clause is that?

Hon. M. A. KING: Clause 5(b), the third word of the third line. It reads "fails or refuses to comply with any requirements or any notice or under issued under

this Act;". The word "under" should be deleted and the word "order" substituted.

I beg to move that amendment.

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

*The question that "order" be substituted for "under" was put and resolved in the affirmative without division.*

Hon. M. A. KING: I beg to move that Clause 5, as amended, stand part.

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

*The question that Clause 5, as amended, stand part was put and resolved in the affirmative without division.*

*Clause 6 was called and passed.*

*On the motion of Hon. M. A. KING, seconded by Hon. P. M. GREAVES, Mr. CHAIRMAN reported the passing of one Bill in Committee with amendment, and Mr. SPEAKER resumed the Chair and reported accordingly.*

*On separate motions of Hon. M. A. KING, seconded by Hon. H. A. BLACKMAN, the Bill was read a third time and passed.*

#### JURISDICTION (MISCELLANEOUS AMENDMENTS) ACT, 1988

*Order No. 5 was called - To move the second reading of a Bill to amend certain enactments in order, inter alia, to confer jurisdiction on the Registrar of Titles under certain enactments.*

Hon. M. A. KING (Christ Church West Central): Mr. Speaker, this Bill is part of the same process as the one which we have just completed, and seeks to confer jurisdiction on the Registrar of Titles under certain enactments and to permit that registrar to perform certain duties in relation to the office.

Part of these functions, Mr. Speaker, had been performed by the Registrar of the Supreme Court, but with the Registrar of Titles now becoming a reality, and certain functions which had been performed by the Registrar of the Supreme Court now being performed by the Registrar of Titles, this Bill effectively confers on the Registrar of Titles the jurisdiction in relation to those persons transferred to the Registrar of Titles.

The purpose of this Bill is to effect that transfer, as well as to confer on the Registrar of Titles the authority to function as a Notary Public.

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

Hon. B. M. TAITT: I beg to second that and reserve my right to speak.

*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. M. A. KING, seconded by Hon. H. A. BLACKMAN, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. R. P. BYER in the Chair.*

#### COMMITTEE

*Clauses, 1, 2 and 3 were called and passed. The*

*Schedule was called and passed.*

*On the motion of Hon. M. A. KING, seconded by Hon. B. M. TAITT, Mr. CHAIRMAN reported the passing of one Bill in Committee without amendment, and Mr. SPEAKER resumed the Chair and reported accordingly.*

*On separate motions of Hon. M. A. KING, seconded by Hon. B. M. TAITT, the Bill was read a third time and passed.*

#### EXEMPT INSURANCE (AMENDMENT) ACT, 1988

*Order No. 1 was called — To move the second reading of a Bill to amend the Exempt Insurance Act, Cap. 308A.*

Hon. P. M. GREAVES (St. Michael North): Mr. Speaker, from time to time, it becomes necessary to review the operations of the Exempt Insurance Act. As a matter of fact, Section 35, I believe it is Sir, of that Act has made provision for the setting up of a committee to review, from time to time, the operations of that Act, to remove any difficulties that may exist. Sometimes when that is not possible, and they have to be removed legislatively, then we have to do so by a Bill, and this is precisely what we intend to do on this occasion. 12.55 p.m.

Sir, those persons who have to deal with the operation of this Act, attorneys-at-law, auditors, and so on, have made certain representations, and it is out of those representations that we have this Bill before Parliament today.

There are certain difficulties which, if we do not remove them, will put us in a very uncompetitive position in relation to those other countries that have similar

legislation and provide similar services for the international business community, particularly Bermuda and the Cayman Islands. The difficulties are set forth in the Bill that is now before Parliament.

A simple example, Sir, relates to the filing of the auditor's statement. The practitioners have asked that the time within which that should be filed should be extended from three months to six months to give them time to file those documents, which are required to be filed in accordance with the law.

Another requirement relates to the holding company. As the matter now stands, the insurance company has to raise certain capital on the United States market which, as it is now structured, renders the company open to the United States court jurisdiction. That is undesirable, because to get around that, they have to form themselves into management service companies and either be registered, not here in Barbados, but in the Cayman Islands or in Bermuda, which are competitors with Barbados for those holding companies, to be able to hold the shares in exempt insurances here in Barbados. To put Barbados in a strongly competitive position, it is intended that those holding companies be incorporated in Barbados, and that certain concessions be made to those holding companies that are normally made in the international community.

