THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 -- 96

HOUSE OF ASSEMBLY

Tuesday, December 03, 1991.

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

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)
His Honour T. C. ESTWICK, B.Sc., LL.B., (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.), J.P., (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)
Mr. H. deB. FORDE, Q.C., M.A., LL.B., (Leader of the Opposition)
Hon. P. M. GREAVES, Q.C., B.A., (Deputy Prime Minister, Minister of Public Works, Communications and Transportation and Leader of the House)
Hon. M. A. KING, Q.C., LL.B., (Attorney General and Minister of Foreign Affairs)
Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., J.P., (Minister of Labour, Consumer Affairs and the Environment)
Hon. N. K. SIMMONS, (Minister of Justice and Public Safety)
Hon. H. A. BLACKMAN, B.Sc. (Econ.), (Minister of State, Ministry of Finance and Economic Affairs)
Mr. O. S. ARTHUR, M.Sc. (Econ.)
Mr. D. A. C. SIMMONS, Q.C., LL.M.
Hon. C. V. WALKER, (Minister of Education)
Mr. L. L. BRATHWAITE, J.P., (Chairman of Committees)
Hon. E. E. GREAVES, G.C.M., B.A., Ed.M., (Minister of Housing and Lands)
Hon. W. W. HALL, G.C.M., H.B.M., (Minister of Tourism and Sports)
Mr. R. L. MORRIS, B.A., Cert. Ed.
Hon. D. J. H. THOMPSON, LL.B. (Hons.), (Minister of Community Development and Culture)
Hon. H. B. St. JOHN, Q.C., LL.B.
Mr. L. R. TULL, Q.C., M.A.
Miss B. A. MILLER
Mr. DeL. O. BRADSHAW
Dr. R. L. CHELTENHAM, M.A., M.Sc. (Econ.)
Mr. J. O. TUDOR
Mr. D. W. BOWEN

Prayers were led by Rev. Father Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of the meeting of Tuesday, November 26, 1991.

Hon. P. M. GREAVES: Mr. Speaker, I move that the Minutes of the Meeting held on Tuesday, November 26, be taken as read and confirmed.

Mr. SPEAKER: If there are no corrections or observations then let those Minutes stand confirmed.

MESSAGES FROM HER EXCELLENCY THE GOVERNOR-GENERAL

Mr. SPEAKER: "Message No. 3/1991. Her Excellency the Governor-General to the Honourable the House of Assembly. Her Excellency the Governor-General has the honour to inform the Honourable The House of Assembly that she will be absent from the country during the period 30th November to 9th December, 1991 on a visit to Ghana. Her Excellency further has the honour to inform the Honourable the House of Assembly that under provisions of Section 30 of the Constitution, the

Governor-General acting on the advice of the Prime Minister has designated the Honourable Sir Denys Ambrose Williams, GCM, to be Governor-General's Deputy during the period of her absence."

PAPERS

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I am commanded to lay the following:

1. The Consumption Tax Order, 1991.

2. The Duties, Taxes and Other Payments (Exemption) (No. 4) Order, 1991.

3. The Twenty-second Annual Report and the Audited Financial Statements of the Barbados Development Bank for the year ended March 31, 1991.

FIRST READING OF BILLS

On the motion of Hon. P. M. GREAVES, seconded by Hon. M. A. KING the Bill entitled The Consumption Tax (Amendment) (No. 3) Bill, 1991, was read a first time.

CONGRATULATORY SPEECHES

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, under this particular provision, Sir, of our Standing Orders, I rise to draw to the attention of this Honourable Chamber the fact that in the National Honours for this year one of our Members, the Honourable Evelyn Greaves, representative for the constituency of St. Lucy, has been honoured with the award of the Gold Crown of Merit. This award, Sir, is in respect of his very long and outstanding quality service to the trade union movement in Barbados.

As is well known, Sir, this year represents the fiftieth anniversary of the establishment of the Barbados Workers' Union and it is fitting that persons who have made a contribution towards the evolution and development of that union should be recognised and honoured for their contribution.

The award, therefore, Sir, to the Honourable Evelyn Greaves, is both a tribute to his own personal qualities of leadership, his advocacy of the cause of the working people, and the very eloquent way in which he has made representations on behalf of workers and has contributed to the strength of the labour movement in Barbados.

Sir, I remember the Honourable Member as a student of a secondary school in the North, the Coleridge and Parry School, Sir. I know that he followed my path from that school to Harrison College and that with the background that he has had, a solid educational background, and a solid commitment to people, that this background has been very formative in terms of his own outlook and his own philosophy of life. It was therefore not surprising, Sir, that very early in his working life he decided to join the Barbados Workers' Union and to devote the best years of his working life to the cause of workers and he has not stopped ever since he joined.
12.25 p.m.

He was trained not only in Barbados but abroad, Sir, and he is well grounded in the principles of unionism. His contribution, of course, is not only in the area of representation of workers and the conciliation of problems that might arise at the work place and the articulation of the causes of workers, but it is also in the areas of trade union education and his outstanding contribution to the cause of worker education not only in Barbados but throughout the Caribbean and beyond has marked him out as one of the outstanding Barbadians. By the same token it has brought considerable recognition and renown to the work of the Barbados Workers' Union as an outstanding organisation of workers in Barbados, the Caribbean, and in the wider world of international trade union activity.

Together, Sir, with two other colleagues from the Barbados Workers' Union, Mr. Alwyn Tull and Miss Pauline Lucas, these three persons – one from administration in terms of the top leadership of the Barbados Workers' Union and the other one, Mr. Tull, from the ranks of the constituent entities of the union itself, and the third one Miss Lucas, Sir, in the support services in terms of ensuring that articulation between the top leadership and the other parts of the organisation really, Sir, represent a trio who have not only exhibited the highest standards in their own service but also have served to bring dignity, honour and recognition to the organisation itself.

It, therefore, gives me very great pleasure and I am sure that this is shared by both sides of this Honourable Chamber to extend our very heartiest congratulations of the work of the Honourable Member for St. Lucy as a trade unionist and by extension the work that the Barbados Workers' Union has contributed towards the social, economic and cultural development of Barbados.

Mr. H. deB. FORDE: Mr. Speaker, Sir, in moving to second the statement made by the Right Honourable Member, I too may claim some long standing acquaintance with the Honourable Member for St. Lucy. I, too, had the privilege and honour of meeting him during his early days at the Coleridge & Parry School where he showed some promise, Sir, particularly in the subject which I taught him. In English language, he was quite outstanding and, even in those early days, I came to the conclusion that he was marked out for higher service and special mention. I am pleased, therefore, on behalf of the Opposition to add our

voice to the congratulatory remarks made by the Right Honourable Member. I have not only known the Member for St. Lucy since his days at Coleridge & Parry, but I have the privilege of seeing him in this House, Sir, and in fact to enter the House about the same time as he came into the House. In fact, among those who came into the House in September 1971 was the Right Honourable the Prime Minister, the Member for St. Michael South, the Honourable Member for St. Michael North, the Deputy Prime Minister, and the Honourable Member for St. Michael West – No, I think he came later, Sir. Sometimes he talks so much that I mistake the date, Sir – and the Honourable Member for St. Lucy and myself. In so far as membership in the House is concerned, we have remained in here. I think only two of us have remained with the consistency expected of good performers, Sir. That goes for the Right Honourable Member and myself. Therefore, when you hear him say that he is going to take care of me, it is because I have taken care of him in the next door constituency. I interpret his sentence always in that manner.

Sir, the Honourable Member has done good service at several levels in this country and, in particular, I am pleased that he is being honoured for his performance and long years of service to the workers of Barbados through his organisation, the Barbados Workers' Union. From my political perspective, Sir, the correct statement that I should now make is that I hope he will soon return to that post, Sir. But I believe, Sir, that he will be with us here in this House for sometime and I would expect his contribution both to the workers and to the public life of Barbados to continue for some period of time. He is a relatively young man. In fact, Sir, I think he is younger than any of the others of us who came into the House on that particular date and, therefore, no doubt he will in due course slip into other roles for which I have privately told him that I would expect him to slip into in due course.

Sir, I wish to say a few words about the Barbados Workers' Union because I have harboured in my mind whether or not we should not have brought a Resolution to this House congratulating the Workers Union on their 50th anniversary and indeed for outstanding service being given to the workers of Barbados. We have not done so but certainly this occasion provides me with the opportunity to offer those heart-felt congratulations to the Barbados Workers' Union for the service that it has rendered in trade unionism in this country and to reflect on the vision shown by those founders of that great institution. Among those founders, there are only two now still alive. One lives in my constituency. I trust that you would allow me to mention his name, although I have not given notice of that. He is Mr. Reynold Grant Sr., who has been a worker at the Bridgetown Port since the 1930's. He has remained a member of the Union up to today. He has held office in the Union and, in fact, he is one of the two subscribers to the memorandum setting up the Barbados Workers' Union in October 4, 1941.
12.35 p.m.

The others have passed to the great beyond, including those persons who conceptualised the need for a workers' organisation of that nature at that time – those who conceptualised working men's organisations, even ahead of the formation of the Barbados Workers' Union. There still remains with us some who have worked with the organisation from its inception, including the first General Secretary, Sir Hugh Springer, and the still present General Secretary until the end of this year, His Honour the President of the Senate, Sir Frank Walcott, both of whom have given yeoman service on behalf of the workers of Barbados.

The Union is now accepted as one of the major players in the affairs of Barbados and, indeed, its counsel and advice are avidly looked forward to by those of us who have learnt to expect from it great vision, perspicacity, analysis and ideas. There is no doubt that it has made a tremendous impact on the modern Barbados which we know today.

I believe that the House will expect me on behalf of the great party which I lead to refer to the historical association which existed between that organisation and the Barbados Progressive League subsequently renamed the Barbados Labour Party. It is much to the credit of the then leaders of the Barbados Labour Party that they had the courage to proceed with the next step in the struggle, from the foundation of a political organisation to the establishment of a union in defence of the workers' rights. We have managed during the years, therefore, to place on the Statute Book legislation to protect those rights and to uphold the dignity of labour.

Mr. Speaker, Sir, I would be less than candid if I did not say that there are still some serious limitations on some of those rights and that the struggle still continues to maintain those rights. I doubt whether anybody would ever have the courage or indeed the conviction, to challenge nowadays the necessity for workers to be joined together in defence of their rights as workers and, indeed, of their fundamental rights. I am pleased therefore that the honour which has been conferred on the Honourable Member for St. Lucy recognises the role that he has played in that defence, and at the same time, recognises the outstanding role that the Union has played in the development of the modern Barbados.

If by reflection, I may therefore take some credit on behalf of my party, I hope that the Honourable Member would forgive me for so doing because I believe that one must recognise that those great people of the past, Sir Grantley Adams and all the others had the vision and the foresight and the determination to set out to create

institutions which would be lasting and which would have an outstanding effect and influence on the development of modern Barbados.

I would also like as well to offer congratulations to the other two unionists who have been honoured. I know that the Barbados Workers' Union itself has had a ceremony honouring people in their own organisation who have made outstanding contributions, and among them honoured have certainly been the two remaining founder members of the organisation, including Mr. Reynold Grant from my constituency. I should let the House know that my own constituency on the 15th December has a special independence ceremony, and topping the list of those person living in my constituency is Mr. Grant. There are also those who have made outstanding contributions to Barbados over 25 years, and certainly in Mr. Grant's case, longer than that. I would hope that in our little way that we, too, are showing our appreciation for the contributions of the workers' organisation in Barbados.

On behalf of the Members of the Opposition, we offer our congratulations to the Honourable Member and trust that he will continue to make his contribution to unionism in Barbados.

Dr. R. L. CHELTENHAM: Yesterday morning, at an early hour, I ran into the Honourable Member for St. Lucy and I took the opportunity to offer him my warm congratulations for the award which he received in the Independence Honours List. I expressed a wish then, quite sincerely, that he be around long enough to earn even higher awards. I am happy to rise and to offer publicly my congratulations to him. It is fitting, as has already been said, that the Union which has emerged as a major estate in our affairs should be recognised in this the fiftieth year of its existence, and that those who have been in its leadership in the last 20-25 years should themselves be honoured.

I wish, Sir, to take this opportunity to make a few remarks with respect to the Honours system itself and I just want to preface those remarks by saying that nothing that I shall say should be interpreted as in any way reflecting on the award which my friend, the Honourable Member for St. Lucy has earned, or indeed, any of those who have been honoured recently or in the past.

I must say, Sir, that I am disappointed that the Honours system has not been used in Barbados as effectively as it could be to reward the outstanding, voluntary work beyond the call of duty, and that even in our Independence year so few people have been honoured in the 25th year of our Independence, that no one seemed fit to merit the highest award, and that further, the gap in the system should also be addressed.

12.45 p.m.

I have always felt, Mr. Speaker, that the Honours net has been too narrowly cast in Barbados and that there are a lot of people in the middle ranks of our society who work beyond the call of duty, who do outstanding work over long years and who are repeatedly overlooked. I made that point when I was a member of the Cabinet and I make it again.

I am also concerned too, Sir, with the lack of consistency in the awards. Many people in the same area of endeavour who give service over the same length of time are either not rewarded by way of Honours or, at times, some get a low award and get a higher award and there is no consistency. This is an area of judgement. Often in areas of judgements you can sometimes not expect consistency. Different people constituting the Honours Committee will see a contribution in a different light or may not see it at all. But it seems to me that we should work towards more consistency in several of the areas.

There is a major gap, too, which we ought seriously to look at. I had, at least, two discussions with our departed leader Tom Adams on this matter. He was in general agreement that in Jamaica they have had to correct this omission. Outstanding leaders of Government, Prime Ministers, will get the same awards in Barbados as indeed people who have not served at that sort of level and whose service is by definition qualitatively and, perhaps, less because of the fact that our highest award is the Knight of St. Andrew. There is a very strong case for another level of award, if you want to call it the Honour of Barbados, or whatever you wish to call it in which there would be no more than six or eight. It would include people who have given outstanding service as Prime Minister, clearly, without dealing with the present at all, Prime Minister Barrow for example, and Prime Minister Adam, not to go any further. We are not dealing with the present. We are only dealing with those who have now departed. They merit an award higher than the Knight of St. Andrew. Our Honours system make no provision for that. That has been a problem in Jamaica which has only been corrected in recent years. There is a case too in Barbados for correcting it at that level.

There is also a situation where for some category of awards you can get no more than a limited amount. When that category is filled, even if there are persons who merit awards in that category under the present system you are not allowed to make any award. The point I am making generally is that there are many institutions which were fashioned and developed following Independence. Now after 25 years of Independence we need to revisit and review those institutions and see exactly how well they have been functioning and whether a strong case does not exist for remodelling, recasting and amending them in many respects in the light of our 25 years of operation of existence as an Independent country.

It seems to me that one of the institutions which we need to have a new look at is the whole Honours system, how it operates, whether it realises it goals, whether it reaches down the middle of the society that, in my view, has been overlooked repeatedly, the teacher class, the nursing class and a large number of persons who operate in the middle, whether we sufficiently reward those who give outstanding service at the very top. I would really hope that the Prime Minister who I believe is in practice, even if not in theory, the fount of all of these Honours would really take that point seriously because I do not believe that the system has operated well and that there are gaps in the system which need to be corrected.

I see my good friend, the Honourable Member for Christ Church East Central has been looking on. I have no doubt that if he could survive the contradictions of the present crisis that he, will in turn, earn his own Honour for his contribution to the trade union movement and perhaps even to wider areas of public life. I do not think he needs to worry.

I just wish, Sir, to conclude as indeed I began by offering my public congratulations to the Honourable Member for St. Lucy for an award well merited.

Mr. R. L. MORRIS: Mr. Speaker, I stand to support my colleague and friend in terms of speaking on his behalf. I would like, certainly, to enjoin the Honourable Member for St. Michael Central who is not here because he is on business elsewhere. The Honourable Member for St. Lucy is a very close colleague and friend of ours. We therefore share the honour that has been awarded him and our other colleagues in the Barbados Workers' Union.

We also wish, of course, to thank the Government of the day for considering it important in recognition of the 50th Anniversary of the Barbados Workers' Union to honour some of our colleagues because in doing that they are, of course, honouring our institution also. But there are other ways in which the Government has honoured the Barbados Workers' Union in its 50th year. The stamp issue for Independence, we understand that one of these emblems that will be used will be a representation of the Barbados Workers' Union, that is, our logo.

Additionally the Government has participated in some of our exercises in one way or another through representations. The Honourable Prime Minister had addressed our 50th Annual Delegates Conference. The Deputy Prime Minister chaired our 50th Anniversary event, the most important one which was held at the Barbados Hilton on October 4. There has therefore been that association. At an early stage we had discussed the possibility of naming a year the International Year of the Worker similar to what happened in the Jamaica exercise. We understand that PAHO will be naming 1992 the International Year of Workers' Health. Therefore, I do not think we would need that kind of overlap. But I am sure that Government was quite prepared too to give the workers that significant honour.

Mr. Speaker, I would wish to record our own appreciation of the work that the Honourable Member for St. Lucy has done on behalf of the Barbados Workers' Union for the workers of this country and, in fact, on behalf of Barbados as a whole. I do not want to tread over the same ground that has been tread on by previous speakers. But, certainly, in 1987 I was asked by the General Secretary to look at the files of workers' education in the Barbados Workers' Union. I knew it was coming after our comrade from St. Lucy who had done a tremendous job in that respect. He was appointed in 1968 as the Education Officer of the Barbados Workers' Union. When he came to that office there had been institutionalised since 1961 the summer programme of Education at Codrington College. His first duty was to prepare that last programme, to look after phasing out that programme and then instituting a labour college which was to be operational from Unity House at Roebuck Street. That he did very effectively and then started to plan right away for the Labour College at Mangrove in St. Philip which was a dream of Sir Frank Walcott, a dream which was fervently shared by the Honourable Member for St. Lucy who came with all that the preparation that was necessary to function in that particular office.

It was at the opening of the Labour College in 1974 that I first met the Honourable Member for St. Lucy. I had been the co-author of a play along with Anthony Hinkson on the workers' struggles.

12.55 p.m.

I remember thousands of young people descending on the Labour College where a programme had been devised to cater to all those who were interested in industrial relations. The Honourable Member for St. Lucy had brought some of the leading intellectuals from all over the Caribbean like the late great Professor Beckford, some of the best economists coming out of Trinidad, Professor Rex Nettleford, a whole range of persons were at the Labour College. The entire programme was co-ordinated by the Honourable Member for St. Lucy. It was in fact a very great experience for all of us who were associated with it. The very great Barbadian writer George Lamming was also associated with that event, he was the Cultural Co-ordinator. One recognized that Sir Frank Walcott and Evelyn Greaves had set extremely high standards in terms of organizing events relating to the Barbados Workers' Union. They adopted a very simple principle, if you are going to do anything, do it to the best of your ability. So if you are going to organize a seminar for the opening of the Labour College make sure that you try to get the best persons present. If you want to build a labour college make sure it is also the best in the Caribbean.

At the time one recalls that there was some doubt as to whether or not a labour college should be established in Barbados. It was called a white elephant, all of those things. The Honourable Prime Minister was instrumental also in getting that labour college going in more ways than one. I am sure his vision also blended with that of the General Secretary, Sir Frank Walcott and the Honourable Member for St. Lucy in terms of the need for that kind of institution in Barbados where most of the people who toil are wage earners and members of the salariat. Wage labour is vitally important in an economy such as ours and therefore an appreciation of labour education and workers education in terms of what it means to the economy and the polity in the society is vitally important.

The Honourable Member for St. Lucy nurtured the Labour College so that the Organization of American States were so impressed that they determined that it would be a model for labour colleges to be established in those areas under their purview. It also started a trend where it would have been seen not as just a Barbados institution but certainly an institution for the Eastern Caribbean and we cater largely to people from all over the Caribbean. At this present time, as we speak, there are some 20 persons at the Labour College who are pursuing a course in computers desktop publishing for trade unions and 90% of the persons are females who are doing that computer course at the Labour College. So we can see where that vision has gone, starting with basically labour education, leadership and communication, *et cetera*. We are now into high tech education at the Labour College and the Honourable Member for St. Lucy is part of that particular vision. We are very pleased with the standards that he set in establishing labour education and we believe that his standards will guide us, all those who have to work, people who have worked very closely with him and have only the highest admiration, persons like the tutors at the Labour College, in fact the entire Labour College staff and he knows that any time he comes there he is always at home. There has been no separation. In fact he is always at the Labour College and always at the Barbados Workers' Union. The fact that he is now on leave and working in a Ministerial position he recognizes and understands his close links and he is always there for all of the important occasions. That is one area of his life, I am sure, that is going to reflect very well in time.

But there is another area that is vitally important. When I came to the Union in 1981 I remember the Honourable Member for St. Lucy being very enthusiastic about the Co-operative Movement and the Credit Union Movement. Those who know the history of the Credit Union Movement in Barbados know that it had many fits and starts before it got anywhere. In the Barbados Workers' Union there had been two previous attempts that had not come to fruition. Our General Secretary is a very cautious person and he was not too easy in terms of getting permission to form a credit union. But I think that the techniques used by the Honourable Member for St. Lucy which we would not disclose publicly, very persistent techniques when he is in support of any political venture, especially when he knows it is worthwhile, we were able to beat them at that stone. There is not much you can chip off the Honourable President of the Senate. He is very malleable soil stone in some cases but very durable also. But he was able to give his support to the venture.

And so in 1983 we were able to register the Barbados Workers' Union Co-operative Credit Union Ltd. with the Honourable Member for St. Lucy as the first President. The function of the President in the credit union, as you are aware, is to be also the Public Relations Officer. I think that it was a good role, a very, very apt role for him and therefore that organization has grown to the extent now that I think it has something like 3 000 members and over $8 million in share capital. So that when we hear people in the so-called private sector talking about their achievements, we do not believe that in the Barbados Workers' Union that the Honourable Member for St. Lucy and those associated with that venture need feel that they have not contributed to economic development in our country. I am sure that the members of that particular credit union are quite aware of the social economic impact that it is having on their lives and will continue to have. His interest is still very strong in that particular organization.

I should say also, Mr. Speaker that in terms of the development of the regional organization the Caribbean Congress of Labour, the Honourable Member for St. Lucy has been a Vice President and in 1983 when the then Secretary/Treasurer demitted office rather hurriedly the office was left without a chief executive and the Honourable Member for St. Lucy was asked by his colleagues to stand in in order to get the organization through a period that was fairly critical. In fact we were moving towards the triennial congress and the plans had not even been laid for that congress and therefore he had to take over the office and make sure that that congress was able to elect somebody to continue the task of Secretary/Treasurer. He came in for high praise in the way how he filled in at very short notice to perform his functions and at the same time he could not release the functions he had with the Barbados Workers' Union which along with education, he was also a negotiator and he also assisted the Research Department. He had to take on these under his wings and I think he did a good job.

I would like to say that the Honourable Member certainly believes in the role of trade unions in looking after certain interest of their members but he is committed also to recognizing that the political domain is extremely important. I think he has always shared with me the view that the trilogy of trade unions social democratic party and co-operatives is the best conjunction for carrying the workers forward. Therefore he would have had no difficulty in aligning himself with the Democratic Labour

Party. While negotiating better wages for workers, better conditions of employment he knew that it was still important that in St. Lucy that workers should get proper housing, should get proper roads, street lighting and all those other conditions which a politician can negotiate with his Party to get out of the Consolidated Fund but which you cannot achieve easily as a trade unionist. And therefore he recognized that he could blend – certainly he has the capacity to take on these roles. It is not unusual in societies such as ours to be able to function in several different roles much as in the private sectors there are businessmen who are Directors of several corporations. There are businessmen who run multinational corporations sometimes with 100 branches. They find it very easy to be at the top of the pyramid rather than in the branches. He recognized that within himself he had the capacity to be a politician, to be a trade unionist and a co-operator. I think he has served well in all of these functions. He is now one of the senior Members of this Parliament having been able to satisfy the electors of St. Lucy in 1971 and other times after that even though he is young. That is because he went in very early that he has been able to appear so old and so young at the same time. He has been around for a very long time but he is a very youthful person.

We would like to congratulate him on achieving this honour which we believe is very, very well deserved and we know that he is an excellent ambassador for the Barbados Workers' union.
1.05 p.m.

In closing, Mr. Speaker, I would like to say there are two other persons who were awarded. Miss Pauline Lucas is in fact a marvel and an excellent example as a trade unionist. Very often persons who work behind the scenes, as it were, are not known to the public but she is one of the organising geniuses in the Barbados Workers' Union, she is a coordinator of great strength and capacity. She established the administrative system in the Barbados Workers' Union, all of the filing system, the records systems, the archival systems, and she is in charge of the secretarial department.

A graduate of Queen's College she went into the sixth form at Queen's College but she opted for the commercial sixth form. She is one of the best shorthand writers in Barbados without parallel, excellent, an excellent typist. I would dare say that those who have to take minutes in industrial relations, minutes relating to the Port, Light and Power, Telephone Company, etc., areas that are relatively esoteric in terms of the terms used in industrial relations, to be able to write those minutes and to record them, scarcely with an error calls for a certain brand of expertise.

Unfortunately we tend to think as great persons, only those who hold public office that is fitting the glare of recognition and so on. We know that is not true. Most of us here who hold positions where we have secretaries know the vital and fundamental roles that they play within our organisations and that in fact they keep most of the so-called active persons on their toes in organising your life so that you can go ahead and do what you have to do.

I believe that Miss Lucas certainly has been a credit to the Barbados Workers' Union, a very good example of what achievements can be made by women in organisations such as the Barbados Workers' Union. She is an Assistant General Secretary which is the highest level held by women in the organisation. In fact there are about five Assistant General Secretaries in that organisation and she performs very satisfactorily in her functions.

Comrade Alwyn Tull was one of those who came into the Barbados Workers' Union in 1965 and one can recall the attitude taken by the British Colonial Civil Service that a CSA would have to look after workers. It could not be registered as a Trade Union. The Whitley Council was established but clearly there is a distinction in the Civil Service between those persons like Permanent Secretaries and Deputy Permanent Secretary etc. in the established staff and persons of very high stature, as against persons like postal officers, sanitation service workers, etc. who have a fairly close affinity to private enterprise in terms of the status of their jobs and the function that they perform. And whereas the senior officers in the Civil Service might not have found it difficult to accept the Whitley Council as a means of doing their business, a number of workers in the Civil Service of the day decided that they want to be represented by a Trade Union, but the Colonial Secretary of the day stated that this could not be so.

One recognises that the Democratic Labour Party had to change the Trade Union Act in 1964 in order to allow the Civil Service Association to become a Trade Union and thence forward they could negotiate agreements as have been agreed and have been negotiated in the private sector.

Alwyn Tull was one of the organisers of that movement into the Barbados Workers' Union by a number of postmen and he rose through the ranks in both the postal service where he ended his career as an inspector in 1983, as well in the Barbados Workers' Union where he became a vice president, held in such esteem that even after he resigned from his formal duties in 1983 he still remained as a vice president of the Union for three years – up to 1986. He is still on the Prisons After Care Committee, representing the Barbados Workers' Union, he is also a trustee of the Union and a trustee of the Caribbean Congress of Labour. Again, he is a very good example of a worker. He set sterling examples both as a trade unionist as well as in his work in government.

We therefore would like to express from the Barbados Workers' Union our appreciation to the Government for making these awards and we would like to give our deepest

congratulations to those who have been awarded. I thank you, Sir.

Mr. DeL. O. BRADSHAW: I too, Mr. Speaker, would like to offer my congratulations to the Honourable Member for St. Lucy for the honour conferred on him. The Honourable Member has impressed me as a trade unionist. I well recall that during several meetings with him at the Barbados Workers' Union, while acting as a conciliator, that the Honourable Member distinguished himself in such a manner that I always referred to him as a very outstanding trade unionist.

I regret that at this particular time when the trade union movement in Barbados leaves a lot to be desired in the terms of leadership that the Honourable Member could not be out there to lead and to pass on some of the skill and the leadership qualities as a trade unionist to them. I say this with some degree of conviction because I am very concerned when I hear people, today, boast of being trade unionists and leading the workers when in fact, to me, they lack the very elementary principles and the background, those qualities and characteristics that should be held by a trade unionist. But some ponies pass for horses and I suppose that is the game.

Getting back to the Honourable Member for St. Lucy, the Barbados Workers' Union has certainly missed him because he was a very close ally and supporter of Sir Frank, and I know that many a time he did the background work and it was to him that Sir Frank would turn for a lot of information and background knowledge on certain matters. I was in no doubt then that the Honourable Member would have excelled in trade union activities.

I do hope he is not missed or lost entirely to the trade union movement because I anticipate that there are going to be trying times for the trade union movement in Barbados in the years ahead and I will hope that he could be retained by the Barbados Workers' Union and for that matter, the trade union movements in the Caribbean to assist them in worker education.

I do not want to repeat what has been said here, before, about his involvement at the Labour College and so forth. I do not think that I should go into that because enough of that is being said and it would be a matter of repetition. But I want to salute the Honourable Member for the honour conferred upon him and as I understand it, the honour has been conferred on him because of his role in the trade union movement. I know when the time comes, I will be looking forward to seeing him receive a similar recognition for his role as a representative.

I think it is agreed that the Honourable Member for St. Lucy is a genuine person when it come to representation of the workers and I must say it redounds to his credit and his very background as a young man living among people and he has carried that through. Some people tend to forget their background and even when they are placed in high positions they are unable to articulate the views and the concerns of the poor working masses. But the Honourable Member is one for whom I have some admiration in that he has demonstrated that he cares about the poor working class. As I said, I would hope that he would be around to assist in the rebuilding that is so necessary in all the trade union movements and, in particular, I would say the Barbados Workers' Union. I think there is a gap that needs to be filled and, with the leaving of Sir Frank, I would think that the next competent and qualified person should be the Honourable Member for St. Lucy.
1.15 p.m.

I would hope that he will lend them some guidance so that they could get back on the right track. The Member for St. Lucy is certainly senior. I know the Member for Christ Church East Central is not in that category yet. There is a difference. We are talking about A-Class at the moment. He is slowly graduating towards the A-Class but he is not yet there. So I do not want to convey the impression in any way that I am not recognising his contribution as well. He has also played his role and he is doing a fine job. But I do not think that he would be annoyed if I say that you have to give credit to the Honourable Member for St. Lucy on this occasion.

I hope that the trade union movement, one of the estates of this country, will continue along the road of representing the workers of this country. Once again, I want to join in offering my congratulations to the Honourable Member for St. Lucy.

Mr. L. L. BRATHWAITE: Mr. Speaker, I am not usually one for stretching the usage of time in debate. But I think that I could not allow this opportunity to pass in rising to associate myself with many of the sentiments raised here today in congratulating the Honourable Member for St. Lucy on the award of this honour. I wish, therefore, to very quickly associate this congratulation to all those other persons who have been honoured.

I want to speak, Sir, from a different perspective than that mentioned so far in this debate. It has to do with my long association with the political organisation known as the Democratic Labour Party and my recollection of the kind of guidance and support that the Honourable Member has been able to give over the years to the Democratic Labour Party with regard to its deliberations on matters relating to the development of worker's rights and privileges in this country.

It is true to say that the salt and pepper that we can see on the Honourable Member's head, Sir, indicates the fact that he has given the amount of service that he has given in this country. It is a small token that he has

received, Sir, in terms of the level of maturity he has reached in producing for this country and the people of this country.

As mentioned, Sir, he came to the fore in 1971 as a political person at a time of constitutional change in this country and at a point where a number of young people would not have ventured into what can now be considered the murky waters of political life. Because as soon as you seem to put your feet in that water, there are all sorts of things that are thrown in for contamination and young people will always feel a little bit afraid to get into that. However, the Honourable Member as a young man came into the political affray and has been able over the last twenty years, which I will recall has been on-going years in parliamentary service although not all in this particular Chamber, to demonstrate the ability to work in a workers' organisation and to carry out a leadership role that is required of him in that particular organisation, Sir, and to blend that with a political role also for the international life of our country. That, Sir, belies the comments that are usually made of persons who are representatives of the trade union movement and the type of image they are given in some quarters having aligned themselves with a political organisation. I want to say, Sir, that the service so far rendered by the Honourable Member, although the award is given for his service in the trade union movement, has demonstrated that quality of maturity and leadership to blend, to my mind, very satisfactorily a relationship with the workers' organisation and that of a political organisation.

I do not want to stretch it out, Sir, but my greatest congratulations goes to the Honourable Member and to all those other persons who have been honoured this year. Thank you, Sir.

Mr. D. W. BOWEN: Mr. Speaker, I rise to add my congratulations to the many contributions that have gone before on the award which has been granted to the Honourable Member for St. Lucy. I think the award is a recognition of the contribution that he has made over the years to trade unionism in general and indeed to workers' education in particular. As someone who years ago passed through his hands and whose interest in trade unionism has been aroused and strengthened by the many lectures given at the Barbados Workers' Union Labour College, I feel to some extent a part of the award. I think that at a time when trade unionists generally quite unfortunately and unfairly have been receiving some licks here, there, and everywhere it strengthens my resolve and rededicates all of us as trade unionists to the task of protecting the rights of workers. Therefore, I would want on behalf of my own union, the National Union of Public Workers and the seven thousand members which we represent and, indeed, of the workers of the Caribbean Public Services Association whose headquarters is actually at the headquarters of the National Union of Public Workers to extend fondest, sincere and fraternal congratulations to the Honourable Member. Thank you very much.

1.25 p.m.

Hon. H. B. ST. JOHN: Mr. Speaker, Sir, as one of the older Members of the House, I think it is appropriate that I join the other Members in offering my congratulations to the Honourable Member on his well deserved honour. I have known the Honourable Member since he joined us in the House of Assembly, and I have had on more than one occasion the opportunity to observe the Honourable Member performing, both as a trade unionist, as a teacher and as a Member of Parliament. His honour is well deserved because he has brought a number of human qualities to these undertakings. I know that now he is enjoying a sabbatical away from the Union that he will use it as an opportunity for reflection on the role of trade unions in the future. As a teacher, no doubt he will benefit from the experience, in particular his recent experience as being a member of an employers' organisation and having to deal with the union on the other side. That this experience will be beneficial to the future of unionism in Barbados is fairly obvious because it has been chastening to other members of his union and also to his other party members in this House who perform that almost impossible task of being a member of both organisations at the same time. I am sure, Sir, that the Honourable Member will benefit from those experiences and I do wish to join in congratulating him and his organisation.

I had the privilege years ago of listening to one of the great historians of the Barbados Workers' Union who wrote a book – I am talking about Professor Mark – on the history and the contribution of the Barbados Workers' Union. I know, therefore, that there has been a very intimate connection between the Barbados Workers' Union and the political party, to which I have the honour to belong. This book, I am sure, will be, no doubt, on the fiftieth anniversary of the Barbados Workers' Union updated and republished, because there are very few copies in existence. One of the contributions that that book has made to the development of the unions and to unionism in Barbados is that it places in perspective the very controversial decision that was taken early in the life of ministerial government in the life of Barbados and the question as to the particular roles that could be played by unionists and Ministers. It is an important contribution to the discussion of that issue. The issue will be lived so long as there are people who are intimately involved in both institutions of unions and the institutions of political parties.

I mention it because many people think that today we have only recently had a discussion of this issue, but in truth and in fact, as with so many other things, our experiences today had their precedents and previously they had to be discussed and dealt with by people before us.

Without any further ado, Sir, I would like to associate myself with all of the compliments that have been paid to the Honourable Member and to say that I certainly endorse the sentiments being expressed that his contributions to the trade union movement has been such that his award is well deserved.

Hon. W. W. HALL: Mr. Speaker, Sir, it would be rather remiss of me if I do not associate myself with the wonderful words that have been spoken about the Honourable Member for St. Lucy in a very erudite fashion. It certainly is a tribute to him that so many Members from both sides of the House have spoken such wonderful words about him, all attesting to the fact that he has done yeoman service in the field of trade unionism in Barbados, as a teacher and certainly as a Member of this Honourable Chamber.

My colleagues tell me that I cannot speak for two minutes, but I shall prove them wrong. I just wish to thank God for having spared his life because you may well recall that about five or six months ago he was involved in a very bad accident in Miami and...

Asides.

Hon. W. W. HALL: It isn't nothing to talk about? I thank God, Sir. Sometimes Members of this House never like to hear the word God. I thank God for sparing his life, and now that we are here to share his triumph with him it might be well to reflect on that.

I remember between 1981 and 1986 in the Honourable Senate, I was the manager of the West Indian team to Australia and I had to ask the Prime Minister if I could go. Before I did that I asked my colleague if he thought it would be a good idea and immediately he told me that I could go and leave him alone to face the music. When I went on television, I told the people in Australia that I was the Deputy Leader of the Opposition in the Senate and then someone asked me how many people were in the Opposition and I had to shamefacedly tell them only two.

I would just like to say that he has been a role model and I join every Barbadian in congratulating him on this well deserved honour that has been bestowed on him and in conclusion, Sir, I would also like to take this opportunity in saying to the other recipients that they have my heartfelt congratulations. Thank you very much, Sir.

Mr. D. A. C. SIMMONS: Mr. Speaker, I will be very brief in this matter. So much has been said about the Honourable Member for St. Lucy that there is little that I can add so I agree, concur and endorse all that has been said before. However, I can't let the occasion pass without speaking of my personal experience of the Honourable Member when we were in the other place together.

In the Opposition, he was unrelenting, almost devilish in his criticisms of Government. He had a feel for the appropriate phrase that would catch the headlines on Thursday mornings. Invariably, he was able to put the Government under some pressure by reason of his skills in manipulating public relations that attended the Senate meetings. He really is ideally suited for opposition, Sir. We know that within the next three years or so he may be if he is one to survive to be on this side.

Sir, at the very personal level, the Honourable Minister and I have had thus far – I think he will agree – very cordial and warm relations and even though he has been somewhat muzzled and shackled by reason of Cabinet Office and collective responsibility that attends his present position, I know that his heart is still with the workers of this country.

1.35 p.m.

I compliment him for his efforts, particularly in workers' education over the years as Headmaster of the Labour College. I am sure that when he quits Cabinet office he will return to the field of education to be of further assistance to the workers and people of Barbados.

I sincerely and warmly congratulate him on this fine achievement and, indeed, all others who have been honoured in this 25th year of our Independence.

I am much obliged to you, Sir.

Mr. SPEAKER: Indeed very little has been left for me to say. However, it is always a pleasure for me to join with colleagues as they congratulate another colleague in this Chamber for his or her achievement. In this case it is the Honourable Member for St. Lucy with whom I must say I have not had a very close relationship, but only in the recent past I have had a little observation as to how he performs and what qualities he has.

I am sure that when I reflect on what is being said here this afternoon, the Honourable Member would not forget the glowing tributes that have been paid to him by his colleagues particularly in lauding his good works, appreciation of his service to the country and most of all, accepting almost without dissent your award today. As a young man in public life, I do not think we need to fear much more for the future because I am sure that you will carry with you the kind of development over the years which you have acquired in your own field for the betterment of this country. We certainly need people of your like.

It is indeed a pleasure for me then to associate myself with all these kind remarks. I do it not only on my behalf but my family as well. I extend to you and your family a memorable and a most deserving occasion such as the one you have achieved during our Independence. I like the idea

of having been awarded this achievement on our Independence because we need to associate people of class and quality with what Independence means. I hope those who have followed you will be able to extract from your life's work some of the things so dear to this country.

Once again, I join with all the colleagues here to congratulate you on your most deserving achievement.

Hon. E. E. GREAVES: Mr. Speaker, I will be short on this occasion because I recognise that time is running out and we have quite a bit of work to do in this Parliament. Let me say that it is not often that one gets an opportunity to sit and hear tributes being paid to himself. Usually this section of the agenda is for congratulatory or obituary speeches. This particular occasion is one for congratulations. I certainly would want to express my sincere thanks and appreciation to all Honourable Members who have spoken on this occasion and, of course, those who have privately expressed congratulations to me.

I regard this honour as an honour conferred on the Barbados Workers' Union. I happened to be the person in place at the time on whom the honour is bestowed. As the Right Honourable Prime Minister has indicated, I joined the Barbados Workers' Union in 1968 and have worked there continuously until I was given leave to attend to ministerial duties in 1986. I am still very much a member, fully paid up, of the Barbados Workers' Union.

It is an institution which, as you are aware, has made a considerable contribution towards the improvement of the quality of life in this country. I think that my experience in the workers' struggle which I have the highest regard for is the work which I have been able to do in developing the workers' education programme for Barbados and which is used extensively in the Caribbean and which, as the Honourable Member for Christ Church East Central has pointed out, was adopted by the Organisation of American States as a model for development of workers' education in the Western Hemisphere.

In saying so, Sir, it is important that I recognise that my contribution was further enhanced by the support and guidance which I received from the General Secretary, Sir Frank Walcott, who has been, as it were, a model employer and a person whom I have tried to emulate in terms of the quality of work which he produced. Both administrations, the Democratic Labour Party Administration and the Barbados Labour Party Administration, certainly, since I joined the Barbados Workers' Union, have been helpful to the Union in a variety of ways.

The Right Honourable Prime Minister when he was Minister of Education opened the Labour College. He also turned the soil for the construction of the Labour College at Mangrove. Indeed, he spoke at the opening of that institution. Of course, there are a number of other ways in which this Party helped the development of the Labour College.