There is the matter of the auditors being required to file solvency certificates, or whatever they might be, on those companies. The auditors have represented that they are unable to sufficiently monitor those companies on a day-to-day basis, and it has been suggested that those reports be made available to the Inland Revenue Department, as and when required, by those persons who are representatives or agents of the companies here in Barbados.

Confidentiality is another matter for which this Bill is making provision. Of course, the Inland Revenue Department will be able to get such information as is required from time to time.

These are some of the salient provisions of this Bill I think this Bill is fairly clear and I move, Sir, that this Bill be read a second time.

Hon. B. M. TAITT: I beg to second that and reserve my right to speak on this Bill.

Mr. O. S. ARTHUR (St. Peter): Mr. Speaker, the Opposition has no broad objection to the specific clauses contained in this piece of legislation, and we will be giving support to the Bill.

Indeed, Sir, I am very pleased that there is no evidence of any scepticism now as regards the need for

an offshore financial industry in Barbados. We are very pleased on this side as to the strides that have been made in the development of Barbados as a domicile particularly for captive insurance companies, and, indeed, the strides that have been made as regards the development in other areas of the offshore service sector, not the least the development of Barbados as a domicile for foreign sales corporations, a register for shipping, as well as the role being played by Barbados as a safe home for international business companies.

I will go so far as to say that if there is an enduring legacy that the late Prime Minister Tom Adams left to this country, it was his vision that Barbados would evolve as a major international service sector. He then had a vision that it was going to be a source of both direct and indirect economic benefits to this society. I believe that we are beginning to see the fruits of that vision being realised in terms of the number of exempt insurance companies that are registering in this country.

While the official records do not show it as yet, Sir, it is now becoming quite clear as well that there is a relationship between the growth of the exempt insurance industry and some portion of our receipts from tourism. The fact that annual meetings as well as directors meetings have to be held in Barbados is having a very positive and very beneficial impact on the receipts of some parts of our up-market tourism plant, as the hoteliers and restaurateurs would testify.

I am still hopeful that, in due course, this country will be in a position to look to potential investments coming out of our relationship with the directors and other entities involved in the captive insurance business. It was envisaged that that form of linkage would have been established in due course, and it is an opportunity which this Opposition hopes that the Government will not miss.

I have a broad specific concern, Mr. Speaker, not so much pertaining to the legislation as legislation, but to the administrative arrangements surrounding the development of the captive insurance industry in Barbados.

It seems to me that there are two broad sets of conditions that must be met for an industry like the captive insurance industry to flourish in this society. One, of course, Sir, is an appropriate tax environment, and the second is an appropriate administrative system that allows clear, clean and swift decisions to be made.

Members of the House might have seen a recent issue of the captive insurance industry report which drew reference to the fact that while Barbados has done well last year in attracting industries under the auspices of the Exempt Insurance Act to this country, our march forward in this particular area may come to a halt because of certain administrative deficiencies now existing at the local level, and I speak precisely to the problems at the level of the Supervisor of Insurance Office.

The particular issue of the captive insurance report drew specific reference to the fact that the administrative capacities of the Supervisor of Insurance Department are not adequate enough to cope with the range of new business that is being generated. Indeed, the failure of the Government to move with despatch to appoint a Supervisor of Insurance is a matter that is being seen as a deterrent to the continued prosperity in this particular industry. 1.05p.m.

The Supervisor of Insurance Department, Mr. Speaker, is now handling business that is worth perhaps as much as \$1¼ billion a year. When that department was established, it was established largely as a Government department to supervise the operations of local insurance companies, whose premium income, Sir, perhaps now amounts to about \$150 million a year. But with the growth of the exempt insurance industry, quite obviously, Sir, the role now being performed by the Supervisor of Insurance Department is quite larger than that for which it was originally established. Notwithstanding the growth in its role, the resources being committed to the Supervisor of Insurance have not changed to keep pace with altered circumstances, and there is a clear case existing today, Mr. Speaker, as there was a clear case existing last year, for very urgent action to be taken to upgrade the facilities of the supervisor's office, with a view to enhancing its capacity to deal particularly with the exempt insurance part of its area of interest.

We from this side, Mr. Speaker, have to draw this particular administrative problem to Government's attention. There is a need to move with dispatch to appoint a Supervisor of Insurance, and for Government to put within the Supervisor of Insurance Office such technical expertise as to cater to the growth of the local insurance industry as well as to deal with the specialised and highly technical requirement of the burgeoning exempt insurance industries *per se*.