Having said that, I think I would have to be even-handed to indicate also that the Labour College in its infancy received support, not as much financial support as we would have liked, from the Barbados Labour Party Administration. I recall the Honourable Member for Christ Church West as Minister of Foreign Affairs when we had an OAS Conference on Workers' Education came and spoke at the opening and was the person who had to use the occasion to put forward the proposal which was asked for by the OAS Headquarters in Washington. He had the honour of putting forward the proposal for the model which was developed here in Barbados and which was used in the Western hemisphere.

The Honourable Member for St. George South when he was Minister of Education also contributed to the development of the Labour College because I recall an occasion when he came there and spoke. As I look down the line a number of the Honourable Members on the other side have participated in activities there.

There is one event I would like to register. I think it is very important. My friend, the Honourable Member for Christ Church South on the occasion of the OAS Conference that I spoke about was at that time Minister of Tourism. We did have a problem relating to the transmission system. The technicians who came down from Washington did not like what we had set up. We had to hurry very quickly to get a proper transmission system. The lot befell me to call the Honourable Member at home one Sunday because we were supposed to start the Monday. He responded in a very positive manner and we were able to get the system going. Not only that but he was able to send the technicians to put the system in place in order to satisfy the very high standards which were required on that occasion. I think that is the kind of cooperation which I am talking about and which I would certainly want to publicly acknowledge. The Member for St. Michael South East was a constant visitor to the Labour College as the Minister of Labour. He was also helpful in that particular respect.

1.45 p.m.

I think that the Barbados Workers' Union as we have all recognized is an institution which has come of age many years ago but which will continue to play its part in the development of this country. I think that the Union has a great future in these changing times, the kind of role which it will play. It is a challenging one I know. One of the things which I know it will address is how it will be able to operate in these changing times and to bring a measure of reality to the deliberations which it will have to be dealing with from time to time. I am confident that the leadership of the Union can rise to the occasion. I am sure

that the Barbados Workers' Union will continue to play a very meaningful role in our development.

With those few remarks, Mr. Speaker, once more I want to thank Honourable Members for the contributions which they have made.

Thank you, Sir.

SUSPENSION OF STANDING ORDERS

On the motion of Hon. P. M. GREAVES, seconded by Hon. B. M. TAITT, Standing Orders Numbers 6, 16, 18, 20, 42(5), 43 and 44 were suspended for the remainder of the day's sitting.

Mr. SPEAKER: Government Business is the instant Order of the day. Order No. 8.

GOVERNMENT BUSINESS

CONSUMPTION TAX (AMENDMENT) (NO. 3) BILL, 1991

Order No. 8 was called – To move the Second Reading of a Bill to amend the Consumption Tax Act, Cap. 63.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I rise to move the Second Reading of a Bill which is cited as the Consumption Tax (Amendment) (No. 3) Bill, 1991. This is a very short Bill, Sir, and should not detain us for very long.

What the operative clause in the Bill indicates is that section 11 of the Consumption Tax Act is being amended by deleting the word "60" appearing in paragraph (b) and substituting the word "21". That is the substance of this particular amendment, Sir.

The whole purpose of this, if I may explain is to enable a reversion to the previous practice of collecting consumption taxes within 21 days rather than 60 days. In my Financial Statement and Budgetary Proposals of Wednesday, May 2, 1990, I stated on that occasion and I quote:

> "In response to representations made to me during consultations with the private sector the time within which consumption taxes become due and payable will be extended from 21 days to 60 days effective the 1st June."

The representations from the private sector to give them more time within which to pay the consumption tax were not only listened to, Sir, but also acted upon. From the 1st June, 1990, 60 days were granted to the public sector rather than the 21 days as had been the custom up to then. The increase in the number of days was intended to help in the cash flow problems of the companies. This particular amendment reverts to the 21 days precisely in the circumstances where it is necessary to get in the funds in a shorter period of time before the end of this Financial Year in order to meet the targets under the programme that we have agreed upon. This is a reversion to what was the practice before the 1st June, 1990. It is therefore not, in that sense, a new arrangement that we are going to. We are reverting to the practice that was there before the 1st June, 1990.

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

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

SUSPENSION OF SITTING

Hon. P. M. GREAVES: Mr. Speaker, I think now is a good time for the luncheon suspension to be taken rather than have a new speech commence now at only a few minutes to 2.00 o'clock.

I therefore move, Sir, that the sitting be suspended until 3.00 p.m. today, Sir.

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

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly at 1.55 p.m.
1.55 p.m.

RESUMPTION

Mr. SPEAKER: The House is in Session.

CONSUMPTION TAX (AMENDMENT) (NO. 3) BILL, 1991 (Resumed)

Mr. O. S. ARTHUR: Mr. Speaker, Sir, the measure before the House, the amendment to the Consumption Tax Act is a measure which is not intended either to increase or decrease government's revenue. It is a measure, Sir, that is intended to affect the cash flow position of the private sector in relation to the payment of taxes to the Government. That in itself says a lot, Sir, that when a country reaches the stage where a government has even to adopt measures to affect the cash flow of business as part of an adjustment process, Sir, we begin to understand how very strongly that country is scraping the bottom of the barrel, Sir, and this measure is really unworthy of a country.

As I understood it, in 1990 when the measure was introduced it was introduced specifically after consultation

between the Government and the private sector. It was then introduced, Sir, on the urgings of the private sector on the grounds, as they were aware, that it would not lessen their liability to tax because all the measure did is that when it was first introduced it allowed you rather than pay the tax in 21 days to pay it in 60 days. It does not reduce liability to tax. All it meant was that you deferred the period of tax for an additional 39 days.

It saddens me that Barbados has had to be brought to the stage where a government of Barbados not only has to be concerned with revenue raising and draconian expenditure of revenue but it has to go as far as to adopt measures that even affect the cash flow of business.

I don't think, Sir, that in my experience in Jamaica, that although the Jamaican economy was very much humbled and reduced by economic adversity that Jamaica reached a stage where the Government had even to attack the cash flow. The Government is attacking, Sir, the revenue. It is attacking the payroll. It has attacked, Sir, the profits, and the wages of workers and now the Government of Barbados is adjusting through attacking the cash flow, Sir. It is unworthy, Sir. The sheer motive behind this, Sir, obviously is that the Government has to find whatever desperate ways it can devise to ensure that the increase in the consumption tax that it has introduced last Friday is in fact collected before the end of the financial year and that is the purpose behind the tax, Sir.

This is part of the Government seeking to meet the stringent conditions set in Washington regarding the raising of government revenues to meet concessions in the private sector. All this piece of legislation is purporting to do, Sir, is to make sure that the increase in the consumption tax that was laid in this House last Friday, Sir, in fact gave rise to an increase intake by Government, because ordinarily the manufacturers of Barbados, and the manufacturers only, would be entitled to that grace period of 60 days before the tax became applicable and this is to make sure that rather than the 60-day grace period this thing has to be paid within 21 days.

Now the important consideration that arises, Mr. Speaker, in all this is whether the adoption of a measure that will further worsen the cash flow position of the manufacturing sector in particular can be a sensible policy in these days when that sector would be very hard pressed to pay things like the consumption tax and otherwise.

Now, Mr. Speaker, Sir, this measure affects one aspect of the Consumption Tax Act but we really have to consider this particular amendment before the House against the background of what has happened to consumption tax last week and over the last few years. It is a fact, Sir, that the consumption tax has been that tax which Government has come increasingly to rely upon to carry the burden of its revenue generation. Indeed, I think I am correct in saying that the rate of consumption tax has risen from 5 per cent in 1986 to 17 per cent today, a remarkable 300 per cent increase in a tax over the course of a five-year period, – a remarkable and distressing phenomena.

The point I want to make is that perhaps the time has come when the Government has to carefully evaluate the question as to whether or not it is not counter-productive to continue just increasing the consumption tax year by year, whenever it runs short of revenue and I say that, Sir, with reference to the evidence.

In 1989/90 the consumption tax yielded $214 million and then in 1990/91 it was estimated that the consumption tax would have yielded $209.5 million, that is what the estimates said, but the Accountant General's Report that was actually laid recently showed that the consumption tax that was estimated to yield $209.5 million in 1990, Sir, actually only yielded $197 million. The yield fell despite the fact that the rate was increased. I would think that a wise Government would be reflective on the situation which confronts it, when the intake from a tax is falling despite the fact that the rate of tax is increasing.

The time has come when Government has to look at the question as to whether or not it is not counter-productive to just keep increasing the consumption tax, Sir. I want to say this, Sir, that in the context of the situation, such as we have now, where the economy is shrinking and shrinking quickly, merely increasing the consumption tax as has been the case over the last six or seven months, Sir, serves no other purpose in my view than to drive the economy deeper and deeper into the ground.

It is a matter of public record now, Sir, sad to say, that the consumption tax has been increased three times within the course of a nine-months period and there is no evidence to suggest, Mr. Speaker, that the increase in the rates have or are likely to give rise to an increase in the intake, so that from this side, we very strongly wonder as to the wisdom of these continuous series of draconian increases in the consumption tax and would ask that the Government seriously study it because all the evidence is pointing in the direction of the counter-productivity from a taxation point of view of the fairly substantial increases in the rate of tax that has been observed in recent years.

Now, Sir, last year in 1990 when the Government decided to change the consumption tax as it applies to manufacturers, that is to give them a grace period of 60 days rather than 21 days, during the course of the year the then Minister of State in the Ministry of Finance and Planning delivered himself of some remarks to the effect that the change in consumption tax grace period was the cause of the decline in the consumption tax stated for that financial year. Nothing of course, Sir, was further from the truth and as I said, Sir, all it does is affect the rate at which

you pay, but your tax liability remains the same during the course of the financial year. By changing the grace period from 21 days to 60 days does not affect the fact that you are liable to pay a given amount of tax at a specific rate in the course of a year.

I say that to say this, Sir, that his contribution then, the then Minister of State in the Ministry of Finance who is now the Minister of Trade and Industry, was enough to establish how very unsound his judgment was. I am sad to say, Sir, that same unsound judgment continues to be evident whenever that Minister speaks. I am advised, Mr. Speaker, that the Minister of Trade and Industry went on record as saying that the fact that Government's overdraft is above the legal limit with the Central Bank of Barbados is no big thing and that the laws were made for man rather than man made for the laws, Sir. This is a very serious statement. It is a very serious thing when a Minister of the Crown....
3.10 p.m.

Aside.

Mr. O. S. ARTHUR: Yes, the laws were made for man and it was reported, Sir, without any contradiction. I believe that the Government itself, Sir, is saddened by the fact that it is put to the necessity of having the Central Bank's overdraft above the legal limit. I believe that the Government is embarrassed by it, Sir. But it is the weakest and the most deplorable kind of rationalisation and justification for lawlessness for a Minister of the Crown to be seeking to condone a blatant breach of the law by Government. I really believe, Mr. Speaker, that this is not just a financial matter. It borders on matters of discipline and discipline in the society at large. You really cannot condone a situation in Barbados, Mr. Speaker, where a Minister of the Crown is condoning lawlessness by Government because that is what he is doing. He is condoning absolute lawlessness by Government and it must be condemned in this House and condemned in the strongest term.

Aside.

Mr. O. S. ARTHUR: The Honourable Member for St. John is asking me something in an aside that is loud enough. I did not justify it and I will never justify it.

Mr. SPEAKER: I am just going to read to you Rule 28(9) for your benefit:

> "The conduct of Her Majesty the Queen, Members of the Royal Family, His Excellency the Governor-General, Members of either House of Parliament, Judges or the performance of judicial functions by any person may not be referred to except upon a substantive motion."

Mr. O. S. ARTHUR: Mr. Speaker, I am not addressing him, Sir, in his...

Mr. SPEAKER: I am only asking you to speak within the confines of that rule.

Mr. O. S. ARTHUR: Yes, Sir. I was referring to the statement by the Minister of Trade and Industry who has spoken about the Consumption Tax last year, unsoundly in my judgment as he is now speaking about...

Mr. SPEAKER: He is a Member of the other House. That is the only problem.

Mr. O. S. ARTHUR: Unfortunately so. But the essential point that I was making is that the whole question of the management of government's revenue is a very important consideration and the ways by which Government sets out to raise revenue has to be carefully managed. On this side, Sir, we did not have the opportunity last Friday to debate the Consumption Tax Order, obviously, because it was too late. But surely if we have had that opportunity to fully go into it, what I am saying now would have been the position of the Barbados Labour Party that the revenue performance of the consumption tax in recent years does not provide a justification for Government to continuously look to the kinds of steep increases as a major source of revenue. We are opposed since we did not have the opportunity last Friday to do so. We are opposed to these increases in the consumption tax which are going to bear adversely particularly on the poor people of Barbados without seriously improving government's revenue position, making it necessary for the Government to be continuously in breach of the overdraft at the Central Bank.

In this particular matter, I will not be supporting this particular amendment to the Consumption Tax Act which, as I said earlier, is just a cash flow adjustment. The reality of the situation in Barbados is that anything that affects the cash flow of the business sector of Barbados now can only worsen the conditions, create an even greater threat to employment creation, Sir, and it stands to be condemned. The final point that I want to make on the matter is that this is a part of a whole package of measures that Government is instituting under the dictation of the International Monetary Fund, Sir, that reflects in my view the supine position that the Government of Barbados has really occupied in those negotiations. It distresses me as a Barbadian to see the Government of this country, Sir, put to the necessity of having to take measures that go beyond what has been ordinary in IMF packages, Sir. This has nothing to commend it, and in the final analysis, it reeks as it ought to reek the frustration of an election gimmick. Because this was one of those measures that was introduced in 1990 as part of the 1990 pre-election Budget and as soon as the election was finished it is now to be withdrawn.

I will remind the House that the 1990 Budget was a budget that was part of the electoral works of Government as much as the large scale expenditure of the election. It contained a large number of things that were not thought through but were thrown together as part of a series of gimmicks. This was part of that pre-election Budget and we are now seeing the frustration point by point and stage by stage of all of those measures that the Democratic Labour Party introduced in this House around 1989-1990 in its search to win back the Government. We have seen the Government having to reverse itself substantially on increased expenditure. Increased expenditure was part of Government's political gimmickry and now it is being reversed. We saw the Government of Barbados introduce into this House a number of measures, so it said, developed through consultation with the private sector and hence agreed to by the private sector and Government which Government has now had to reverse. This is another blow in the credibility of Government which is now today paying the price for its misdeeds of yesterday.

I am obliged to you, Sir.

Hon. H. B. St. JOHN: Mr. Speaker, I just want to say that it is very important that what the Opposition says about the impact of the consumption tax on general economic activity in Barbados is widely appreciated. The evidence is now indisputable that the consumption tax increases are to a large extent counter-productive. There was a great shortfall as disclosed in the Accountant General's Report in the last financial year and we expect that this year, having regard to that fact that the consumption taxes have increased percentage-wise. I am talking about the real and effective per cent increase. I am going to dwell on this a little bit because the Honourable Member for St. Thomas was taken to task on the last occasion that this House met for saying that the consumption tax had increased by 5 per cent and that was taken as being inaccurate, because it was said that it was only a 2 percentage points increase.

Mr. Speaker, Sir, now the basic fact that the public must appreciate and it is the basic fact that we in here have to bring to the attention of every person including the media is that the increases in consumption tax by 2 points is the equivalent of more than 5 per cent. If the existing duty is 10 and you increase it by two points, it is 2 over 10 multiplied by 100. If the existing duty is 30 per cent and it is increased by 2 points, you have got to put the two points over 30 and multiply it by 100.
3.20 p.m.

Mr. Speaker, with the greatest respect to all and sundry, the highest rate...

Asides.

Mr. SPEAKER: Order, please.

Hon. H. B. ST. JOHN: This is not new maths. It is the truth and that is what the Honourable Members are hiding. When the Honourable Members get up in here and say that it is only a two percentage point increase, I say, unfortunately, that does not convey the true position. It is that you have to take the existing rate of duty. You have to take the base and if you go through the level of the duty and the Consumption Tax Order, you will see that it starts from zero and then it starts at five; it starts at ten, it is seventeen and one-half and it goes as high as thirty. It may go as high as forty-five percent. The basic position is that the true effective rate of increase is more than five per cent on the majority of items. That is the problem.

The problem is that out there in the real world in which real money has to pass to the Government, it is now being recognised that this Government has imposed a tremendous tax burden upon the country to the extent that a depression has started. This depression is nothing to do with external factors. The depression is to do with the internal tax regime as established by this Government. That's what we are trying to say in very simple terms. What you are doing is destroying the whole underlying economic activity in the country by the totality of the burden of taxes that you have imposed.

Therefore, Sir, I gave last Tuesday the illustration of the impact of this tax on economic activity which is vital to foreign exchange earnings. That is why we say that this Government has been merciless, and we will never fail to point out on every occasion that we come here, the fact that you have been merciless on the productive sector. As genuine Barbadians, we know and understand that we have to work our way out of this situation, and not by any promises of help in the future. We must send the message to the productive sector that the Government understands the need for that productive sector to grow. As a matter of fact, if it is necessary to protect the productive sector from itself we will have to do that.When they are making stupid suggestions which are against themselves, we have to point out that to them too. I belong to a profession in which many a judge has had to save a client from his lawyer. In politics you have that too. You have to save some interest groups from themselves.

Sir, the position is very clear and this is a very important point and I hope that this so-called movement for tax reform... The inconsistencies of the Government position and the political party that composes the other side is so well known. This is a political party that bragged, boasted, campaigned upon the basis in this term of office that they are a tax reform and tax reduction party. Every indicator, every analysis, however arrived at, that you see about the performance of the Government in relation to its tax state, will show that this Government has taken more in taxes than any other government has taken in the life of Barbados. I want Honourable Members to get up and dispute that.

I have a little document here that has been made a document of the House already, Sir – the IDB Report on Barbados. It has tables in the back. That is not surprising, Sir. Since I have been in this House recently, $150 million odd in taxes have been imposed. Can you imagine that, Sir? I have only been in here since January, Sir. Between January and today, $174 million gross, $150 million odd. I can understand why the Honourable Members on the other side are stunned. Those who are not stunned do not surprise me either, Sir. When I think of the enormity of those numbers, I really believe that the Honourable Members on the other side do not really appreciate the devastating impact that that has. Sometimes when I think of it, Sir, it boggles the mind. When I think that a Minister of Finance with impunity, with support from his own side – this is so unthinkable, Sir... In all of my thirty years or so in politics, I never ever in wildest dreams contemplated that a Minister of Finance would have the audacity to introduce $150 million in taxes in one year, nor would I ever contemplate that he would receive support from his own side. I have never yet contemplated that somebody would get support for that. Not from this side. There cannot be support from this side.

I just want to make it clear, Sir, that we will be going down on record as explaining it in as simple terms as possible. We have to do it because others are not doing it. In other countries, by now, sophisticated analyses would have been presented to the public so that they would understand the total impact of this. Unfortunately, in our little island, a major burden falls upon the politicians to do all of these things. It is only the politicians that will come in here and say it. Therefore, we have an extra duty. We have to work harder because all of the debate that took place in here, all of the counter suggestions that were put forward, all of the reasons are why we are arguing that this tax burden is too great.

The difficulty with the consumption tax is that it falls equally upon the productive as well as the non-productive sector. I could understand if there were a category of imports or a category of products that have a special impact on the expenditure of foreign exchange, if you had selected them for special treatment. The truth is, Sir, that because you have had to go to the IMF in the way that we went, we are not able to manoeuvre by putting in selective taxation. You are not free. That is the truth. The only thing that I am seeing here now, Sir, is that confession from the other side. A confession and an admission from the other side, that having gone to that place in the manner in which they have gone that they really don't have any manoeuvrability.

I have never seen a case like this in which a government is saying to you, "We know what we have done is wrong. The truth is that you must sympathise with us because we were so incompetent that we didn't go before and now we have gone we don't have any manoeuvre." That is a position that the other side is telling us. Now, Sir, I am not going to be heckled on this.
3.30 p.m.

Mr. SPEAKER: If the Honourable Member is suggesting to me that there is heckling then I would have none of it.

Hon. H. B. St. JOHN: I will not worry about that.

Mr. SPEAKER: No. There is no heckling to be done in here.

Hon. H. B. St. JOHN: I am on good ground. We are on excellent ground. The facts and the figures are clear. The Accountant General's Report for 1990/91 indicates that it is still very clear that the impact of these taxes has not seeped through yet on the minds of some people because they still do not understand.

Let me show you what is the impact. I have to do it Sir. Sometimes one has to be long with some people. The 1990/91 Report of the Accountant General, page 32:

"TAXES ON GOODS AND SERVICES

1. Consumption Tax	–	
Estimated Revenue	–	$209 500 000
Actual Revenue	–	$197 290 269
Shortfall	–	$ 12 209 731" – (6%)

That is terrible, Sir. That is March 1990. That is before the three Budgets that moved it 3 points, 2.5 in September and now 2 in December. That is 7 and the year is not finished yet. I must really caution, Sir. We have to bring these points out.

We were not able to reply when the Honourable Members criticised the Honourable Member for St. Thomas. In truth and in fact the Honourable Member for St. Thomas was being modest when he said it was only 5% because it was presented to us so quickly that a quick calculation was made and the Honourable Member in his zeal to be accurate erred upon the side of being over-generous to the Government because he did not want, in any way, to distort the position. But the truth was worse than that. That is why I rose to support the very strong arguments made by the Honourable Member for St. Peter in this matter that it is wrong for us to just sit down and rubber-stamp a situation when we know, and we are certain, having regard to our knowledge and understanding of human behaviour and the economy of Barbados, that this exercise is only going to result in the Government receiving...

Aside.

Hon. H. B. St. JOHN: We are going to. There is no question about it. You would like to vote against it too. That is the position and we know what the position is. Do not worry about these fellows, Sir. The option specialist has another option.

Mr. H. deB. FORDE: Mr. Speaker, I wish to follow on from where the Honourable Member has left off. I begin by saying that it is a bit strange in how the Government has chosen to take this week to introduce this Bill which on the face of it is only really two clauses and last week laid the Consumption Tax Order. Strictly speaking, Sir, obviously that Order would have had to have been debated with some discretion on your part as it was having regard to the wide manner in which the Prime Minister last week introduced the Companies Stabilisation Tax Act.

There is a bit of a style in the way in which the Prime Minister does things. When he has terrible things to do to the country or to say he chooses usually late at night, or he introduces the legislation as he did in the changes to the Severance Payments when the House is not sitting and then lays them rather late, or he does as he did in this one. He brings what looks on the face of it as an innocent piece of legislation going back as he says, to a position that existed before 1990 whereas the real burdensome position he laid last week waiting to see when there would be a time to debate the measure. You have to understand the style of this Prime Minister. Then he would innocently declare that he has been telling everybody everything.

When the Prime Minister introduced the Consumption Tax Order, he did not introduce it early in the day. It was after the bulk of the debate had taken place. It was introduced late in the afternoon. He took the opportunity, in the absence of the Honourable Member for St. Michael East being away, to introduce it then too so we could not hear his views or the views of the Honourable Member for St. Michael South Central. Now they have the benefit of this bit of legislation it would be interesting to hear their views on these matters.

Let me put the position this way, Sir. The reason the Prime Minister has given for reverting to this situation is that he says that in 1990 when the change was made to reduce the time of payment of consumption tax duties by the companies and individuals, was to help them through the cash flow problems. I want to underscore that. It was recognised that in 1990 they were having cash flow problems and that was the reason for improving the position to them. Now, the cash flow problems of companies and individuals who are doing business in Barbados have never been worse in the last 50 years.

People must recognise that if you go over your overdraft by any sum of money whatsoever – let us assume you are paying your payroll by the overdraft. You have $100 000. This is a small businessman and I take a small black businessman, the people that the Government likes so much to talk about but do so little for. He is operating on an overdraft of $100 000 to assist him with keeping people on staff and in his pay, obviously he is getting pressures because he has the pressure that the Government is not paying its suppliers and its contractors on time.

I have evidence of several business persons, small business and black business people too, whom the Government owes. They have delivered materials to the Government. They have performed services to the Government and the Government is not paying them so his overdraft has gone up at the bank over the overdraft limit since he cannot get in the money from the Government. That includes the pharmacists. That is why some of them will have to pull out of the Drug Scheme. He is now paying the bank 3% per month on the highest figure at any one month. It is 3% per month compounded with monthly rest. In other words, at the end of the month the bank adds on 3%. It adds it on his outstanding interest. It converts it into principal and it then charges another 3% on 3%. When you look at that compound interest rate small business people are paying interest rates in Barbados today in excess of 45%. I am told that it works out to something like 48%. Now that is on the excess on the overdraft. The prime rate is 14.5%.
3.40 p.m.

This is what is happening. I do not know where some Honourable Members may be. But I am in the real world and I am confronting them daily coming to me for advice, trying to reschedule debts, all sorts of things. But this is the literal position in Barbados today. It has certain consequences of which I shall speak a bit later. But the effect therefore, Mr. Speaker, of the Government withdrawing the position that now exists under the Consumption Tax Act and asking that the money be paid in 21 rather than 60 days is that they now have to borrow to pay off this duty or this tax earlier without any corresponding obligation of the Government to settle with all of those people to whom the Government has outstanding debts. That is one of the implications of this.

Aside.

Mr. H. deB. FORDE: The Government owes people, its suppliers in excess of $38 million that it has not been paying for months. The Honourable Member for St. George North would know that I have correspondence with his department where they cannot meet bills for clients of mine – He would know that. I cannot talk clients' business – who have been suppliers to the Ministry of Education. The Honourable Member would know that. I am not going to manufacture any cases for the purpose of my argument. I do not do that, Sir. When I make speeches whether it be in the House of Assembly or Market Hill in St. George, they are all proven to be right. Yes, Sir, absolutely right. That

is the position, Sir, that you have the situation then that they have to find the money up front in this way and they cannot get it.

The other problem they have is that the banks are being rigid. The Honourable Member for St. John should know this too because I know he has an interest in it. The banks are being rigid on controlling any increase on your overdraft for the simple reason that the banks are saying that the Central Bank has raised the reserve limit, discount and the discount limit and as a result they in turn are paying the Central Bank 36%. This is at the direction of the Minister of Finance. Let us get the position clear. This is the time when the screws are really turning in the position of Barbados and therefore certain serious consequences are going to flow from this piece of legislation.

Let me cite two of the consequences which will inevitably flow from this, Sir. It will mean that those who are surviving, who can survive are going to pass on the additional cost down there in the market place. The Honourable Member for Christ Church South has already adverted to the speech made by the Honourable Member for St. Thomas last week about the increase in percentage points and the real increase on the cost of goods that are subject to this consumption tax.

The point we have to make, Mr. Speaker, is that it is not a small number of items. Everything that is coming through the Bridgetown Port for use by consumers in Barbados has been exposed to this tax. Everything. The only thing that has escaped is such goods as you could prove come from CARICOM sources and have the value added content to show that they are CARICOM goods. But once you go outside of CARICOM and you import salt fish, for instance, pig tails, for instance, lumber, whatever you could think of that is going to increase as a result of this legislation and the bit of legislation that was brought last week. The increase is going to be passed on to the consumers.

The other point we must make quite clearly, Mr. Speaker, Sir, is that there is no distinction in this legislation between peoples' pockets, those at the top or those at the bottom except to the extent that there is an *ad valorem* duty on some luxury items. But the basic things that people use in this community are subject to that. The Government is making it harder for the poorer classes in the context where if they have been in the public service they have had an 8% cut, that has been followed by a draconian increase last week in the amount payable under the National Insurance Contributions which come out from them as well, the Stabilization Tax that they had ever since and the various increases that have taken place in them twice. So that the Government has not even made a distinction.

We have been urging before the election and we urge again in this House the time has come in looking at indirect taxation to save a basket of goods that are so very necessary for people below a certain income group to survive in this country, to save them from these regressive taxes that are being placed on them by the Government. That is the Labour Party's position as democratic socialists. We have articulated it very clearly in this country and I will continue along with my colleagues to articulate it on behalf of the Labour Party because the social stratification and disruption and fractures that will result to this community will make 1937 sound like a picnic at the seaside.

I am telling the Honourable Members we must be careful in this House not to take this matter lightly and to say that things are quieting down, the trade unions are not marching now and you have the Christmas holidays and Independence celebrations and the reminder of Errol Barrow and this is good therapy for the minds of the people. I want to tell Members get that out of their heads. The strong feeling still remains down there and the more that the Government puts the burden on them, and puts the burden on them without discrimination as to means and resources, we are fracturing and destroying this society. I want to say, Sir, to the Government, I am warning the Government that people cannot take much of this type of measure.

Another implication, Sir, of this legislation which again is hitting people that are starved of cash and whose cash flow position is bad is that you are going to get continuing lay-offs. This is probably the first Christmas for a long time that you would have noticed, Mr. Speaker, Sir, you and myself as small businessmen how strapped we all are in this country. You would have noticed that there is not the same buoyancy as you would have seen in town before. At this time companies would have taken on people for Christmas. You are not hearing about that.

Asides.

Mr. H. deB. FORDE: The Honourable Member for St. Michael North is reminding me of the public spiritedness of a true Barbadian.

But, Sir, I am saying quite clearly that what you are finding therefore is people just waiting for Christmas to send home some of their staff. Some of them have been waiting for the changes in the legislation for severance payment to send home some of their staff. And you are going to find that some people are going to have no choice at all because of how harsh this measure is bearing down on them. So the employment prospects dwindle.

The third thing I would like to say is that we are going to get a continuing contraction in the economy.

Mr. Speaker, the economy has been contracting at an increasing rate over the past nine months. I cannot understand how the principal government financial adviser in the Central Bank could be giving the impression that the situation is getting better, whereas in truth and in fact with every additional taxation measure the situation is getting worse. Therefore, once you get contraction in the economy you are getting a slow down, not only in growth, but unemployment will increase. I would expect with this type of measure inflation will increase. I do not even know whether the Government is going to be able to deal with all of the fiscal deficits, either on current or balance of payments as it is telling us. Therefore, Sir, the Opposition finds it difficult to give any support to this type of approach to the problems which confront Barbados today. 3.50 p.m.

The Government says that it has to get in the funds before the 31st March to meet targets agreed on by the Fund and that is the reason why it is passing this legislation. What we are hearing from the Government is a litany of the Government responding to the commands of the International Monetary Fund without even thinking of its content or its implications for the people of Barbados.

There is a certain supineness in the Government's submission to the dictates of the International Monetary Fund that shows that the Government has sold its sovereignty down the drain, Sir. That is what is being seen quite clearly in this type of legislation and this type of measure.

Sir, it is a little bit embarrassing for us. Sir, to use the word in inverted commas. It seems as though Barbadians are being castrated now, really being castrated by this type of legislation and this type of treatment, Sir. We really are losing our manhood. How much further are we going to go in submission? It is not beyond our capacity to conceive and think of alternative approaches. I trust, Sir, that really, this is the last of the type of measure that is going to come to this House, Sir.

I have had to speak, Sir, in very strong terms about this type of legislation when it comes. It gives no ease at all to the bad situation confronting this economy, and there cannot be a Christmas to look forward to in Barbados today with this type of situation coming to the House Tuesday after Tuesday and hammering the people further without regard to their circumstances. Particularly I raise my voice on behalf of the lower income and the middle classes in this country who are being destroyed continually by this type of legislation.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, I am grateful to the Honourable Member for Christ Church South and to the Leader of the Opposition for mentioning my name in connection with this debate. I can always defend myself. I don't understand about any criticism. The only criticism came from the Nation Newspaper who should know better. I will have to deal with them otherwise.

Last Friday, during the course of the debate on the Companies Stabilisation Act, about 6.00 o'clock the evening, for the first time after the Prime Minister had laid a Consumption Tax (No. 2) Order 1991, I got hold of it from the Clerk's table and when I compared that with the No. 1 Order that had been laid earlier there was an increase...

Mr. SPEAKER: Before we get into anything, I am just saying it because I want to be sure that we understand. Standing Order 28(4).

> "It shall be out of order to reflect on any vote of the House or attempt to reconsider any specific matter upon which the House has come to a conclusion."

Now I have allowed the others to make the point generally but I am assuming that you are not going to go into it as a detailed matter.

Mr. D. A. C. SIMMONS: No, Sir, I am not reflecting on a vote because we did not vote anything to do with consumption tax last week. We only had before us the Companies Stabilisation Tax Bill. What we had was the Consumption Tax Order that was laid. We were debating the Companies Stabilisation Tax, and I am explaining to you that during my speech on the Companies Stabilisation Tax...

Mr. SPEAKER: Which would, if you go into it the way you... I have to wait and see.

Mr. D. A. C. SIMMONS: All I was explaining, Sir, is that as an additional burden on the people of Barbados was the effect of the Consumption Tax (No. 2) Order, that had been laid earlier. There was a little search made and the Deputy Prime Minister found that there was a Consumption Tax Act that was made pursuant to the mini-Budget and that in fact the effective rate of increase between that Bill and the Order on Friday was 2 percentage points. What we said, and I worked it out, was that it was the equivalent of 7 $^{1}/_{2}$ per cent. I was at pains because that was a Friday, the next day was a bank holiday, to try to let the public of Barbados know and up to now I don't believe they know, so expert was the press in suppressing the information. I was concerned to let the public of Barbados know that from Sunday, everything from gasoline to cat food went up under that Consumption Tax (No. 2) Order.

Aside.

Mr. D. A. C. SIMMONS: Sir, I understand, not gasoline but LPG. I withdraw the allegation of gasoline. Not only fuel, Sir, everything else that you can think of.

I thought it was sufficiently important that perhaps the Government should have issued a statement. The Government did not issue one so I had a duty as the representative of the people of St. Thomas, at least, to let the people of St. Thomas know that prices would go up from Sunday. Under the Consumption Tax Act which is being amended today that is the effect that numerous items have gone up since Sunday, Sir, and what I said was not by way of any distraction as the *Nation* or the *Sunday Sun*, whoever they are, reported. That was by way of information. I don't distract anybody out there, I tell them what is going on in here.

Now, Sir, the consumption tax, I remember first coming into prominence in 1974 and they had two big volumes of the law and they were issued separately under Mr. Barrow. It was a form of indirect taxation that had its impact on every person in society who bought goods. Gradually over the years the consumption tax has been increased and expanded by all Governments as a revenue raising measure. But never in my fifteen years in Parliament have I witnessed the way in which consumption tax has been manipulated this year as is now happening under the Democratic Labour Party. I think that we have had three increases this year alone and, as I said, it is not a selective tax. It bears down on everybody.
4.00 p.m.

Aside.

Mr. D. A. C. SIMMONS: What is being suggested to me is that it is like a dragnet on a Japanese trawler collecting from barbas to lobsters. It hooks up everybody. I cannot understand how people who purport to represent the working class and the workers, as they call them, cannot appreciate that. We exempt for the purposes of this argument the recent recipient of the Gold Crown of Merit. I have already congratulated him and I know the straight-jacket he is in, being a Member of the Cabinet. But others who should have some freedom both of intellect, thought and of spirit to stand up for the working class and examine and analyse the impact of the steady stream of taxes on poor people, we cannot hear a word out of them. It is most distressing. So when they speak on matters which directly affect the working class, they cannot make pass sixteen minutes of a half hour speech and at other times they can be voluminous.

Sir, I think we as parliamentarians are selling the people of Barbados short, if we do not understand what is happening to people out there in the street. In fact, I think we all understand because we feel it in our own pockets too and we should be in a better position to empathise with the man in the street. But if we do not understand and we fail in our duties to speak up, history cannot absolve us and should not absolve us from our responsibilities.

Now the Honourable Leader of the Opposition said that one of the implications of this Consumption Tax Bill is that people will have to borrow to pay the consumption tax. Well, I have news for him. I am going to disagree with the Leader of the Opposition in respect of that statement. I do not agree with it. They cannot borrow. Sometime last year overdrafts were rolled back to August 1989. This year overdrafts have been frozen but more particularly the banks have been calling up clients and writing them to tell them that if they exceed their overdraft limit, the excess will be charged. When one of my companies was notified some weeks ago, it was 36 per cent. I understand now it is 40 something – at this very high and almost usurious rate of interest. Now when is it going to stop, Sir? We have a duty to speak out.

Only yesterday morning at 9.30 a.m. the Central Bank met with the commercial banks and shut down all credit. They must go and check that out. So there is no money to be borrowed. You cannot go outside of your overdraft limit. If a bank is kind to you and do not bounce the check, you are going to have to pay at usurious rates. On the other hand, if you try to borrow now, God help you. You cannot get a cent. All of this is happening. You know sometimes symbolism is important. It may not be of substance but the symbolism is important. In this 25th anniversary weekend, Friday night we were in here offering the public of Barbados as a 25th anniversary present higher taxes and I laughed. I did not worry to say anything about the stabilisation tax the other day. I want to see who is going to write about it because I am tired coming in here and analysing things which the Government does not appreciate. That is such a wonderful piece of legislation. Five per cent on companies. The majority of business people in this country are exempted. All the Swan Street fellows that work partnerships, firms, the sole traders, professionals, and all the big accounting firms that are not companies are exempted. I would say even the lawyers are exempted, the lawyers firms and individual lawyers. Thank you. I get a little ease, but you have gone to the companies at 5 per cent. If you had spreaded it as a business corporation tax, you could have reduced the rate to 1 per cent or 2 per cent. You all are bright. I finished with that part, Sir.

I only wanted to point out the emptiness of the intellects on the other side. I have finished with the point. I was not going to tell you that on Friday. You know everything. No, you all know too much. I waited and let you pass it and voted against it and now I will tell you why.

Aside.

Mr. D. A. C. SIMMONS: No, they said 5 per cent. I was interested in the rate. I am not giving any advice until after now. You are too bright and will not listen.

Aside.

Mr. D. A. C. SIMMONS: They are not going to listen to this either. Do you want to listen to what happened to the Central Bank? The only one who has had the courage to try to give the public the impression that he is against what is going on and that he is feeling their pain in a real way is the one who is now sitting in the chair of the Prime Minister. I understand you well. He would not wish to wear the shoes of the present incumbent. Do not let us make sport about this. Yes, Sir, he has our respect for speaking out. The time will come when his speech will be put to the test and we will see if he is really sincere in what he said on V.O.B. by his action.
4.10 p.m.

We cannot just talk, Sir. Talk is not going to help the public of Barbados. We have to do something positive by way of action. A lot is going to happen after Christmas. I hope that people have a better Christmas than the immediate future portends. It looks very bleak. I am sure that by the end of January, there will be real deprivation being felt in this country. Let me just warn you, Sir, that I have even not yet started to talk about the World Bank and IADB. We have some legislation coming up where I will tell them what is going to happen when those two fellows get hold of you. You are talking about debt? Lay-offs will become massive from January. Some companies are going to hold out and try to help out, as I understand it from talking to the people, for Christmas, out of a sense of humanity. After January, look for some trouble.

A party that has been in existence since 1955, that has been holding the reins of government in this country for 20 years for the 25th anniversary of Independence could not even have the courage to keep a public meeting for fear that somebody would pelt at them. A party that for the 25th year of Independence finds itself in government, the party that introduced independence, couldn't even afford to have the normal independence party to which all MP's are asked to send in ten, twenty, thirty names. Things are bad. You can't afford to have it. I am not saying to have it.

Asides.

Mr. SPEAKER: Order, please.

Mr. D. A. C. SIMMONS: I am commenting on the fact that you are so broke as I told you one day, you are so broke that you can't even pay attention to what I was saying and that has proved that. I can't afford a Mercedes Benz so I don't drive one. The Government now is not in a position to have a party for the 25th anniversary. They would have loved to have done it, but that is a signal to the community out there how serious things are in Barbados, how financially strapped we are that you can't even have a party. How much does it cost? Forty thousand dollars? And you can't even afford it.

Asides.

Mr. D. A. C. SIMMONS: I am not dealing with a hypothesis. I am dealing with a set of realities. The same party that built an arch for the 21st anniversary can't even build a fowl coop now. That's where we are in Barbados now.

Asides.

Mr. D. A. C. SIMMONS: Sir, the Members on the other side must search their consciences. The Honourable Member for Christ Church South, I think, touched on it. They belong to a party that came into office in 1986 on a promise of reduction of taxation and instead they have increased taxation in a direct form, indirectly and by an increase in the number of levies and in the increase of the rates attached to certain of the levies to the extent where we are that this year we have already levied $174 million in taxes.

Some time the members of the Democratic Labour Party will have to sit down with their Leader and say, "But what does this say for our consistency of philosophy? We didn't get into power in '86 on this basis. The public would know that from time to time you have to raise taxes, but have we really done right with the public of Barbados in the way we have every year increased taxation? Haven't we moved from our philosophical mores of 1986?" That will call for men of courage, character and intellect on that side.

Mr. SPEAKER: I am not taking that statement. As soon as you say on the other side, it is a reflection.

Mr. D. A. C. SIMMONS: Do you mean to say that the call for men of perfect qualities... Are you saying that I am insinuating that they don't have.

Mr. SPEAKER: It is not always the words that matter. It is the context in which they are said, but I draw it to your attention.

Mr. D. A. C. SIMMONS: If you think, Sir, that in calling for men of character and so on, on the other side, that there is an innuendo and an implication of the reverse, I withdraw it.

Mr. SPEAKER: I suppose you will be able to explain that to me.

Mr. D. A. C. SIMMONS: I was certainly not making that suggestion, Sir, but if you have the slightest belief that I was, then I unhesitatingly withdraw.

Mr. SPEAKER: Which is the one you want me to accept?