I recall, Mr. Speaker, that last year, when there was a merger of two local insurance companies, the issues involved were so complex that this country had to contract foreign consultants to consult on various aspects of the work. My argument this morning, therefore, without attempting to criticise anybody, is that the time

has come when the Supervisor of Insurance Office can no longer be regarded as just an adjunct of the Ministry of Finance headed by a middle level public servant. The time has come when recognition must be made of the fact that we are talking about an industry whose assets, whose capital and contributive reserves, are perhaps half billion dollars. We are talking of, perhaps, the largest financial operation in Barbados, and the time has come for the industry to be given the kind of institutional support and administrative arrangements as to enable continued growth to be realised in this very important new area of our society. If it requires our having to create a new statutory institution to supervise this aspect of our economic growth, in much the same way as the IDC supervises our industrial growth, I think the money would be very well spent.

In that spirit, Mr. Speaker, I commend this Resolution to the House. The Opposition will be supporting it. But I do not believe that we should allow growth in this area to lag merely because of administrative problems which are entirely within our ability to correct.

I am obliged to you.

Mr. D. A. C. SIMMONS (St. Thomas): Mr. Speaker, I well understand, Sir, that, from time to time, we will have to amend both the Companies Act and the offshore legislation, generally, to take account of historical experience and the problems which are drawn to our attention by the practitioners in the offshore service area. I think the last Bill that I brought down here in 1986 was to amend a number of provisions in the then Act, in the light of meetings that the honourable Member for St. Peter (Mr. O. S. Arthur) and myself had with a number of overseas companies which were coming here to do business and showed us certain weaknesses in the Act and the need for amendment.

Particularly at this time, it is important for us to become as competitive as we can in this area, having regard to the fall-off in export earnings in other sectors. I believe that no one has taken much account of the fact that after the fiscal arrangements were put in place by the present Government in 1986, there was a falling off in revenue, but that in the corporate area, there has been an increase in revenue, not as a result of the tax measures of 1986 July, but precisely because the offshore sector is now contributing in the vicinity of \$22 million to \$25 million a year to corporate revenue, Sir. When one reads Government accounts, one must be aware of the contribution that the offshore sector is making to corporate revenues in this country, compensating for the lost of revenue occasioned by the tax proposals of July 1986, and we can only hope that the upward trend in the accretion in revenues will continue to a greater extent over the years.

I am glad, Sir, that the honourable Members on the other side did not try to abandon the offshore sector, because it is well known that in 1979, when the Offshore Banking Act was introduced, and other companion legislation, that legislation was the subject of much abuse from members of the Democratic Labour Party, who were content to tell the public that the Barbados Labour Party, somehow, was going to flood Barbados with a lot of Mafia men and money. The debates, from towards the end of 1978 into 1979, are replete with the criticisms levelled against the development of offshore business. But with hindsight, and the reality of Government, the honourable Members on the other side now recognise that there was a lot of emptiness in what was then being said.

I have one or two problems which need clarification. I want to draw the Minister's attention first of all — from this, not the usual printed version....

*Aside.*

Mr. D. A. C. SIMMONS: It is cyclostyled. "PART VA", Sir. I understand that there was not previously a definition of "holding company."

*Aside.*

Mr. D. A. C. SIMMONS: "PART VA" on page 6.

*Aside.*

Mr. D. A. C. SIMMONS: "PART VA", yes.

We now have two definitions of "holding company" in the Company Law of Barbados. One under the Companies Act, Cap. 308, dealing with general companies, which is a two-paragraph thing - I think it is section 442, or one of those sections in the Companies Act — and now, for the purposes of exempt insurance companies, we have a second definition which requires that there be satisfactory evidence presented of four obligatory matters. 1.15p.m.

Part VA, 28A says:

For the purposes of this Act, a holding company is a body corporate that satisfies the following requirements:

- (a) it is incorporated under the *Companies Act* and its sole object is to own shares in a company whose objects and activities are the transaction of exempt insurance business from within Barbados."

I question, first of all, the restriction placed on the type of business. Under the Companies Act Cap. 308, we have got rid of the old Objects clause, the difficulties and the *ultra vires* problems that were occasioned in the old

law, and now, as I understand it, a company registered in Barbados is enabled by the parent Act, Cap. 308, to do any business, which is legal, of course, and moral, that could be done by a human individual. Indeed, when you are registering the companies now, there is provision for three lines to be filled on the forms of the types of business, and I wonder to what extent it is necessary to say that a holding exempt insurance company must have one object, only that of owning shares in a company whose objects and activities are exempt insurance business. Are we in this Bill implementing a rule that is in conflict with the general provisions of the Companies Act, Cap. 308?

Under Cap. 308A, section 4, Subsection 2, the top of the page, it says:

"No licence may be issued under this Act to a person other than a body corporate that satisfies the following requirements:

- (a) it is incorporated under the Companies Act as a company limited by shares or as a mutual insurance company.
- (b) its objects and activities are the transaction of exempt insurance business.