Mr. D. A. C. SIMMONS: I could see, Sir, that it may have the wrong connotation. What I am really calling on Members on the other side to do is to show some courage

because all of these taxes are gradually eroding confidence in the ability of the Minister of Finance successfully to manage Barbados. Secondly, all of these taxes are eroding the economy itself and destroying it. Thirdly, as a new tax goes on, or another increase in levies as we had Friday, it does something psychologically to the persons who are affected. You say, "Another one? I can't pay it." You only wait and ask yourself the question, "When is the next one coming?" It is an expectation of worst, an expectation of doom and gloom. In an expectation of doom and gloom, a country cannot survive because there is no confidence and the country cannot be mobilised. No matter how much you talk on television, you cannot get people to go out and act and really work in the interests of the country if you say something Sunday night and by the following Friday two or three taxes come on. Thinking about the effect of that is to drive one's back against the wall.

Do you know what you are doing to the civil servants, people on fixed incomes and pensioners with these consumption taxes? Do you know what you are doing to the civil servants with the consumption taxes plus an increase of levies again Friday? And agricultural labourers? You cannot move forward a country in a state of hopelessness and despair where the people are in a state of hopelessness and despair. The great licks haven't come yet from the World Bank and the IADB, that have no interest in Barbados or the OECS or us in the Caribbean integrating and promoting agriculture. They are out to kill all of them and promote tourism.

We are holding on now in an expectation that in the tourist season some foreign dollars will start flowing in and the reserves will start to be propped up again. I am saying today December 3rd that is pie-in-the-sky hope, that our foreign reserves position would improve significantly by reason only of a good tourist season. Do you know why? There is no confidence again in Barbados.
4.20 p.m.

The money that should legitimately find itself in the banking system is not that should be ending up in the Central Bank from tourist receipts, mark my word, they are as "Lick Mout Lou" would say "faif". Mark my word today, it will not because there is no confidence. Certain persons will get hold of it up by the Airport. Others will allow it to stay overseas and do not come in. I have to be frank. I am not hiding anything, Sir, because you have not seen any significant development. Nobody is looking at the experience of other countries. How many of them have gone overseas and talked to people in Jamaica and Guyana to find out their experience?

All like now the Minister of State should have been sent on a special mission with a team to Jamaica and Guyana to discuss the ramifications arising out of their structural adjustment programmes and what to look for. Has this Government done it yet? No.

Aside.

Mr. D. A. C. SIMMONS: But the experience is important. That is the experience of those countries. One time Tom Adams took the Honourable Member for St. Philip North with him to New York. We would lend the Honourable Member from St. Peter to the Government for a three week trip to Trinidad, Jamaica and Guyana to study their experience. I am being very serious.

Aside.

Mr. D. A. C. SIMMONS: Sir, I am not going to say what the Honourable Deputy Prime Minister and I just exchanged for the record. But we have to face it. Other people in the Caribbean, I am not identifying anybody, are not unhappy with our present plight but that does not say that we could not learn from some of their experiences. One of their experiences is the parallel market.

Aside.

Mr. D. A. C. SIMMONS: They do not want it here but it has been going on for months now. That is why I fear that we cannot put all of our eggs in the tourism basket. We would have the possibility for hemorrhage through that system which is too great. I am just asking the Government to look carefully at how (a) you could control some of that hemorrhage, if it is possible and (b) to look at other ways of trying to create accretions to the foreign reserves.

The problem in Barbados is confidence and everybody in Barbados has now come down to what we said very earlier on. You are not going to get anything happening in a significant way until confidence is restored. And for those on the other side who cannot say it, I am going to say it for them. All of us know who is the problem of confidence and where he was sitting earlier today. We have to tell him. When the IMF Bill comes up we will have to tell him. He is the problem.

I am obliged to you, Sir.

Hon. C. V. WALKER: Mr. Speaker, I want to make a three-point contribution to this debate. In sitting here and listening to the Members of the Opposition they seem to have been trying to make the point about compound interest. Indeed, the Honourable Leader of the Opposition in his explanation and his reference to the 3% per month when compounded rightfully says it would work out to be about 48%. I give him that credit in terms of that calculation. However, we must start at a base because we are being misled somewhat in some of the speeches being made. If we have a simple 20% base and we are talking about increasing that 30% by 10% that is 2% effective rate. If we are talking of 20% and we are increasing the base by 10% then we would have the effective rate of 30%. Now

I will get back and go to the particular documents and unless my reading of the documents and my eyes are not good I find that the first relates to what is in the document.

The second point, is Mr. Speaker, one Honourable Member mentioned that an increase from 15%, I think he said, to 45% that that in itself was a 300% increase. It is not a 300% increase. It is three times the rate effective increase which is 200%. That is a fact.

Sir, there are three documents related to this, the one which we are debating today which was laid and the other two which were laid prior to that. One was laid in August 1991, one in September 1991 and now we are dealing with the one in December which was laid in November 1991. In the document of August 20, and since I use a reference of 20% just now, I would try to select an item which had a rate of tax equivalent to that amount or 20%. If you were to look at item 18.06, designated description, "chocolate and other food preparations containing cocoa", which is one of the first items I see with a 20%, that was 20% in August 1991. The increase under the Act of September 1991, the same item 18.06 – chocolate and other food preparations – the rate then was 23%.

The third, Mr. Speaker, it is not on anything. It is moving from 2%. There is a big difference. The third item, the one with which we are now dealing is 25%, the same item. In other words, we have moved the item in August in 1991 from 20% and it is now 25%.

Aside.

Hon. C. V. WALKER: We cannot introduce any mathematical computation that it is 5.1. If you take $100, 20% of $100 is what? And 25% is what?

Aside.

Hon. C. V. WALKER: Well, say it but do not try to get around it and try to get the Press to publish what you want. Be factual.

Mr. Speaker, I am not going to get into any dialogue of any particular debate. I just want to make those three points. I believe I have made them.

I am obliged to you, Sir.

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, I will hope to be equally as brief in my presentation of a different angle of this debate than the Honourable Member for St. George North who spoke before me. I wish to emphasis that I am not a person given to repetition. Therefore, you will not find, and I am certain you have not found, that as a speaker in this House that I am given to repeating the same speech over and over again.
4.30 p.m.

Asides.

Hon. D. J. H. THOMPSON: I say it about you. I say it about the Honourable Member for St. Peter. But I am talking about me, Sir. Therefore I do not propose today to launch into the same speech that I made in September regarding the imposition by Government of these stringent economic policies which have been variously described in varying degrees of hyperbole and sometimes relevant language by the Honourable Members of the Opposition.

The Honourable Member for Christ Church South has made an appeal to the Government to deliver some kind of apology maybe in some fine Italian handwriting and gold embossed to him and the Members of the Opposition because he feels that the Government has erred and it should come to the public and say that it has erred and offer some kind of excuse or palliative for the imposition of these measures. I cannot think that anything characterized an apology more – my understanding is that the Honourable Member for Christ Church South was making the point that it was about time that the Government owned up to its errors and made an apology and talked to the people frankly. Unless he has forgotten what he just said in this debate.

We debated these measures in September and Honourable Members representing their constituents and the views of their constituents expressed their concerns and their reservation both on the frontbench and on the backbench. I certainly cannot take any pride or pleasure in knowing for example that the tenantry road programme in St. John which I had given so much advocacy to as part of the St. John Development Plan or the St. John Polyclinic which I gave even greater advocacy to and which will be the most modern polyclinic in a rural area probably in a developing world ....

Aside.

Hon. D. J. H. THOMPSON: No. The St. John Polyclinic would have been a step further. ....I cannot take any comfort in the fact that these particular projects upon which I have been able to hinge my views about rural development are going to come on stream much slower than I would have wished. My apologies do not have to go to the Opposition. I know that the people of St. John understand as would the constituents who supported other Members of the Government the economic difficulty that we are facing and they would understand the particular features of their development that they would like to see advanced are going to be considerably retarded by this contraction in the Barbadian economy. I have to be frank about that.

The Honourable Members of the Opposition have not followed the great and noble tradition of other Oppositions in the world. I know for example that in nearly every South

American and certainly in every Caribbean country where IMF programmes have had to be introduced the Opposition has got together with its closest economic advisers – some of whom happen to be civil servants in those countries, I do not know about Barbados, I have not carried out any investigation – and have come up with some kind of alternatives.

Aside.

Hon. D. J. H. THOMPSON: I have not finished.

Aside.

Mr. SPEAKER: No, no. Just one minute. I have not relaxed the Standing Order that you can breach them like that. They are still in place and I would still like the co-operation of Members. Just refrain from the loud cross talk.

Hon. D. J. H. THOMPSON: Those other Oppositions in other parts of the world have not sought any political advantage in these circumstances. What they do is seek to bring together the social partners and to determine, by those convocations or those gatherings, how best they can respond as an Opposition to times of national crisis and difficulties.

In 1982 – I was asked to turn to 1982 – the Honourable Member for Christ Church South who was then the Member for Christ Church East Central began his speech by saying that the Opposition has got on at a rate but they have given no alternatives. What would they do if they were in power? That was the basis of his speech. But I do not bother with that. I am following the advice of a well-known journalist at a radio station who says that we are not to look back at 1982 and 1976 and so on, that people are fed up hearing the comparison. So I am not going to get into the comparison. I am not even going to allow the Honourable Member's wisdom to affect me in any way in this particular debate. I am going to move on from there.

I am saying that the responsible role of the Opposition in economic difficulties like this even in Britain in the time when they faced difficulty with their currency I think in the 1960s was to try to bring those social partners together. There are no two ways about it. We are having great difficulty in communication and in providing inspiration to the private sector in Barbados. But we are not the first Government that has had these difficulties. There is nobody who knows how the private sector functions in this country better than the Honourable Member for Christ Church South. It should be his bounden duty as a person who has a wealth of experience who knows the weaklings, who knows those who are intellectually shallow, even though they may have the correct shade of skin, he may know all of the various permutations and scenarios that play themselves out in the private sector. He can use whatever diplomatic skills he did not possess in 1985 but he might possess now to seek to bring the private sector to a sensible and Christian understanding.

The Honourable Member for St. Thomas has said that the private sector, the people in the tourist sector are obviously not making as great an effort as they should in ensuring... I have not finished.

Mr. D. A. C. SIMMONS: You are bowling wide though. Call him. That is a wide. I never said that. What I said was that the tourist system has the potentiality for haemorrhage of foreign reserves and that it is very unlikely that the vast majority of foreign reserves will find themselves in the legitimate banking system. That is what I said.

Hon. D. J. H. THOMPSON: All I said just now, Sir, is merely by way of introduction but I am not finished. I have not said what they are not pulling their weight over. I am assuming that the definition of the private sector he is using is persons who are not directly involved in Government or paid by Government.

My understanding of his concern was that many of these persons are not depositing their foreign currency in the banking system. Obviously they are not pulling their weight or obliging the Government or the State under the laws that exist. Well in those scenarios it does not behove any of us to seek to attribute that fact to any one of us over here or simply to some kind of ethereal concept known as confidence. The aim is for us to encourage them to put their money in the banking system because come hell or high water or economic difficulty, my understanding of this economic programme is that it is in defence of the present exchange rate and that is the basis on which I – I am speaking for myself – have supported it. Let us make that position very clear.

Asides.

Hon. D. J. H. THOMPSON: Anybody...

Mr. SPEAKER: You do not have to repeat a thing. You are speaking...

Hon. D. J. H. THOMPSON: To you, Sir. And I know you heard.

Mr. SPEAKER: I will soon get the other end straightened out. Just carry on. You keep speaking to me.

Hon. D. J. H. THOMPSON: Yes, Sir. I know I do not have to dictate to you but for anybody who might be taking dictation, I can repeat it. It does not bother me. The basis on which I support these economic measures – I said so in the 1991 Budget debate and I think in the previous one –

is that it is an attempt to defend the exchange rate which as I understand it is what all Barbadians are most concerned about. There are a few people in the industrial sector, prominent members of the Barbados Labour Party who have said we should have a devaluation. It is true, but the majority of us, right thinking persons in Barbados, are basing our support of these economic measures as a means of ensuring a defense of the present exchange rate parity. That is the basis on which I support it and those who wish to write it down and wave it before me at any time in my life may do so. That is the basis on which ...
4.40 p.m.

Asides.

Mr. SPEAKER: I don't want to adjourn the House or suspend the sitting but I am asking members not to take advantage of the liberal way I give things. Maybe I am too liberal. Freedom of speech is something which I cherish and I always allow the Honourable Member for St. Peter at all times to make sure that he has ample time to make his contribution without, or with the least interruptions. I am appealing then, allow the Honourable Member to do the same thing. Continue.

Hon. D. J. H. THOMPSON: I cannot say that I share any other view other than that which says that policies must be implemented in defense of the exchange rate and I will support those policies and I make that position abundantly clear. We will have to cross that bridge when we come to it. The point is if they fail, they will fail, not because only of any attempt by any Government to implement policies. I will tell you something, one of the great mysteries about economic development in this country has been this so-called leverage that a Minister of Finance has over monetary policy. As far as I am concerned I could describe it as foolishness. It is an area in which you really have no leverage because you do not determine the exchange rate. You have no influence over the fluctuations of it. Therefore it seems to me that this idea of nationalist governments that you set up a Central Bank as if it gives you a large amount of leverage that you really do not have at the end of the day, has caused some Ministers of Finance from time to time to exercise privileges that in fact go beyond economic reality.

The Honourable Member for St. Peter well knows the excesses. One of them he has described today is what he talks about the question of the overdraft limit. You had the scenario with the multi-lateral clearing facility – gross incompetence, on whose part we will never know. We had many stories about it but it points a very sorry finger at some people in this country. I am not going to get into it because I don't belong to any politicians club.

The Honourable Member for Christ Church South did make an interesting point today, that we are the only people who seem to be providing the analysis. It is true that there are people in this country paid on a daily basis in various institutions of the Government to provide that analysis and to give that timely and necessary advice from time to time who fail to do so. It is nothing new, it is not something that started in 1991, but if you were to look at the CMCF scenario, if you were to look at a whole range of problems that we have had in the domestic economy in Barbados over the years we will see that sometimes one can point an effective finger at some of the institutions which have really failed in their responsibility.

I am only saying that, Sir, really to make the point that the concept of these particular measures have been based on defence of exchange rate. In simple language that we can buy a US dollar for two Barbados dollars in the bank, once they are available. That is the basis of my support of this particular programme. I do not wish anybody over there to feel that because they have talked and nobody has responded, least of all me, that it is not because I feel any differently to how I felt in September, but I only need to speak once on this particular issue. I have stated the parameters on which my support is based and I will continue to monitor in the context of the Barbadian economy how the various sectors of the economy respond in the context of the measures that have been put in place.

People talk about putting all the eggs in one basket when it comes to tourism but we have to be very careful about all of the productive sectors, people involved in the private sector throughout Barbados and to direct and channel their energies in a direction that not only produces foreign exchange, but more importantly saves a hemorrhaging of foreign exchange in this country.

The concept in Barbados is export or perish, or export led growth can produce, if the articulacy if it is overdone, some serious psychological anomalies to the extent that a Barbadian may feel that his only purpose in life on earth is to produce goods for somebody else's consumption. We have to ensure that we also help Barbadians to understand that there are ways in which they can save foreign exchange or in which that foreign exchange can be earned locally in the sense of tourist who come to Barbados from whom we can extract every last dollar in terms of import substitution which now seems to be a bad word, but according to my concept has some positive features to it.

Aside.

Hon. D. J. H. THOMPSON: I said, my concept. I do not know what anybody else's concept of it is. Helping Barbadians to understand that export or perish does not mean that they must physically take up goods from their land and go down at the Harbour or to the Airport. Export of services can take place within your domestic environment and that linkages in the Barbadian economy

can involve more Barbadians. These are important things. The psychological messages that we are sending to Barbadians about the concept of their economic purpose in life, I think, is going to impact negatively on them, unless we are very careful about helping them to understand what their individual and collective roles in the Barbadian economy is about.

That is a very important thing. The psychology of it is very important and I think that each and every Barbadian therefore has to understand how they can make their impact on ensuring that Barbados pulls itself out of these economic difficulties.

It is our responsibility to give them that leadership and that advice but that responsibility is no less than that of the Opposition if it is a loyal Opposition, if it is a decent Opposition, if it is an intellectually sound Opposition and if it is a caring Opposition.

My only word of warning to the Honourable Members who I believe have all of those qualities, or some of them, in most cases, my only caution to them is that when they get up one after one attacking us, I will take it in the spirit of the biblical admonition. There is a time to speak and a time to be silent. Your time has come and I accept that you have sometimes valid cause for taking the positions that you take and we will have to listen to them. But the task of getting us out of the economic difficulties is no less yours than it is ours. Therefore rather than adopt that adversarial approach which only seeks either to allocate blame or to single out attitudinal problems by individuals in the Government, the Opposition has a greater national role that it must seek to respond to. If Government cuts back its social services, it is equally the responsibility of the Opposition to call on volunteers in the community to come forward also and render their assistance. If people are not putting their foreign exchange into the banking system...

4.50 p.m.

Aside.

Hon. D. J. H. THOMPSON: On a point of what?

Mr. SPEAKER: Order.

Mr. O. S. ARTHUR: On a point of order, Sir. This Opposition has been very careful, certainly to the extent that I am the spokesman for economic affairs of the Opposition. I have spoken very little but I have been very careful in the two major speeches I have given on Government's relationship with the International Monetary Fund, Sir, to offer an alternative position. In the first instance, it was in September that I gave ten additional measures and as recently as Friday, Sir. I was very specific in indicating to Government that we think that Government should include these in its negotiation with the World Bank.

I think, therefore, that it is misleading, Sir, that the Honourable Member should be saying that this Opposition has only been adversarial for recognising what we have done by way of constructive criticism.

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, I believe that the Honourable Member does not understand when one speaks generically and I was speaking of Oppositions, but he obviously seems to think that some blame must be attach to this Opposition and he has singled himself out and rightly so as the person who has offered alternatives. We all know why he has singled himself out.

A former Governor of the Central Bank addressed the Barbados Labour Party Convention in 1990 and during that speech he produced four prescriptions to solve Barbados' economic problems and alternatives too. If you were to pick up your newspaper or a copy of that speech, you would see what utter rubbish there is in the context of the economic difficulties that we now face and are totally at variance certainly with the recommendations of the Honourable Member for St. Peter. He has made suggestions but I am only saying to him that in the context of Barbadian politics it does not make sense to do like that proverbial journalist politician who produces Press releases every day and gets them printed in the second page of the newspaper with foolishness about what his party that does not even have a seat in this House would do in this country.

I am saying to you that your activity as politicians means that you have because you recognise like we do the limitations of the private sector, both the intellectual limitations and the other limitations of the private sector, of necessity you have to help in this grand design of getting those productive sectors moving by moving into those sectors and using your influence in relation to the same recommendations that you make to get the productive sectors to respond. You know that as well as I do. You know that there is a cost to the implementation of Landell Mills and that not one penny of that cost is going to be produced by the sugar producers in this country. They are not going to hand it to Government. We will have to look for every cent for all of the producers. All of them are going to turn their back on Government. They are not going to walk into the Treasury with their gratuities and tell us – look, this is the money to implement Landell Mills. Use your influence therefore and go into the private sector and do not adopt that adversarial approach of just offering suggestions for the sake of publicity. Go into the private sector. Bring them together and seek to build some kind of consensus with them. Well, seek to help them to understand what this is about. Because you see what will happen is they will sit with their arms folded and a new

class of Barbadians will come and replace them easily. It happened in Jamaica. Yes, the Honourable Member for St. Peter like me thinks that is a good thing. That might be a good thing. So should we sit and watch that happen without trying at least to let them know that the possibility exists that eventually they might be totally disenfranchised because of economic ignorance and because they do not understand what their own economic enlightenment and self interest is. The point is that if they do not respond they, too, will be replaced by a new class of Barbadian businessman and businesswoman who will take this country into the 21st century.

I only made those few interventions, Mr. Speaker, principally to tell you, as you know already, that I do not repeat myself and I have stated the parameters of my support for this programme and, secondly, to offer some simple generic advice to the Opposition and also to point out that it is not as easy as to say that one can simply revitalise the productive sectors in Barbados particularly having regard to the severe limitations of the upper echelons of the Barbadian private sector. We have all seen them on television and we know how many of them think and consider it. We have all faced exactly the same pressure by way of consumption taxes and the increase in mortgage rates *et cetera* as every other citizen. Only yesterday I got my letter from CIBC indicating that my mortgage was up by $180.00. But there are other people who are paying those increases. It is all of us. It is not two classes of Barbadians in this. There are not four classes of Barbadians of one class that bears the greatest burden and another class that bears a smaller burden. All of us are going to have to understand what our burdens will be. They are individuals who earn middle income salaries like myself who when pressure is placed on our resources, the persons who we employ as gardeners, maids, or whatever, then they will have to be cut out too. Your discretionary spending is reduced. You end up paying only the mortgage, food that you need in your house, electricity, and your water bill and you decide to find other ways of eking out an existence.

Let nobody fool yourself that there are any fat-cats. The Honourable Member for St. George South is famous for giving this impression in here that there are fat-cats with cigars in their mouth. Meanwhile, the average Barbadian wants to hear about jobs and food on their table and so on.

Aside.

Hon. D. J. H. THOMPSON: Well, I am not dealing with that now. But I have heard him on the radio with this idea that you can simply reduce the existence of Barbadians to jobs and food. There are people who will make a sacrifice today so long as they know that in the near future they will be brought within the economic main stream again. There are people who are prepared to make that sacrifice today. They will say – yes, I will forego some portion of my salary so long as I can see some leeway in the future that I will be brought back into the economic main stream. Well, that is one of the problems and I accept that. I am not denying that. As politicians, it is our duty to help them to understand because the future might involve you. It may not involve the Honourable Member who is sitting next to you. But I am certain that it will involve you. So point them to the future. Let them know that the sacrifice that we make today may have the great possibility of bringing them sooner into the economic main stream.
5.00 p.m.

I am saying that the sacrifice will be made by all of us, not by any poor classes, a first class and a last class. All of us will be making those sacrifices, and I regret very much that this is the course that the Barbadian economy has taken in the past few months. As I say, we have come to a pause. We have to now start articulating the future. We spent a bit too much time moaning and groaning about things that we have of necessity to do, that we have no choice to do, instead of fixing our vision on the future. People talk about calculating the national insurance assets into the assets of Government to determine the deficit. Well, okay. That is technical nit-picking. It is not going to make that very much difference. Somebody said yesterday, it is three-quarters of one per cent of the GDP. However, how much difference is that $20 million going to make in terms of the psychology of pulling Barbadians out of these difficulties?

If you act as if you didn't have the $20 million, it would not sustain you for two months in terms of your imports, if it were converted into foreign currency. So, don't bother with the technical things. Cast your vision a bit further and don't spend your time always bogged down in the difficulties of the present purely to justify a previous political position that you have taken.

There are Honourable Members who can't get over 1986. Well, I am over it. I said it was a mistake and I am moving on from there. I think other Members should take stock of that 1986 comparison and move on from there with some kind of confidence.

Mr. SPEAKER: Time.

Hon. D. J. H. THOMPSON: That, Sir, is the basis of my intervention and I hope that it will not fall on deaf ears today. Thank you, Sir.

Hon. M. A. KING: Mr. Speaker, just a very short intervention on the Bill which is before the House. I understand that the Opposition is not voting for this measure, but I would like to remind Honourable Members, Mr. Speaker, that the original Consumption Tax Act had set the period within which payment was to be made at 21

days. It is section 11 of the Act which we are seeking to amend here. Section 11 says:

> "(1) Consumption tax is due and payable to the Comptroller by the importer or as the case may be, the manufacturer of goods in the following circumstances:"

Leave out (a), because that is not relevant.

> "(b) on any goods that are manufactured for sale in Barbados, within 21 days after the end of the month during which the sale is made."

Now, that was the original legislation. Once the sale has been completed, then within 21 days after that tax became due and payable.

Section 32 provides for a penalty for unpaid tax at the rate of 1½% per month or part thereof for the period during which the tax remains unpaid. The only point I wish to make, Mr. Speaker, is that the original legislation was passed in 1980, certainly, when the Opposition was in office.

Asides.

Hon. M. A. KING: It remained from 1980 to 1990 for a period of ten years at the 21 days. You say it was changed as an election gimmick, so what you are saying in essence is that it should never have been moved from 21 days. If you are saying that in essence it should never have been moved from 21 days, what are you quarrelling about now that it is returned to 21 days?

Therefore, you are not criticising the substance and the merit of the legislation. You are saying that you are not going to condone any folly. The point I am making, Mr. Speaker, is that what the Opposition is doing is raising a song and dance about nothing because in essence it is their position, something they agree with. Just for political purposes, I suggest, they are saying that they are not voting for it. You need to vote for the measure because really and truly, it is your legislation. You put it at 21 days. You agreed it should be 21 days and all we are saying is we are putting it back to the 21 days at which you had it for ten years.

Hon. P. M. GREAVES: I am winding up on behalf of the Government, Sir, unless there are other persons who want to speak. The Prime Minister is not here and I am winding up on behalf of the Government.

I did not believe that I would live long enough in this Chamber to see on a matter which the other side considers to be an important bit of legislation dealing with financial matters the Member for St. Perter speak for fifteen minutes. It tells me, Sir, that there is no terror in this bit of legislation. Otherwise, he would not have waffled his way through his speech, which was precisely what he did, Sir, for a bare fifteen minutes, speaking first on behalf of the Opposition.

Sir, I will be brief in my response on this particular matter.

Asides.

Hon. P. M. GREAVES: That's okay. I will still be brief. You can sit and think up things that you would have wanted to say – I am talking to the Honourable Member for St. Peter, Sir – but that does not matter. We have a two-clause Bill. Clause one and Clause two. The purpose of this Bill merely is to substitute the figure 21 for 60. The position had been that manufacturers were given the privilege by the legislation passed by the Honourable Member for St. Peter's party in 1980 to pay the consumption tax within 21 days in the month after the manufacturers' item has been sold. Not 21 days after the sale, Sir, but 21 days after the month in which the item has been sold. It might very well be more than 21 days.

This Government, last year in 1990, changed the 21 days to 60 days and what in fact the Government did was to transfer the cash flow problems of manufactured goods unto the Government itself. The problems that the manufacturers and those companies that indulge in manufacturing had in terms of cash flow, the Government adopted them and took to itself the cash flow problems of those particular companies.

It was done, Sir, at the time, to assist the manufacturers. The time has come, Sir, to reverse the position. The time has come when Government should not be adopting the cash flow of anybody else. They must be able to stand on their own two feet. This is not to say that the Government must not be in a position to assist companies. That is absolutely nothing to do with elections. Now that that has been done, we can safely return to a position where the problems are right back where they should be.

It is a simple piece of legislation which in fact permits the manufacturer not to pay the consumption tax before sale. That's not the position. The consumption tax is payable only after sale. If it is after sale, there is no reason then why it should not be paid to the Government within 21 days. There is nothing here to make a song and dance over.

5.10 p.m.

Aside.

Hon. P. M. GREAVES: It does not matter what we changed it for. The point is it was changed to assist at the time those companies that were in difficulties. Now the

Government is no longer in a position to adopt their problems. Therefore, it reverts to where it should have been.

Asides.

Mr. SPEAKER: I have not given anybody else permission to speak. Rule 32 says: "No member may interrupt another member except...." We are not in the committee stage where you can speak more than once. I am just trying to go through the elementary rules.

The question that the Bill be read a second time was put and resolved in the affirmative with the "Noes" of the Opposition being noted.

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

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 – 2 were called and passed.

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

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

ORDER NO. 2 – INTERNATIONAL BUSINESS COMPANIES BILL, 1991

Hon. H. A. BLACKMAN: Mr. Speaker, Sir, this new International Business Companies Bill, 1991, has been in the works for a considerable time. Let me say at the outset before Members of the other side start to say that it is because of the Government. That is not so, this Bill has been sent to a number of concerned people in the community. It has been sent to all those persons and institutions which we believed had and have a contribution to make towards this Bill.

It is important, Mr. Speaker, to understand that if Barbados is to make its way as an offshore destination that Barbados takes every opportunity to be competitive and, in fact, on occasions to outstrip other destinations. This Bill, as I said, having been sent to numerous institutions and organisations, obviously certain persons had reservations about this part and that part. No doubt, today from the Opposition they will have their reservations about certain parts and their comments about other parts. I believe, Mr. Speaker, that it is imperative that we get this Bill on the statute book and any modifications or amendments that are deemed necessary by the Opposition or any other members we can deal with in the process of time.

Let us take, for instance, the Bahamas. The Bahamas started on their new International Business Companies Act at about the same time we started. They have put theirs on their statute book over a year ago. They have been getting 1 000 companies in three weeks. Right now I believe they have about 10 000 companies. I believe that regardless of all the reservations that Members on this side and on the other side may have, I think it is important that this Act be put on the statute book and any reservations or amendments that are necessary we will amend in the process of time.

Mr. Speaker, last year I was at a RIMS Conference, Risk Insurance Management Seminar in Louisiana. Most of the persons whom I met at that Conference the first question they would ask was about our new International Business Companies Act. They were asking if it had been passed yet and what was the position with it. I am saying that I do not believe, as I have always done in any Act, or Bill, that it is perfect, therefore, I will understand if the Opposition and other members on my side will have certain comments to make on certain sections. But I believe that the incentives that we have put in this new Bill will go a long way in putting Barbados on level with most of its competitors. Obviously there are other people in the offshore sector who are tax free jurisdictions so therefore you cannot compete with them on their terms. But we have to, as far as possible, compete with those other tax jurisdictions which are like Barbados.
5.20 p.m.

There are some changes in this Bill Mr. Speaker, which I commend to this House and I will go through them, the important changes, in a short while. Mr. Speaker, the offshore sector offers I believe probably the greatest opportunity for Barbados to earn foreign exchange at the moment. It is a fast growing concern and only recently, Mr. Speaker, I have been advised that there are hundreds of companies in the US Virgin Islands that are willing to set up in Barbados because of the tax situation where the United States considers the US Virgin Islands part of its jurisdiction and therefore those people are being taxed and they are eager to set up in Barbados.

Mr. Speaker, I think I had better deal with a few of the fundamental changes and additions that we have in this new International Business Companies Act. The new features of this Bill, Mr. Speaker relate to residents, manufacturing, licencing arrangements, flexibility in the taxing regime exemptions from exchange control and the

Rate of Interest Act and from the filing requirements under the Companies Act, confidentiality with respect to affairs of investors without prejudicing Barbados' statutory or treaty obligations and also there has been a modification of the concept of offshore business under this Act. I will start with residence.

With respect to residents the existing requirement that a company must be either incorporated in Barbados or be managed and controlled from within Barbados is being modified. A company now will qualify as a resident if it is either incorporated or registered in Barbados. Before, as I said, you had to be either incorporated in Barbados or be managed and controlled from in Barbados. Now you can be residents of Barbados by being either incorporated or registered in Barbados.

This change, Mr. Speaker, is intended to facilitate a structure where a company is required to be managed and controlled in a jurisdiction other than Barbados in order to qualify as a resident in that jurisdiction. But it also wishes to do business in Barbados as a resident company. In such a situation a company would qualify as a Barbados company through registration.

A couple minutes ago, the Leader of the Opposition showed me a book "The Double Taxation Treaty" and he intimated that I should read the part dealing with treaty shopping. This is always something for concern and in fact in the last draft protocol that Barbados is about to sign with the United States, the draft protocol to US Barbados Double Taxation Treaty this idea of treaty shopping came up strongly where the United States Government itself is strongly against treaty shopping. They have modified, in the new Barbados draft protocol, certain sections in order to stop or to prevent or to eliminate as far as possible the idea of treaty shopping. What the legislation in the United States dictates is that the benefits of the treaty should be for the people of the respective treaties. But what has happened before is that the benefits used to filter through to other jurisdictions and the United States said that that is completely against their local laws in the United States and therefore they have gone and have modified certain things to prevent that from happening.

Mr. Speaker, I move on now to the other new area in the Bill which is manufacturing. International business companies, Mr. Speaker, are eligible under the existing legislation to engage in manufacturing. But there has always been a bit of ambiguity about this matter. The existing legislation will remove that doubt. In addition the legislation provides for an approved enterprise under the Fiscal Incentives Act whose tax holiday has expired. That company can now apply to be treated under the International Business Companies Act under similar conditions as the IBCs. What has happened before is that a lot of companies which were operating in Barbados when the tax holiday expired they would leave. Now they have an opportunity when the tax holiday is finished to apply and continue their operations as an international business company under all the concessions and incentives that are given under this provision. In fact I do not know what would have happened but I suspect that if this was in place INTEL might not have left.

Asides.

Hon. H. A. BLACKMAN: I am only saying it might not have. I do not know. Neither do you all know.

Asides.

Hon. H. A. BLACKMAN: Well I am only saying that it might not have. You all cannot speak for INTEL, neither can I. I am saying it might not have. Neither one of us knows.

This provision, Mr. Speaker, necessitated a change in the concept of offshore business to include manufacturing exclusively for export outside of the CARICOM area. Those two amendments can be found at clause 4 and clause 5 (1) of the draft Bill.

The next new position in the Bill is the licensing arrangement. What happens at the moment is that the status of an international business company is determined at the end of each year by the Commissioner of Inland Revenue after examining the operations of the company.

What is being proposed in this new Bill, Mr. Speaker is that these companies be registered up front once they satisfy certain arrangements that they are carrying on business which can be considered international business and therefore they can be registered up front. This was one of the disadvantages of the present system which we are modifying and changing. This is to correct the deficiency by introducing a licensing regime that would clear the status of a company in advance up front.

Another change and another introduction in this Bill is the flexibility in the taxing. The existing tax structure is being streamlined and all companies whether they are investment or otherwise will be subject to the same rate of tax. Before investment companies were subject to a different type of tax from the other companies. Now all the business companies will be subject to the same rate of tax. In addition to that, Mr. Speaker, a company will be allowed at its own option to elect to claim a credit against Barbados tax in respect of tax paid in another jurisdiction always provided that the rate payable to Barbados is not reduced below 1% of its profits. This measure, Mr. Speaker, is intended to accommodate companies that might not otherwise find Barbados an attractive jurisdiction. I believe, Mr. Speaker, from a lot of requests and advances that we have had from people overseas that this measure will go a

long way to improving Barbados or making Barbados competitive with other jurisdictions.
5.30 p.m.

Mr. Speaker, another new feature of this Bill deals with exemptions. International Business companies are being placed now on the same footing as other offshore entities with respect to exemption from exchange control requirements and filing requirements under the Companies Act and that can be found, Mr. Speaker, at clause 18 and clause 19 of the Bill. Clause 18 which says –

> "Section 11(2) of the Exchange Control Act does not apply in respect of a person who incorporates or registers or intends to incorporate or register in Barbados a company to obtain a licence under this Act and become an international business company."

> "Clause 19. The Rate of Interest Act does not apply to international business companies in respect of their international trade and commerce, and international manufacturing."

The new provision, Mr. Speaker, with respect to confidentiality will also enhance the profile of the Barbados regime in our view. Provision is included to ensure that Barbados' statutory and treaty obligations are not compromised.

Mr. Speaker, I am willing and I am going to take notes of all the concerns of Honourable Members and as I said they will be looked at and they will obviously be incorporated in the Bill as time goes by.

I want to make a final point, Mr. Speaker, before I sit down. I am a practical person and I believe that all the criticisms that one might hear about any measure you bring to this House with respect to the Offshore sector about whether doctors are going to benefit or whether lawyers are going to benefit or whether accountants are going to benefit, in my view those arguments can only hold after the company comes into Barbados, because if the companies are not in Barbados, the doctors can't benefit, the lawyers can't benefit nor can the accountants Benefit.

Certain remarks made by the Honourable Member for St. Philip South were ordered expunged from the record by Mr. SPEAKER.

Hon. H. A. BLACKMAN: Mr. Speaker, I recall that when we were dealing with a previous Act that an Honourable Member in here ...

Asides.

Hon. H. A. BLACKMAN: I am not interested, Mr. Speaker, in whether accountants benefit, because if accountants don't benefit the lawyers will benefit.

Mr. SPEAKER: The only point I made was, and which is relevant, that if a Member is accused of something which apparently the Honourable Member objected to, and therefore I would always rule that as long as the Member has not taken part in the debate then you can't accuse the Member of anything and that was my main point.

Hon. H. A. BLACKMAN: Mr. Speaker, I just want to say that I never accused the Honourable Member of anything. All I said was that I was making the statement for the benefit of a particular Member. Anyhow, be that as it may, the point I am trying to make, Mr. Speaker, is this: Mr. Speaker there was a time when the argument was being put forward that accountants are going to benefit. If accountants don't benefit, lawyers will benefit. If the lawyers don't benefit, doctors will benefit. The point I am trying to make is that if you don't encourage the offshore banks and the international business companies to Barbados, no one will benefit. That is the point I am making.

I am saying that I am a practical person and the point you always hear in here, I heard it this afternoon again. They don't want the Government to pass these things in order to get the foreign exchange and if you don't pass it they say you are doing nothing to get foreign exchange. It is a fact, every time you come in here to make things easy in order for the Government and the country to gain foreign exchange, you criticise it, you don't want it passed, when you don't do anything about it, you say the Government does nothing about it.

Mr. Speaker, I am a practical person and I will say it. I believe that this Bill will go a long way in bringing Barbados up on par with the other jurisdictions to which it compares. Those that are tax free, obviously we cannot fight with those. I realise that this Bill, obviously Members will have certain reservations about certain things and if it can be shown ...

Asides.

Hon. H. A. BLACKMAN: Mr. Speaker, the point I am trying to make, is that any recommendations from any Honourable Member over there or over here will be taken into account and will be incorporated in the Bill as time goes by. This Bill has to be passed and I am recommending that the Opposition support this Bill because we believe for the time being, at this time, it is adequate. Thank you, Mr. Speaker.

Mr. H. deB. FORDE: Let me begin by saying, Mr. Speaker, that the Minister is obviously anticipating fears that he need not hold. If there is one thing certain about the Barbados Labour Party it is that the Barbados Labour Party has always strongly recommended the extension of tax

haven facilities for overseas investors, whose businesses do not operate in Barbados.

The International Business Companies Act was first passed in 1965. Nothing of any significance happened under that legislation for many years. In fact, it was borrowed from the legislation in Jamaica at the time and it had all of the defects and deficiencies of the Jamaican Act. An examination of the debate in Hansard shows only one speech was made at the time of its introduction – a brief speech by the then Honourable Premier or the Member for St. John. Not much notice seemed to have been given to the potentiality of the legislation to create and attract foreign exchange and to create employment in the country. It was only, Mr. Speaker, after the Labour Party won the Government in 1976 that any significant impetus was given to the development of the offshore financial sector. Our manifesto for that year stated that steps would be taken to provide and extend tax haven facilities for overseas investors whose businesses do not operate in Barbados and that the strictest control would be instituted to ensure the encouragement of such facilities would not lead to the Island becoming a shelter for criminal elements. We stated that such investors would be encouraged to deposit funds and form companies whose licensing and other fees would be expected to make substantial contributions to the revenue of the Island.
5.40 p.m.

In keeping with that promise, Sir, within less than a year of our being returned to Government, amending legislation was passed in 1977. I believe twice in that year we amended the legislation and thereafter we proceeded to bring and pass in the House a large number of Bills to set up the legal infrastructure within which the offshore industry could operate. These consisted, Sir, of the Offshore Banking Act of 1980, Exempt Insurance Act 1983, Barbados Foreign Sales Corporation Act 1984, Shipping Incentive Act 1982, and very important supporting legislation, a new Companies Act which was brought before the House in 1980 and was promulgated in 1982. We also, Mr. Speaker, reformed other ancillary areas of the law, in particular the laws dealing with trust, real property and estate duty. This added impetus to the development of the offshore industry.

Mr. Speaker, Sir, it is a sign of how successful the Barbados Labour Party Government was in developing the offshore sector that, although there is no accurate available statistical information or data about the sector, it is estimated that the sector is contributing in excess of $40 million into the economy of Barbados today. In fact, it is also estimated that it is probably generating over 2,000 jobs. That is the position today, Sir. The Barbados Labour Party can justifiably take credit for the tremendous benefits which have accrued to the Island of Barbados as a result of the development of this sector. I am pleased to hear that the Government recognises...

Aside.

Mr. H. deB. FORDE: No, no, the Honourable Minister is asking, Sir, if I have his brief. I never take away briefs. I may strip them but I never take away! But I can assure the Honourable Member that this is a subject which we over here know well.

The position is, Sir, that in addition to passing the domestic legislation necessary for creating an internal climate for the functioning of the industry we also set about promoting the industry actively overseas. Indeed, if there is one person who must take some credit for this, it has to be the former General Manager of the Central Bank, Mr. Teddy Griffith. He went out of his way almost single-handedly and worked very hard promoting this sector. Sir, his work was particularly supported by a senior Minister of Government, the present Honourable Member for St. Joseph, who was specifically deputed to deal with the renegotiation of the double taxation agreement between ourselves and the United States. This treaty has brought tremendous benefit to the Island.

During my tenure as Attorney General, Sir, much of the important legislation was passed. I recall that the first Conference to be held in Barbados in relation to the Offshore Sector was held at Sam Lord's. I opened that Conference. I made the point then that Barbados was standing on the threshold of developing a fourth economic leg on which to stand and which would most likely replace tourism and manufacturing as the main earner of foreign exchange. That was and still is part of the vision of the Labour Party.

In addition, we set out to develop a series of double taxation agreements with various countries. The reason for this, Sir, was that corporate entities like to take advantage of the income that accrue to them from operations in different countries. Barbados is not a "no-tax jurisdiction". It is a "low-tax jurisdiction". The nature of our bilateral treaties are such that as a low-tax jurisdiction we arrange for certain benefits of the treaties to be reaped by third parties, who are not resident in the country of the two contracting parties to a treaty.