It does not say in the parent Act that the sole object or activity is the transaction of exempt insurance business. So I just wonder if it is absolutely necessary in the definition of "holding company" to limit the ability and the capacity of the company to the sole object of owning shares in an exempt insurance company, when perhaps, the parent Act uses more general language, granted that the intent of the two, the parent Act, and this amending Bill, is to ensure that the holding company is engaged in exempt insurance business. I am not sure, Sir, for the time that has been available to me to really research this matter, whether we are doing right to say its sole object is to own shares in a company and so on, or whether it would not be better to say, 'one of whose objects is to own.' That is the first point that drew its attention to me.

Secondly, in 28B, we have made provision for alternate directors who can be a resident. I am not reflecting on any vote earlier today, Sir. I am just adverting to the fact that we recognise that there were certain difficulties which needed to be freed up and we have allowed for resident or alternate directors. I want to know from the Minister what is the purpose of restricting a resident citizen who is appointed as a director from acquiring shares. Is this just in keeping with section 4(2) of the parent Act again, (d)? Its beneficial shareholders are not persons resident within the Caribbean community.

Then, Sir, on page 8 of the Bill, it says:

"A company that is desirous of registering as a holding company under this Act may apply to the Minister for approval to be so registered."

I want to ask the Minister, why the use of the permissive word "may", when we are dealing with the question of registration? It is either that you can register as a holding company or not. If you have to apply to the Minister, why not make it obligatory? It seems to me that it would be better, because of what follows and the powers granted to the Minister to revoke or grant licenses in the law, to let it go like any other company where you want the ministerial approval and make it an obligation — a person who knows he wants to register a holding company as an exempt insurance holding company must apply to the Minister to be registered, and I presume that he has to apply to the Minister before he goes to the Registrar of Corporate Affairs, or whatever the title is now. So that application to the Minister is a precondition to registration before the Registrar of Corporate Affairs.

It seems to me from reading this — I do not know if that was the intent — that you send a certified copy of the articles of incorporation and the prescribed application fee to the Minister and what it is impliedly saying is that to get a certified copy of the Articles of Incorporation, you must have incorporated. So you go to the registrar, incorporate, you get the certified true copy stamped from the registrar, you take the documents and your money, if you so desire, to the Minister. I wonder if that is what we want. Or should the applicant not make the application for registration for approval to the Minister, when the Minister approves it, then the person goes and registers and becomes incorporated with the Registrar of Corporate Affairs? I would like to hear the Government on that, Sir. 1.25p.m.

In considering the application, the only problem here with subsection (3) is the use of the word "sole" which I am questioning on grounds of philosophy and consistency in the theory and the actual practice of registering and incorporating a company.

Subject to those comments and responses from the Government, I would just make one other general observation. I understand the need for the Immigration Department to be careful and to scrutinise fully applicants for status who may want to operate in the offshore sector, but there is a certain tardiness by that department in dealing with applications in this area that causes some concern. I am not going to refer to any specific case by name, Sir, I will speak to the Minister of Immigration privately, but I know of an instance which involves a client of mine.

The person wanted to attract a lot of this type of exempt insurance business in Barbados. He is also involved in the offshore banking sector, a director of many well-known banks. He wanted to buy a home in Barbados for \$1 million and had the money. A year has gone and no decision has been made by the Immigration Department. I do not believe that we have got a reply since May last year. The gentleman has decided that Barbados is no longer attractive to him. All the arrangements he had with BWIA to fly people in here to connect with cruise liners that his companies were bringing here are lost, all has gone, and I really think that a year is far too long for a decision to be made.

We are fortunate that the Minister who introduced this today is the Minister of Immigration. I know he was concerned about the operations of the department — I saw it reported last week, I believe — and I think in this area he should encourage the Immigration Department to be more sensitive and more speedy, having done the necessary checks and so on, to ensure that decisions come out fast in this area.

I am obliged, Sir.

Hon. B. M. TAITT (St. Michael West): Mr. Speaker, I do not believe that this Bill occasions a lot of debate and, therefore, what I shall have to say is brief.

I was taken aback when the honourable Member who just sat down spoke in terms of criticism of the offshore regime, in exempt insurance, in particular, by the Democratic Labour Party. I was concerned, because I could not recall quickly what he would have been referring to.