So that we recognised the potential of the industry and of bilateral treaties as a means of creating the framework for development. As I said, the sector has made a significant and solid contribution and the fears, expressed by the other side at the time that it would become a haven for criminals, have not been justified. Mr. Speaker, Sir, I will quote from the speeches of two such persons as symptomatic of the views of the then Democratic Labour Party.

In the Senate Debate of December 14, 1977, Senator J. A. Cornell who then represented the Democratic Labour Party said at Page 35:

"Mr. President, I must be frank to this Honourable Senate and it seems to me that these tax haven facilities are of the same nature as the one-arm bandits that are being proliferated throughout the length and breadth of Barbados. I want to know if there is any connection between these facilities and the amending legislation of the one-arm bandits. The Honourable Minister has correctly said that the previous legislation was too narrow to allow this sort of operation."

Then there are the speeches of the then Honourable Member for St. Michael South Central (who is no longer in this House but who was then the leading shadow Minister of Finance) who used every opportunity as the main spokesman on the part of the Democratic Labour Party to characterize the Barbados Labour Party as the Larbinger of criminals and gamblers who would in time corrupt the morals of this society.

How have times changed! We are now hearing about the outstanding contribution which the Offshore Sector is making to Barbados. But there are still some constraints which must be removed. I want to address a few of these constraints and to deal with them in the context of this legislation.
5.50 p.m.

Firstly, we must keep under constant review the legislation which forms the legal bedrock or foundation for the offshore sector or international business operating within our jurisdiction. I have spoken of the period when we legislated with great vision during the seventies and the early eighties. I regret that since that time, we have not seen the same emphasis placed on updating and reforming legislation. In fact, this particular Bill before the House, by 1984, had gone through five drafts – this particular bill, the International Business Companies Bill that we are now debating. By 1984, the Honourable Member will see, if he reads his brief directly. I wouldn't tell him anything that is not in his brief, Sir. By 1989, it had gone through nine drafts. In effect, by 1989, the legislation was substantially in the same form as it is today, except that the sections dealing with the administration of the Act have been left out in this Bill. I will explain why in a while.

The Honourable Member should know that when the Prime Minister spoke in the Budget of 1989 and said that he intended setting up a Committee to review the I.B.C. legislation, the legislation was already being reviewed. If the Honourable Member had then been in that Ministry rather than in another Ministry, perhaps he would have exercised the same positive attitude he has shown by bringing the legislation here today, and brought the legislation earlier. The House might have made some changes to it but by now it would have been implemented and the Government would not have been so short of foreign exchange. I have to make the point. The Rt. Honourable Member who is not in his seat must recognise that once again, his way of dealing with the matter shows his approach to problems – leave the matter to lie down and all of the problems will go away. That is really what is happening.

The Bill is here now. However, it is here when we are short of foreign exchange and, as the Honourable Member for St. Philip South says, and I agree with him, that had it been here two years ago we probably wouldn't be at the IMF. We probably would have attracted several hundred companies. Why I say this, Mr. Speaker, is that in one year alone the British Virgin Islands attracted 7,000 companies. The Honourable Member has just made the point that the Bahamas has attracted something like 13,000 companies within a period of two years. Those are facts that people have to know.

Mr. Speaker, Sir, I speak with a certain knowledge. I am at present a member of a team of consultants advising the Government of Grenada on setting up its offshore sector. I headed a team that helped Antigua set up its offshore sector some years ago. I am speaking with a background of legal and other experience in the field and as somebody who is a member of the International Tax Planning Association and the International Fiscal Association, two organisations active in the offshore industry. I am giving the House, and I hope, the country and the Government the benefit of my advice in areas like this. If there is one thing you have to do is to move with the times.

There are still many areas in which we are defective. True enough that this legislation will bring about some improvement in the legislative framework of IBC's, but there are some defects in the draft legislation. There are other parts of our legislation that are totally defective – in the whole area of trusts, for instance, and in pensions. I will revert to that later, but I give that as an example.

Another thing that is required, Sir, is a proper statistical data base about how the sector is performing. Although the sector has been here since 1965, some 26 years, and has really been operable from about 1987, some eleven years, nowhere within the governmental sector, including the Central Bank which has exercised some jurisdiction over these matters, is there any reliable information about the number of IBC's operating. I think that by 1990 there were about 400. The Honourable Member might have a bit more up-to-date information.

Hon. H. A. BLACKMAN: The number of entities operating in Barbados is as follows:

Offshore banks – 15; exempt insurance companies - 207; foreign sales corporations – 613; international business companies – 853.

Mr. H. deB. FORDE: The Honourable Member has probably had his information updated recently, but there is no published reliable information on this. Nor is there any reliable published information on the true earnings of the sector within the community. What we get is a "guesstimate". I strongly advocate that the Government's statistical records – the Digest of Statistics – must collect and publish the relevant information to help us to analyse the contribution of the sector, to monitor its growth of the sector and to make plans for its future development.

We have not been harmonising the legislation dealing with the offshore sector in the way that it should be harmonised. This Bill makes some attempt at harmonisation. The Honourable Member has alluded to certain features of the Bill e.g. the provisions concerning the application of the Exchange Control Act and the Rate of Interest Act and the exemptions from certain taxes etc. Over all, we will have to review the other pieces of legislation and make sure that similar exemptions are included in these. That should be done rapidly.

The other area, Sir, in which a proactive approach is required from the Government, is in the coordination of marketing and promotion efforts. I have said before, that during our tenure in office, we set out under the aegis of Mr. E. H. C. "Teddy" Griffith to promote actively Barbados in the marketplace. So intent were we on attracting new business that the promotional tours were usually led by the Minister. I spoke in particular of the role played by the Honourable Member for St. Joseph in the U.S./Barbados Double Taxation negotiations. This active and high profile promotion must continue. It would be a mistake of the Government to assume that money spent on that type of marketing and promotion is money badly spent. In fact, I would be much happier with the money being spent on that sort of promotion than the money being spent on a trip to Zimbabwe or somewhere else. Let us face facts. I am not making the point in order to be churlish or to attack the Rt. Honourable the Prime Minister, but you have to put your priorities right. That type of promotion will redound more to the credit of Barbados than our strutting on the international stage and acting on the fringe of international politics.

I am asking the Government to be proactive. Do not only depend on the accountants and the lawyers to go to the Risk Management Conventions.

I mentioned earlier, Mr. Speaker, that I am a member of various tax planning organisations. They hold Seminars frequently and the forward planning for the future development of offshore business is discussed. Persons most knowledgeable in the offshore sector, including Mr. Langer (who recently undertook a study for the Government) and Mr. Milton Brundy – perhaps the most knowledgeable person advising in this sector at present – lecture at these Seminars. Attendance at such Seminars provides us with opportunities to know what changes are occurring. We have to recognise that we are in competition with a widening number of jurisdictions, in both the developed and the undeveloped countries. We are in competition with Western Samoa. We are in competition with Nauru, which is probably ahead in the promotion of Trust Asset Protection legislation. We are in competition with Cyprus, which is also a "low tax jurisdiction". We are in competition with Panama (a well-established jurisdiction) and also with Costa Rica, a country possessing several of the advantages of Barbados in terms of the political, social and communications climate that is necessary for the growth of the industry. We are now in competition – the Honourable Member has to listen to this – with Quebec. Quebec has some of the most up-to-date and modern legislation dealing with the offshore sector because it has come to recognise that it must provide a domestic answer to the advantages which are accruing to Canadian companies from incorporating in Barbados and benefiting from the double taxation treaty between Barbados and Canada. It is also attracting a lot of the Hong Kong and Japanese business. So, we are in competition with Canada, and the United Kingdom through the Channel Islands, Jersey and the Isle of Man.

We can only, therefore, be fully up to date if we keep ahead. The private sector has been playing its part. The accountants and the lawyers are playing their part.
6.00 p.m.

Although we are not as efficient as we should be, particularly on the legal side there is a certain expertise developing. The Government is well advised to make grants available to the Associations of Accountants and Attorneys-at-Law for the holding of seminars here in order to keep those who service the sector up to date with developments.

We must also recognise the need to keep up to date the members of the Civil Service who have to service the offshore sector. They must be efficient. They must understand the world of business and they must not believe that people who are coming here are out to do something to the disadvantage of Barbados. This applies to the Immigration Officers who greet the visitors and give permission for persons working in the sector to remain here. It applies as well to those people in the Ministry of Finance, the Central Bank and elsewhere who have to process the applications under the various pieces of legislation.

One of the strongest criticisms made against the public service is that there is too long a waiting time for the processing of applications. I wish I could exempt the lawyers from this criticism but I cannot. As a matter of fact, one of the major stumbling blocks (and I want the

Minister and the Attorney General as well to listen to this) is the way in which applications to register companies are being processed. Persons express the view that they are often made to feel that they are engaged in a fight with the Registrar of Companies to get a name cleared to register a company. Sometimes days and weeks elapse before you can get permission. All little foolishness is being brought up. Things that should be dealt with promptly are delayed. In the Virgin Islands you can form a company within 24 hours from scratch and have all the regulatory work processed within that time.

Sir, I get numerous requests from all over the world from people who want to know the time it takes to form companies in Barbados. When I tell them that it can take three days, but most likely a week, and more often than that more to form a company in Barbados, they say well we are going to the Virgin Islands or Panama. That is business lost to Barbados. Therefore, the people who deal with these matters have to forget all of the bureaucratic red tape and get on with the job of recognising that they are part of a modern productive Barbados which has to secure itself. We will have to train them to perform these functions, if they do not understand how to perform the functions for the offshore sector. I said I cannot exempt my own profession. We also have to train people in the art of the negotiation and renegotiation of double taxation treaties. This is most important. We have a number of people who have participated in such negotiations and have probably learned in the process.

When I was Attorney General, we tried in the Ministry of the Attorney General to recruit and maintain there a number of persons who were knowledgeable in this area. I remember in particular Mr. Arthur Walker who is now, unfortunately, retired as well as Mr. Carlysle Payne and subsequently Miss Yolande Bannister, who is now with the Central Bank. We formerly had his Honour Mr. Justice Worrell when he was in the Ministry of the Attorney General prior to my time. He was the sole expert on double taxation treaties.

Money invested in training and sending for training one or two lawyers (who are bonded to remain in the Department for a period after training) is money well spent. I have recommended, and I think it is still on the files up there, that certain people should have been sent to Canada to do the LL.M. in Income Tax at the University of Toronto. This should be followed up. We really have to send a few people for further training in this field so that they will understand the process of treaty negotiation and renegotiation particularly in relation to double taxation treaties.

We have to expand our network of treaties. If there is one thing a "low-tax" jurisdiction such as ours depend on is having a network of treaties to assist in legitimate treaty shopping. Members know what is meant by treaty shopping. But I had better explain it to the House. This consists in a resident of a state which is not a party to a treaty establishing an entity within a state which is a party to the treaty in order to take advantage of the provisions of that treaty. What is called a conduit company; for example, a French company or a company in the Far East or in Scandinavia taking advantage of Barbados' treaty between itself and the United States or with Canada.

Indeed, Sir, the Canadian companies have made tremendous use of our IBCs and of our treaty provisions in many ways. There are several Canadian corporations that have incorporated companies in Holland and in the Dutch Antilles. They would like to be able to use the income from that in order to get a low tax in Barbados and then to make use of the listed company provisions in the Canadian legislation so that the exempt surplus allowed to a company incorporated in Barbados would benefit them by what is called the principle of "double dip". I hope I am not too technical for Honourable Members.

This is one of the changes made in the legislation. When the Honourable Member speaks about the change in the definition of "residence", it is directed specifically to the benefits that will accrue to the Canadian companies who want to make use of this provision and it is a good provision. No longer do you have to be managed and controlled here and hold a meeting here to be resident in Barbados. You are resident if you are incorporated in Barbados or alternatively registered under the Companies Act. You could therefore be an external company incorporated in Holland and re-registered in Barbados.

The other corresponding provision under section 10, subsection (iv) of this legislation is that you are only taxed on the branch income that comes into Barbados and you are taxed at 2 1/2% maximum or you can elect to take a credit against various taxes in other jurisdictions where you have surplus and then use that credit when you go forward to your main taxing jurisdiction to claim the credit against Barbados tax and minimise your tax, all legitimate, Sir. The tax payable then is not less than 1%. That provision is an improvement.

I digressed for a moment, only to show that our double taxation treaty network is important. We commenced to negotiations of double taxation agreements with two or three of the Scandinavian countries. We had discussions with Germany but that double taxation agreement is not in effect, as far as my information goes. I think I am quite right on this. I would like to see us do a few other things.
6.10 p.m.

Having double taxation treaties with some of the countries of Latin America is important for us, because of

economic development within the southern cone. Africa also beckons us, Sir.

If we want to take the benefit of the economic growth that is going to take place in Southern Africa, in Nigeria and elsewhere and to develop jointly with them, we must be out front negotiating double taxation treaties with them. When the Rev. Sullivan, a black Minister in the United States goes into South Africa to negotiate, do not believe he is doing it only because he is black. He is doing it because the State Department and the U.S. Treasury are there putting money behind him, using him up front to look for the future of American business. What is wrong with us Caribbean people? If we really genuinely believe in blackness and in helping black people then we must cease being at the rear and be up front. We must get out front and give to Africa the benefits of our consultancy services, of the expertise we have in these fields and thereby help our African brothers. What is wrong with that? That is the way we should be looking for these opportunities. I speak from the position of someone who does something about these things, because you would remember, Sir that instituted arrangements to enable Zimbabweans and Namibians to study up at the Community College.

Aside.

Mr. H. deB. FORDE: That is only one. The Honourable Member for St. John says I brought down everything. I am going to bring him down from St. John if he does not behave himself.

The negotiation of double taxation treaties with African countries is important. Likewise we have to select certain countries in the Far East as well and in Eastern Europe. Remember that we are at present taking the stance on Eastern Europe and negotiating similar treaties with them. They are those who assert that the democratisation of Eastern Europe will result automatically in pressure on us in the Eastern Caribbean, so far as we are players in the market for finance. There is some truth in that. But let us use our educational advantage which we have on those countries. Let us use our brain power. Barbadians are going to have to sell their brain power to be in front. If we have double taxation treaties in place we will attract people from developed countries who may be investing funds in Eastern Europe but wish to benefit from our treaty network.

Mr. Speaker, I am also concerned that there is no well organized up-to-date treaty arrangements between ourselves and our CARICOM brothers. The double taxation treaties that affect ourselves and Trinidad and Tobago and Jamaica and Guyana and St. Vincent were done during colonial times. We have not updated these treaty arrangements. Very often dividends are being taxed here, being taxed in Trinidad and being taxed elsewhere and there is no proper tax credit, except the Commonwealth tax credit. In such circumstances it is difficult for accumulation of capital to occur, for genuine cross-fertilization of shares between our companies to take place. It also prevents the growth of a genuine CARICOM enterprise. It makes no sense to merely put the CARICOM enterprise legislation on the Statute Book, without looking at the corresponding changes that should really take place. So that even within our own backyard we have difficulties, difficulties that we are not addressing.

Mr. Speaker, one of the most important constraints against the rapid growth of the offshore sector which we must also remove is the high cost factor. The Minister quite rightly says that Barbados must be competitive and must take every opportunity to be competitive and even to outbid its competitors.

I have listed a number of other countries who are in competition with us. But I must be frank and admit that the cost of formation of companies in Barbados, of servicing those companies and of doing business generally in Barbados is against us when compared with the British Virgin Islands, the Bahamas and various other jurisdictions. Let me give you an example, Mr. Speaker, Sir. To form a company with a capital of $5 000 and service it is about $100 in the Bahamas; between $5 000 and $50 000, it is $300; above $50 000 it is about $1 000. In the British Virgin Islands there is a flat fee of $300. In Barbados, if you use either accountants or lawyers, you cannot get away with less than $1 500 and for an IBC is $3 000.

Aside.

Mr. H. deB. FORDE: Yes, for forming an IBC. The professions must recognize that they must not kill the goose that lays the golden egg. I want to say that, Sir. I want to deal with the accountants. I do not run down professions, my own or others. But I must say the accountants have muscled in on the legislation of which the legal profession should have been the prime beneficiaries. They have their role to play. They have muscled in in such a way as virtually to push the legal profession to the bottom. Now the legal profession has a lot of constraints in the manner in which we operate.

I am respectfully going to suggest to the Attorney-General that he takes the initiative and invites the Bar Association to look at a complete review of the Legal Profession Act and redefine "performing legal services" (as was done in Ontario and elsewhere) in order to give the legal profession an opportunity to operate within their sphere of training and to become more proficient. Young lawyers feel disillusioned that their work is being taken away from them by another profession. We have to improve and increase the knowledge and efficiency of the legal and accounting professions in their respective spheres

and they should be able to co-operate and give joint advice in this area.

If we do not set standards in the professions, we will find that after the companies have been here for some time, 20 years perhaps, our mistakes will result in litigation with such curious consequences that Barbados will become known as a litigious jurisdiction. We are talking about billions of dollars in litigation. I have seen some of the work that is coming out from some persons practising in this field. Unfortunately some would say, I say fortunately for the country, politics in the last two years has so engrossed my attention that I have not been doing much legal business.

Aside.

Mr. H. deB. FORDE: The Honourable Member can believe that, Sir. I have done very little legal work in the last two years. But let me say this. I have seen some of the work that is coming out and I can see a lot of litigation ensuing in the future both intra companies and against lawyers themselves, if our high standard of work is not maintained. Therefore if we want to be competitive we have to look at training; we have to look at knowledge; we have to look at cost, and even as important we have to look at the removal of administrative bottlenecks. I have cited as an example of the administrative bottleneck the problems that we are having in the Registrar's of Companies Department and in areas like Immigration.

But there are other bottlenecks as well, Mr. Speaker, Sir. It was always envisaged by us that there would be a "one stop Ministry" or super Ministry to deal with the whole offshore sector. The Barbados Labour Party Manifesto addresses this problem by saying that we establish a Ministry of Business on return to office. It is about time that if we are serious about this fourth industry; that one Minister be given total responsibility for managing the industry; that we make it possible for an investor to get approvals and all of the administrative bottlenecks out of the way within the shortest possible time.
6.20 p.m.

Aside.

Mr. H. deB. FORDE: No, I don't approve the Government increasing its Ministers. The Government should find a Minister that can do the job and who would really do a full day's work and give him the job. That is in answer to the Honourable Member for St. John.

Sir, the other thing is the infrastructure under which we operate. The infrastructure impacts on costs. It impacts as well on attractiveness; and it impacts on the reputation which we have outside. I am speaking of infrastructure in a broader sense than physical infrastructure, than roads, than water, than light – although those are important.

I am also speaking of infrastructure in terms of communication. Barbados has probably improved its communication facilities to a tremendous level. In fact, once again, during the period of the Labour Party, what has happened with BARTEL and BET is much to be commended; and I hope it will continue. I remember, as well, some of this took place under the former Democratic Labour Party when the then Right Honourable Member for St. John, the late Mr. Errol Barrow, encouraged BARTEL and the Light and Power Company to borrow on the national market and gave appropriate guarantees with the object of enabling them to maintain Barbados' infrastructure in their fields. That is, he gave a guarantee for a fee of course.

It is important that that infrastructure should continue to be first class, because data base industries, operating as IDC's will be attracted here if they know that they can take up the phone and dial and they can fax their information in and out of Barbados easily. They must be sure that we have easy access to airlines and other means of communication. That is most important.

Likewise, Sir, a word to the Government. One of the reasons why I have great difficulty in accepting the sale of the shares of the Government in BARTEL and in BET is my concern that the Government must have at least a window from which to effectively monitor the cost of telecommunications. All of the analyses that I see in financial and telecommunications journals (including the *Financial Times* and the *Economist* during the last month) tell me that the cost of those services in and out of Barbados are still too high and that BARTEL and BET should be asked to reduce their costs in order to facilitate the growth and the expansion of the offshore sector.

In the long run, economies of scale will mean that these companies will have more income. But they cannot go for the killing now and amass the tremendous profits – and I am not against people making profits, let me make that clear – and at the same time ignore that this is a period during which we must have additional growth. So, I am saying, Sir, that the climate must be right.

Likewise the political climate has to be right. Earlier today the Honourable Member for St. John on another measure spoke as though he wanted to chastise the Opposition, Sir. Let me say to him that this Opposition has been one of the most constructive Oppositions that he will see in any part of the Commonwealth. We never speak unless we give alternatives. In fact sometimes, our own supporters tell us that we should not give alternatives. I don't believe that we have to. I have heard the Right Honourable Errol Barrow say in this House when he was the Leader of the Opposition that his members should sit down and don't say a word. Let them make the mistakes.