I know, for example, as all honourable Members do, that the offshore regime is not an original concept of the Barbados Labour Party, or it may not even be an original concept of any party in Barbados. It is a methodology that has been tried by developing countries, especially in the 1960s, and it is one which, in fact, was introduced by the Democratic Labour Party in the 1960s, when we introduced incentive legislation. I think it was the Industrial Development (Export Industries) Act of 1963. That was the beginning of the concept. The Industrial Incentives Act, 1963, the Export Industries Act, 1965, and the International Business Companies Act, 1965 were all part of the thinking, and, indeed, they survived until 1983. It is only in 1983 that we find any substantial change being made and a carrying forward of the concept. By then, Barbados had reached the stage, and had so performed, that we could give some consideration to an offshore regime, including exempt insurance and other related matters.

We could have been talking at that time of Barbados being a financial centre. But Barbados could not have

begun to be considered a financial centre until we had set up a Central Bank, and that was done by the Democratic Labour Party in 1972. So I wish the record to be clear and straight on the offshore regime, because I spent a substantial part of my life functioning in the offshore regime in the export industries, especially helping to industrialise Barbados between 1965 and 1971. I am talking about working outside the country.

But it is instructive what happened in the debate. I took the trouble to send for the record, and the first person speaking in that debate for the Democratic Labour Party was no less a person than the honourable Member for St. Philip North (Hon. W. O. Franklin) who is not in his chair now. He began at page 2902 of Hansard in the 1983 debate, and he said:

"Mr. Deputy Speaker, the passing of this Exempt Insurance Bill is just the continuation of work that was done in the previous Administration towards the development of international financial institutions. I say it is a continuation because the previous Administration had passed the International Business Act and this Administration has continued by passing the Offshore Banking Act, the Shipping Act, and now we have the Captive Insurance Bill."

I do not wish to go into a long controversial discussion, but the honourable Member mentioned 1979, which was the halcyon period during which we were discussing the sovereignty of Barbados in the context of what we perceived the Barbados Labour Party was seeking to do, and, in fact, was doing. When we talked to them about the selling out of the country, and when we talked about the coming in of the Mafia and those kinds of things, it was not restricted to a particular Bill, it was in reference to a total methodology with which the honourable Member who just spoke, if he will reflect, concurred.

(*Aside:* Mr. D. A. C. SIMMONS: With whom?)

Hon. B. M. TAITT: With the Democratic Labour Party's point of view in that day. 1.35 p.m.

Mr. D. A. C. SIMMONS: On a point of order: The honourable Member is misleading the House, because I never concurred with the Democratic Labour Party in its allegations that the Barbados Labour Party was creating an atmosphere or an environment for engendering Mafia-type business in Barbados.

Hon. B. M. TAITT: Sir, if the record would show what he just said, you would see that even in the choice of his language to deny what I am saying, he was very careful.

I do not wish to engage in a long discussion. Suffice it to say that those were the good, bad days when the emperor of the Eastern Caribbean was functioning in such a way — he perceived himself as the colossus of the Eastern Caribbean — and had roped in a lot of people, that we were all in danger then — and we spoke against it, and will continue to speak against it — of being colonised by a series of people, not necessarily Government. Those • were the days of the cadavers, those were the days when decisions were being made.....

*Asides.*

Hon. B. M. TAITT: Sir, I will not be provoked to going into a long debate. The point one is making, Sir, is that we said then we did not wish to have the Mafia, we did not wish to have offshore gambling. Gambling was the issue and the honourable Member for St. Michael South Central (Dr. R. C. Haynes) had come into the House of Assembly after a by-election in St. Michael South Central in which the whole issue of gambling was a major issue. It was the offshore gambling that we discussed in great detail. I remember the honourable Member, the evening before the election, helping to distribute the cheques, Sir.

Mr. D. A. C. SIMMONS: On a point of order: What cheques is he speaking about? The ones with a Mr. Tudor and Mr. Moe? What cheques?

Hon. B. M. TAITT: I am talking about the ones which you all had photocopied and was flooding St. Michael South Central with from a moke. I recall you passing on the other side. In those days, politicians used to speak to one another, even when they were canvassing, and I recall the honourable Member in a mini moke, and they had just discovered some cheques that had the signature....! will help you remember....do you remember the cheques?

Mr. D. A. C. SIMMONS: I remember the cheques, Sir. I think they had something to do with a building owned by the present Member for St. Michael South Central in respect of rent received from Mr. Miller and renting out the building to machine operators.

Hon. B. M. TAITT: So you remember that you were distributing cheques during the campaign? I never mislead the House!

The point we are making, Sir, is that the offshore area that we railed against had to do with gambling, and we talked about the Mafia and we talked about Michael Parks.

I beg your pardon, Sir, I withdraw the name. I am withdrawing the name, because I see Mr. Speaker leaning forward.

I recall very well that these were the issues. It had nothing to do with exempt insurance *per se*. I go on to say, however, Sir, that it is a fact that money laundering and other similar activities even now concern international communities. Indeed, very recently there has been, certainly in the United Kingdom and in the United States, in all the international agencies, instances almost every week of companies being indicted for having participated in the laundering of illegally-obtained money, etcetera. So we have to be very careful, and this is the reason I am speaking.

We do not wish our acceptance, promulgation and encouragement of an offshore business regime to send the wrong signals to anyone. Barbados has demonstrated, after very scrupulous and careful experience, that we can have what I choose to call a "clean" offshore regime. I think both sides of the House are agreed on that, and so long as we are having that kind of regime, we are going to find it acceptable to continue in the vein, which has been very carefully honed out after debate on both sides.

Mr. Speaker, we expect them, if they find us going in the wrong direction in this regard, to speak out against it. They would not be doing their duty if they do not draw to the attention of the public that we are going in the wrong direction in a particular regard. Therefore, when we can have agreement on the offshore regime, it signals to the rest of the international community that coming into Barbados to do offshore business requires a certain methodology, but it will meet acceptance on a welcome mat. I am very happy that we can reach that level, as we tend to do in many of the activities of Government. It is not well known, and it is not always articulated, that in most serious activities of Government, the divide between political parties in democratic countries is usually a relatively small one. It is the depth of division in these small areas that creates the confusion.

*Asides.*

Hon. B. M. TAITT: Mr. Speaker, I am about to sit down, but the honourable Member is saying that I cursed somebody. I could never curse anybody.

Mr. SPEAKER: Do you believe the Chair would sit and let an honourable Member curse another honourable Member?

Hon. B. M. TAITT: Precisely the point I am raising, Sir! That he would sit there and say so *sotto voce* ... it is a good thing Your Honour could not hear him, because he would never be able to say while Your Honour was sitting in the Chair that another honourable Member cursed somebody. I understand he went downstairs and cried!

Thank you, Sir.

Hon. P. M. GREAVES: Sir, some specific questions were raised particularly by the honourable Member for St. Thomas (Mr. D. A. C. Simmons), and I think the honourable Member for St. Peter (Mr. O. S. Arthur) raised the issue of the appointment of a Supervisor of Insurance and upgrading the department.

The matters raised by the Member for St. Peter are matters which I think one should be concerned with, because this form of national business dealings has been so important to the country that I think that whatever we can do to strengthen that department, we should do. I shall raise these questions that have been raised with me and report on them to the Minister responsible, who happens to be the Prime Minister. I believe that we can have some positive responses to those questions that were raised by the honourable Member for St. Peter.

The honourable Member for St. Thomas wanted to know why the holding company should have the sole objective of holding shares in these exempt insurance companies. First of all, Sir, I should like to refer him to the Exempt Insurance Companies Act itself, which limits, it appears to me, the objects of exempt insurance companies to that of exempt insurance business, because it states specifically that its objects and activities are the transaction of exempt insurance business.

*Asides.*

Hon. P. M. GREAVES: That is a matter of interpretation, because my interpretation is that it is so. I do not believe, Sir, that exempt insurance businesses should be permitted to go outside of that business to do other business in this country, and yet have the kind of concessions that they now enjoy. I cannot believe that, Sir, so that my interpretation of this Act, as passed in this House of Assembly in 1983, is that it limits the exempt insurance business to only that one object, that of exempt insurance business.

What we are doing here is making provision for a whole new company to own shares in the exempt business. All we are also saying, Sir, is that that holding company's only objective should be to hold shares in that business as well. So it is consistent with the Act as it stands.

Further, Sir, the parent company has a number of concessions that are not granted, generally, to holding companies under the Companies Act. They include exemption from Income Tax, Capital Gains Tax and other direct imposts. When you come to withholding tax, — it says that at the discretion of the Minister, there can be a guarantee that the benefits of exemptions under the Act will apply for a period of 50 years. These are things that are not normally available to a holding company. I hope that the Member is satisfied that what we are trying

to do is to put this category of a holding company in a class by itself and not have it as a holding company under the Companies Act. 1.45 p.m.

The other question related to shareholding and 28B:

"A resident citizen who is appointed a director in compliance with this section shall not subscribe for or acquire any shares of the company ....."

(*Aside:* Mr. D. A. C. SIMMONS: I did not pursue that).

Hon. P. M. GREAVES: Oh, that was not pursued. That is, in fact, part of the general Act as it stands at the moment.

The final point, as far as I can remember, related to Immigration.

(*Aside:* Mr. D. A. C. SIMMONS: No, 28C.)

Hon. P. M. GREAVES: .28C? I might have been engaged otherwise, I did not get that point.

I do not want to deal with the point on Immigration here. That is a sore point with me. I am in agreement with the honourable Member for St. Thomas on that particular point. We all are.

I addressed a small meeting, exactly a week ago, last Monday, of immigration, officers, and I told them precisely how I felt about the Immigration Department and its functioning. I said I am not happy with it, and I am repeating here, Sir, that I am not happy with its functioning. I am not happy with the time in which applicants receive responses to their applications. I am not exactly happy that decisions or recommendations are always made consistent with common sense. These are some of the problems which I have addressed, and we continue to address, in the department in an administrative way.

I do not wish to raise the matters in Parliament at this time. If I do not get the results I am aiming at, I probably will have something further to say more publicly.

Thank you, Sir.

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

*On motion of Hon. P. M. GREAVES, seconded by Hon. B. M. TAITT, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. R. P. BYER in the Chair.*

## COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

*Clauses 1 - 5 inclusive were called and passed.*

*Clause 6 was called.*

Mr. D. A. C. SIMMONS: The new section 28A. The point I was trying to draw to the Minister's attention, Sir, is that the first requirement for a holding company is that it should be a company whose sole object is not exempt insurance business, but whose sole object is to own shares in an existing company doing exempt insurance business. I do not think it makes total sense.

I agree that it is an attempt at a better definition than what is in the Companies Act, because the Companies Act definition is a joke definition: "A body corporate is the holding body corporate of another if that body corporate is a subsidiary." That is what the Companies Act, section 442, states.

*Aside.*

Mr. D. A. C. SIMMONS: They had a committee. I was not involved, but they have a committee that dealt with that Companies Act.

The point I was trying to make that this Bill says a holding company's sole object is to own shares in a company that is carrying on exempt insurance, and I do not believe that, consistent with what we have done in terms of abolishing the *ultra vires* rule, we are being consistent in limiting the function and capacity of a company. I prefer the definition — that was the point I was trying to make to the Minister - in section 4, subsection 2 of the principal Act, which just said, "if its objects and activities are the transactions of exempt insurance". It does not say "sole". Here we have a word which specifically limits the area of operation only to that of holding shares in another company.

I think we are still at section 6, on page 8, and the point I was making, which the Minister missed at the top of page 8, concerns the new 28C. I asked him if the "may" was more preferable than "must" in these circumstances, and then I was very concerned as to what is the procedure that is set out in this amending Bill for registration of a company as a holding company under the Act. You apply to the Minister for approval to register, 28C(1), and your application must be accompanied by a certified copy of the articles of incorporation of the company under the Companies Act, so you are already registered and now ....

*Aside.*

Mr. D. A. C. SIMMONS: Is that not what it means?

*Aside.*

Mr. D. A. C. SIMMONS: Why do you have to register twice? I thought that you would register the company with your set of documents, and in the application where it says, "types of business carried on", you would type in "owning shares in an exempt insurance company." That would be the sole object of Clause 4, and you go and register that under the Companies Act. But now to register as an exempt insurance company, you carry a certified copy of that, having been registered as a company already, with a new application to the Minister to be registered now as a holding company. 1.55 p.m.

It seems like double trouble to me. But I am not going to press it. Perhaps it will come out in the wash in the practical application of it. It does not sound right to me.

*The question that Clause 6 stand part was put and was resolved in the affirmative without division.*

*Clauses 7—15 inclusive were called and passed.*

*On the motion of Hon. P. M. GREAVES, seconded by Hon. M. A. KING, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. SPEAKER resumed the Chair and reported accordingly.*

*On separate motions of Hon. P. M. GREAVES, seconded by Hon. M. A. KING, the Bill was read a third time and was passed.*

#### ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, that brings us to the end of Government Business for today.

I move, Sir, that this House do now adjourn until Tuesday, June 14, 1988, at 12.00 o'clock noon.

Hon. B. M. TAITT: I beg to second that, Sir.

*The question that the House do now adjourn until Tuesday, June 14, 1988 at 12.00 o'clock noon, was put and was resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly. 2.00 p.m.*

## CONTENTS

### MINUTES

|                                                                                 |      |
|---------------------------------------------------------------------------------|------|
| Confirmation of the Minutes of the meeting of<br>Thursday, April 28, 1988 ..... | 2572 |
|---------------------------------------------------------------------------------|------|

### ANNOUNCEMENTS

|                          |      |
|--------------------------|------|
| <b>Mr. SPEAKER</b> ..... | 2572 |
|--------------------------|------|

The Accounts of the Sugar Industry Research and Development Fund for the year ended 31st March, 1987.

### PAPERS

|                                 |      |
|---------------------------------|------|
| <b>Hon. P. M. GREAVES</b> ..... | 2572 |
|---------------------------------|------|

The Customs Tariff (Amendment) (No. 4) Order, 1988.

The Customs Tariff (Amendment) (No. 5) Order, 1988.

The Customs Tariff (Amendment) (No. 6) Order, 1988.

Guarantees granted under the Exempt Insurance Act, Cap. 308A section 32 to the following:—

1. Centre Reinsurance (B'dos) Ltd.
2. Coral Reinsurance Co. Ltd.
3. Insure-Rite (B'dos) Ltd.
4. Mariners Insurance Co. Ltd.
5. National Capital Reinsurance Co. Inc.
6. Sequoia Insurance Company (B'dos) Ltd.
7. Shure Insurance Co. Ltd.
8. Braeside Limited
9. Carlyle Insurance Co. Ltd.
10. Commercial Acceptance Insurance Co. Inc.
11. Community Insurance Trust Ltd.
12. Excess Reinsurance Ltd.
13. Fencourt Reinsurance Co. (B'dos) Ltd.

14. Financial Indemnity Co. Ltd.
15. Great Western Assurance Co. Ltd.
16. Lincoln National Reinsurance Co. (B'dos) Ltd.
17. Old Fort Insurance Co. (B'dos) Ltd.
18. Owners Protective Insurance Co, Ltd.
19. Pharmacia Insurance Inc.
20. St. Andrews Insurance Ltd.
21. Transportation Reinsurance (B'dos) Ltd.
22. Tristar Reinsurance Co. Ltd.

The Annual Report and Financial Statements of the National Petroleum Corporation for the year April 1986 - March 1987.

The National Insurance and Social Security (Non-Contributory Old Age Pensions) (Amendment) Regulations, 1988.

The National Insurance and Social Security (Benefit) (Amendment) Regulations, 1988.

### FIRST READINGS OF BILLS

|                                 |      |
|---------------------------------|------|
| <b>Hon. P. M. GREAVES</b> ..... | 2573 |
|---------------------------------|------|

A Bill to amend the Companies Act Cap. 308.

A Bill to amend the Exempt Insurance Act Cap. 308A.

|                              |      |
|------------------------------|------|
| <b>Hon. M. A. KING</b> ..... | 2573 |
|------------------------------|------|

A Bill to amend the Land (Adjudication of Rights and Interests) Act, Cap. 228A; and

A Bill to amend certain enactments in order *inter alia*, to confer jurisdiction on the Registrar of Titles under certain enactments.

### ORDERS OF THE DAY

|                                     |      |
|-------------------------------------|------|
| SUSPENSION OF STANDING ORDERS ..... | 2573 |
|-------------------------------------|------|

### GOVERNMENT BUSINESS

|                                                                     |      |
|---------------------------------------------------------------------|------|
| COMPULSORY ACQUISITION OF LAND AT<br>HALL'S ROAD, ST. MICHAEL ..... | 2573 |
|---------------------------------------------------------------------|------|

Hon. H. A. Blackman, 2573.

---

COMPANIES (AMENDMENT) ACT, 1988..... 2574

Hon. M. A. King, 2574; Mr. Byer, 2574.

LAND (ADJUDICATION OF RIGHTS AND IN  
TERESTS) (AMENDMENT) ACT, 1988 ..... 2575

Hon. M. A. King, 2575.

JURISDICTION (MISCELLANEOUS AMEND-  
\* MENTS) ACT, 1988 ..... 2576

Hon. M. A. King, 2576. EXEMPT

INSURANCE (AMENDMENT) ACT,  
1988. 2576

Hon. P. M. Greaves, 2576, 2582; Mr. Arthur,  
2577; Mr. D. A. C. Simmons, 2578, 2583,  
2584; Hon. B. M. Taitt, 2580.

ADJOURNMENT ..... 2584

#### **SPEAKERS IN THE ISSUE**

**ARTHUR, O. S. (St. Peter)**

**BLACKMAN, Hon. H. A. (St. Philip South)**

**BYER, R. P. (St. George South)**

**GREAVES, Hon. P. M. (St. Michael North)**

**KING, Hon. M. A. (Christ Church West Central)**

**SIMMONS, D. A. C. (St. Thomas)**

**TAITT, Hon. B. M. (St. Michael West)**