He would say that he is only there to point out their sins of omission and commission and not to tell how to do their jobs.

I can understand the public seeing us as we are, skilled and competent managers, as we have been in past, wanting us to be there now with our hands on the till, Sir. I can understand even the Government wanting the benefit of our advice.

Let me say, Sir, in all seriousness here, that we have always offered alternative suggestions for improvement in the offshore sector and in other sectors as well. I have made my speech therefore, this afternoon, Sir, to point out to the Government some of the constraints because I believe that we have to remove these constraints. This legislation has started to address some of those constraints; but it also maintains some of the restrictions and the disadvantages that should be removed.

One of these is the political climate. The present political climate has to be improved and the climate of confidence has to be restored if the offshore sector is to benefit. Let me make that point.

I am not making this statement for any publicity. I was deeply disturbed when I learnt that our foreign reserves had reached the stage where we had to borrow from the offshore sector. Alright, they are here and some of them have made a contribution and some of them were prepared to lend the Central Bank but I was disturbed when the Central Bank could not pay its interest timely. That is not a political climate or economic climate for encouraging that industry.

The Honourable Member must well know that a few of us got enquiries from outside from people who wanted to move quickly out of the jurisdiction. They wanted to know what are the provisions for the transfer of domiciliary jurisdiction from Barbados. The Honourable Member will hear a few things. The position is that we have to be very careful that we do not send the wrong signals in the way that we approach that sector.

Now, Sir, I want to say a couple of words about specific aspects of the legislation and particularly about some features of the legislation which I think are not as sound as they ought to be.

I commend some of the changes which have been made. The Honourable Member has cited the changes in relation to "residence", the change in relation to the definition "international business, international trade or commerce" in order to facilitate manufacturing here for offshore sales. He has also cited changes in relation to flexibility in taxing so as to accommodate those persons electing to take tax credits from one jurisdiction and use them against taxation in another jurisdiction; the changes relating to exemption from the filing of balance sheets in certain circumstances and audit reports; the exemptions from the Rate of Interest Act and the Exchange Control Act and the attempt to maintain confidentiality in information. Those are some of the changes which I have cited and some of the features which are commendable.

I believe there are one or two features, however, which are retrograde. We may not all be agreed on this, but I want to make some suggestions for future changes. There is a necessity in this Act for the first time for an IBC to apply to a Minister for a licence. I believe that this is an unnecessary bureaucratic layer.

Asides.

Mr. H. deB. FORDE: Sir, let the Honourable Member listen to me. I am not criticising the fact that the person who has to perform the function is the Minister or anything, my criticism is the substance of the provision. I believe it is possible in the legislation to lay down all the criteria that are necessary for a person to operate here as an IBC. I do not believe it is necessary to make a licence a precondition for registration. That is a retrograde step. It imposes a new level of bureaucracy on the operations of the sector.

6.30 p.m.

It is better to set out in the Act the criteria necessary to better the status of IBC. You then set out the specific circumstances under which that status can be test, for example, on account of fraud, etc. The provision also is retrograde because existing IBC's are now under the legislation being given 90 days from the passing of this Act to apply for a licence. That is putting monies of lawyers as far as I am concerned. But it is added a cost for the companies. The sector is very sensitive to cost and they are not going to like it. I will ask the Minister to ignore some of the advice he is getting from the special pleaders, who were on the Committee. They are special pleaders. One of the things you have to understand is that there are special pleaders in both professions. Be very wary of that type of advice. They are looking for a whole host of business, because every company now operating will have to be licensed. That is going to add a cost. A percentage of them may even consider moving out of Barbados. In addition, the licence has to be renewed annually; so your competitiveness is being lost in this way. The Minister must carefully look at it. Even if the Bill passes us and go to the Senate, we may still have time to look again at that provision in their Act. But I am advising him again, Sir. I certainly would not be advising Grenada to put that type of provision in. It is not income that the Government needs to get. It will get more income, by not imposing further bureaucratic layers on the sector.

The second provision, Sir, that I think is not looking to the future and with which I have some difficulty is that which limits the participation of Barbadian nationals in IBC's. The specific section is Section 8(b). It repeats the existing provision. It says:

> "Barbadians can only participate in IBC's if they own only up to 10 per cent of the shares."

There has been a fear from the time that the IBC's were first introduced that Barbadians will use the IBC's as a way of siphoning off tax and will not be taxable here in Barbados. I do not share that view, Sir. With the opening of the single European Common Market it is in the interest of Barbadians to obtain an increased freedom to sell and market their services outside of the CARICOM area without breaching the CARICOM Treaty. If such freedom is conferred, we must also remove the restrictions on holding foreign currency accounts in Barbados so as to encourage them to bring the foreign currency back here.

I think that 10 per cent is too low. Barbadians must get out into the real world of international finance and business and become competitive. This is one way of encouraging our manufacturers. If we are to be export led and export growing, in my view, we must not retain these restrictions. I think what the Honourable Member has to develop with his tax expert is the matter of provisions to see that the Act is not misused by Barbadians in order to hide the true income that flows to them and that we sterilize out the companies purety domestic activities. It can be done and the Honourable Member should ask his legal advisers to look at alternative provisions, so that he can deal with the problem.

Sir, I must also mention the special tax provision in Section 10 (4) and (5). This makes a provision for a tax credit. It is a commendable improvement on the existing Act; in particular, the section which allows the Minister to agree by Order the tax to be payable by a company which may elect to pay a tax higher than 2 ½ per cent on income flowing to it, for instance, from Singapore or Hong Kong, and then pay a lower tax on income coming from Holland, because it might have a tax loss somewhere else of which it wants to take benefit of. It can flow through, therefore, to its main jurisdiction and would be more beneficial. It would end up enjoying a favourable tax position in Barbados. I think that Section 10 (4) and (5) provision is very favourable and I want to commend that, Sir.

I want to deal with the provisions relating to the enclave industries – Section 16 of this Act. We are being a bit short-sighted, Mr. Speaker. I will deal with both sections, Sir. Whereas it is commendable to give the offshore sector an opportunity to obtain a low tax regime after expiry of their normal tax holiday period, an enclave industry can continue to operate as an IBC. I think that is commendable, Sir. But I have some problems with the Section. It prohibits an international business company from accepting loans in the course of its business or otherwise from transacting business with a bank licensed under the Banking Act. It can hold a bank account with a licensed bank within the meaning of the Banking Act. It cannot accept loans or transact business with a bank; but it can hold a bank account.

Now we are here not dealing with a classic offshore business. We are now bringing the enclave industries that are manufacturing here within the provisions of this Act, after their 10-year period of tax free holiday has expired. The difficulty is that they cannot thereafter borrow locally for the purpose of their business. So there is a difficulty. We have not addressed that difficulty in the Act and we must recognise that they will have domestic banking need and may require loans to continue their manufacturing business. They may need to get those loans right here in Barbados. The Minister must examine this very carefully. I believe it is a serious defect which must be addressed. The legislation is not as carefully thought through as it ought to be.

The other point that I would like to address, Sir, is Section 31. I have already made mention of it. But I am concerned about the need for continual annual licensing as well as the need for an existing company to be relicensed. I believe that we should look at that.

The Government in its Tax Reform Programme must also hire genuine experts. The law of tax is a very difficult and esoteric subject. You really have to work continuously in that field to understand it properly. Even those of us who practise in the field sometimes do not understand all of the concepts. I am always having to be constantly rereading to keep up. Sir, I believe that it is possible to give the advantages similar to those being given to offshore international businesses to local businesses who are going to be producing for the offshore industry by certain amendments to our Income Tax Act. It is one of the things that ought to be addressed and addressed early when we are looking at the reform of the taxing laws.

Mr. Speaker, I am going to wind up because other Honourable Members on this side and probably on the other side want to make their contribution to this debate. From the perspective of the 1990's, Sir, I wish to say that my vision is clearly towards a Barbados that will have a very thriving offshore or international business sector, fully integrated into the service sectors of Barbados and in which Barbados' entrepreneurial skills and experience would be used to create additional employment opportunities and increased wealth for Barbadians.

6.40 p.m.

I believe we have the services to sell, not only in the legal field, not only in the accounting field and not only in the medical field, but in the fields of tourism, education, nursing, and very importantly, in the whole area of intellectual property. You would have noticed, Sir, again – although the Honourable Member for St. John is now going to say he brought everything – the reform of the intellectual property legislation occurred in the eighties and in the late seventies.

Our musicians and artists have the opportunity to sell their services overseas. Take the record industry and also take the film industry: those are two areas that beckon Barbados to go into joint ventures with other countries producing for the offshore market. The opportunities are there, if only we have the determination, the imagination, the skill, the patience and the perseverance to make use of these opportunities.

My Party will support this Bill, despite its defects, because we believe there is an urgent need for it.

Asides.

Mr. H. deB. FORDE: Let me say, there has been delay in bringing it before the Chamber. It is overdue. The Labour Party had the imagination to recognise the offshore sector as a sector of tremendous potential for growth. Now that the Democratic Labour Party is converted, I hope that the carping criticisms which we used to hear both in and out of this House, on the political platforms and in Parliament from former and some present members of the Democratic Labour Party will cease and I will no longer hear the sort of criticisms which I read out from Hansard and which emanated from a former DLP Senator in the Senate. So, the Bill will have our support, subject to those qualifications.

Hon. D. J. H. THOMPSON: Mr. Speaker, the presentation essentially of congratulations by the Honourable Member for Christ Church West to the Minister of State in the Ministry of Finance is well accepted in the spirit in which it is given. It was a constructive speech which I am certain the recommendations that he made have not fallen on deaf ears. I think the congratulations generously afforded the Minister of State in the Ministry of Finance in this matter are accepted. The Honourable Member ended by stating that he hopes that the Democratic Labour Party Government and the Party itself have now come to an understanding of the relevance and importance of the offshore sector.

I was not in the House when the original legislation was being introduced, but I know that in the last session there was between the Barbados Labour Party and the Democratic Labour Party less of those persons who emitted their responsibility to the public. There was a clear understanding about the importance of the offshore sector. In fact, it was the one area in which the Honourable Member then for St. Michael South Central had very little to say because he obviously did not have a clue about what had taken place since the early strictures. In the last session when by that time the offshore sector had shown its mettle and its importance, he forgot all his previous speeches and spoke on other matters tangential to the subject.

This is a question about a small developing country reversing what is known as the process of exploitation. I want to pitch it at that level because I think that is how young Barbadians who may have an interest in getting into this sector have to view it, rather than our viewing ourselves always as the exploited and dispossessed who are not competitive in the world. This is, in fact, one of the areas in which the process of exploitation can be reversed. What we are talking about today and what the Member for St. Philip South and the Member for Christ Church West are talking about is the means by which we can reverse that process of exploitation. We have to keep this constantly in mind because we are going after other people's resources and competing with other people in the region and elsewhere who want to go after those resources. We have had a head start on some of them and cannot now let them gallop on beyond us. There is a great interest shown in this particular matter by the Government. I am certain that any delays are not the result of dilly-dallying or any of the other criticisms levelled. In matters of this sort there are people who think they have a contribution to make and Government has to accept that these people must make it. For example, we sent it to the Bar Association, and even if they may not let the best brains look at it, they send in their criticisms and Government tries to accommodate them.

Both Governments have therefore sought in whatever ways possible to amend the legislation to bring it up to date with all the speed that can be achieved in this country, but let us not fool ourselves. A lot of pieces of legislation do not come to the House on a timely basis because Government tries to get as much commentary and criticism of it up front and in a lot of those other territories that is not the case. They may not have the people who want to make inputs on it and in some of our sister territories in the Caribbean region they don't counsel with anybody. They introduce legislation as they like. We can't do that in Barbados because we have Her Majesty's loyal Opposition who would ask us whether we have consulted with the relevant body and therefore we have to carry out our responsibility under the Constitution to do so.

It is estimated, conservatively, I think, that the offshore sector produces $40 million annually. That's Barbados dollars not U.S. dollars. Of course, the lawyers would give you an even more conservative estimate, say $50 million. So you can really gather from that the potential of the offshore sector in Barbados. Barbados'

attractiveness to American and Canadian companies as a domicile is not to be underestimated.

We had a discussion in here about the promotion of the offshore sector and one of the best ways that can be done is by some kind of symbiosis between Government and the private sector. Government will also have to take the lead in creating or pulling out the young professionals out of the various sectors and getting them into the system. It takes a lot of travelling, entertaining and a lot of other skills, for that marketing, which are not readily available or acquired by professionals until they have had some experience.
6.50 p.m.

We need to get those young people and persons who are interested out there now.The reason why I say young people is this. You go to North Carolina, the trade triangle. I cannot remember exactly what it is called. All the people you talk to – I went there through the courtesy of the OAS when we were dealing with the small business project – were younger than me which means they were in their early 20s, just out of business school. One fellow was a director of other girls in the office. That was their first job in a government-paid entity which was involved in providing information on world trade.

What is happening in Barbados is that a lot of the older practitioners because they are not timid about the law or involved in the offshore sector but because of a number of factors, including among that list must be the reticence of the law schools in the legal education system we have, and the Bar Association, in teaching or having seminars for young people in these areas, which has led to young people not being easy attracted to being involved in the offshore sector. They feel you have to pay for a lot of insurance. They feel the law is complex which it is not. There are a whole range of reasons why it has not taken off.

If you go to Bermuda you would see a lot of the key people. We have one here who is now serving as a high court judge who was very much involved in the offshore sector, I believe, on behalf of the Bermuda Government, or the British Government Bermuda protectorate or whatever it is.

Aside.

Hon. D. J. H. THOMPSON: I went to Bermuda with you. I know you are an internationalist so you would know. What is it a colony? Anyway, as an employee of the Bermuda Government, I assume and there are many other Barbadians in those large legal firms in Bermuda who are involved in the offshore sector some of whom left Barbados with three "O" Levels as policemen going to Bermuda and who qualified through Holbourne or one of the external – I think that is what they call them – the open universities, but are now into the Bermuda offshore sector in a very successful way. Yet in Barbados, here we have very articulate young lawyers who do not have a clue about the offshore sector and who are not being encouraged to get involved in the sector.

Now, Barbados is generally viewed as a responsible and clean domicile. I think that is one of the factors which makes us attractive and a factor that should be paramount in whatever steps we take to develop the law relating to the offshore sector in Barbados.

The Honourable Member for Christ Church West seems to be making a case for less control in some areas. This may be reasonable. I think the reason why you will find this particular approach is simply because there is a powerful lobby within the administrative structure for this over-protectiveness and this all-seeing power by the Public Service or the persons required to oversee the operation. It really is a joke for the simple reason that to have the power to do it is one thing but whether you have the resources or the ability to carry out the necessary surveillance is something else. It is just like people talking about Swiss bank accounts and monitoring these accounts. The point is there is a difference between not knowing at all, having the capacity to know and knowing. The Swiss obviously have the capacity to know. Barbados does not know at all, does not have the capacity to know nor the capacity to monitor. Let us be realistic about it. We do not have the resources to be all-seeing and all-powerful. We are going to have difficulty from time to time with this sector.

The Grenada Government is now under pressure, as I understand it. People are saying that they have allowed a lot of offshore banks of questionable integrity....

Aside.

Hon. D. J. H. THOMPSON: Montserrat? They never had the capacity to investigate it any way. Who did they call? The FBI has not taken up residence, as far as I know, in Grenada to monitor those things, or the CIA or any of the other operations. We have to be realistic. That point is a valid point. Therefore, I think in response to that there is a pretty powerful lobby in the Public Service for this ability to monitor. We can see it in action even where the legislation is in place.

Anybody who has dealings with the Company's Registry in Barbados would know the tremendous difficulties. All kinds of nit-picking technicalities relating to names, middle names of people, signing in black ink, things that really embarrass you. Imagine, not that it ever happened, sending documents overseas and people signing them in blue ink. When they get back here you have to send them back up and say "Sorry, you have to sign them in black ink".

When I first came out to practice to incorporate a company you had to sign in black ink. Eventually they introduced a concept that the middle name of a person must be there. If the person did not have a middle name you must write that on a piece of paper or have a affidavit saying they do not have a middle name. I do not want to say it is foolishness because people tend to pick up on those adjectives and blow them out of proportion but let us be realistic. There have been a lot of problems over in that Company's Registry. They are over-protective about names. Then there was a big incident quite some time ago where they granted a name and had not carry out the proper searches.

Now they tell you the name must have some link to the person who is incorporating it. If there is somebody called "David Thompson", the name "Thompson" or "David" or some other name related to the person who is incorporating the company must be there or as a director. I do not even understand whether it is the name of the incorporator, the director or shareholder. They certainly have not made it clear. These are very silly things.

I have known the Registrar in Tortola who is a contemporary of mine at Cave Hill – it just goes to show how far you can move up in the system in some of those other territories.

Aside.

Hon. D. J. H. THOMPSON: I am talking about the young lady. She is not in politics. She may be acting Registrar. I do not know. She is my contemporary.

Aside.

Hon. D. J. H. THOMPSON: The Interpretation Act is very clear on these things. "Person" then. She sent me a clipping about incorporation of companies in Tortola and the turn around time which can be a day or two days. In Barbados, it may be two weeks. I left practice in January with some outstanding that probably have not been completed yet. I have divested myself of contentious matters like that. There are some precedents that we all know of.

The point I am making is that it really is embarrassing to have to let people know that in Barbados, a country which professes 98% literacy, where people are supposed to be competent we have these kinds of nit-picking regulations. Not only that, they have nothing to do with what is in the law. They have something to do with the figment of people's imagination about what their responsibilities are in many of these agencies. Therefore, they decide that they must be more cautious, all-knowing and all-seeing than others. I am not reflecting on any individual, I am making the case generally because – and this is the point the one stop shop recommendation by the Honourable Member for Christ Church West. I had made a note of it just before because in its attempt to develop, that small island St. Lucia which the Honourable Member for Christ Church South likes to draw reference to quite often, developed a one shop stop where if you get a stamp of approval from this development agency you can forge ahead. What you do is make a proposal to this agency that includes how many work permits you need, what licences you need, and all of those things and once they have put that stamp on the particular project after analyzing the ramifications you are automatically entitled to those things that you requested in your original application. A person coming to Barbados has to apply for all kinds of status and all kinds of benefits through a long laborious process which is very intimidating, the Immigration Department being the most intimidating of all of them. And again the question of expertise in each of these departments to service these kinds of things is critical. Instead of dividing up your administration in some of those departments in relation to the kinds of status that you want perhaps we should divide them up in relation to the clients that the particular department will be serving. This may be one of the important areas that we could carry out that kind of change.
7.00 p.m.

We lag behind too in relation to the question of the legal profession and the code of ethics and so on. I do not have the romantic view of the legal profession that many of my colleagues have. It is business and it should be businesslike. The sooner they dispense with the gowns and all of the other bowing and scraping and so on and get people's business done in the court then I would be satisfied that I am achieving something.

One of the areas that is of greatest concern relates to the inability of Barbadian lawyers particularly in that sector or their perceived inability to advertise. There are other jurisdictions or domiciles that have an edge on us in that particular regard because the lawyers can advertise. They are not necessarily advertising the service but you have to look at it as the case has been made by one of the prominent lawyers in this field that you are advertising the jurisdiction. And it is an area that you could have an exception without any problems. But of course you struggle with the romantics who seem to think that the legal profession is some kind of cloistered virtue which should not stand up to the rigours of normal business life and every day vicissitudes and so on. So the law must stand as some separate entity. And this may be another reason why young lawyers are not responding in the way they should to these developments in this particular sector.

But at the same time now the same lawyers who are very reticent to permit advertising have been permitting accountants to practise law, not through any back door, they are practising law. Anybody who has read or

understands the legal system under which we function in Barbados would know very clearly. What they do is bring some papers in a lawyer's office and pay him $250 or $300 to sign them. But those papers are all prepared by the accountants. Not only that, they are now bringing lawyers on board and those lawyers on board – it would be one thing if they were only forming companies. I am not sure that I would be so agitated. But they are also requiring those lawyers to write opinions and to charge for those opinions as if they were practising. I am concerned about that.

This particular legislation, because of the nature of the legal profession, is also going to provide another wonderful opportunity for the accountants and others as agents of IBCs, as agents of their own head offices which may incorporate as IBCs to avoid, well they would not be avoiding paying taxation but they simply would not have to pay taxation under this legislation. I cannot see how a lawyer providing services as lawyer can benefit at all from any of the legislation except that as I understand it, and I am subject to correction, the tax payable on foreign exchange earnings would be substantially less.

Aside.

Hon. D. J. H. THOMPSON: That is the thing about it. That is something that perhaps you could elaborate on because I am not sure about it. But I am saying to you that whereas other professionals who can practise as companies and who have other kinds of structures that are permitted within the ethics of their profession can benefit under this legislation practising as agents of IBCs or brokers or whatever. But I cannot see how a lawyer as a professional can benefit.

The Honourable Member for St. Philip South alluded to a position that had been previously taken in this House by an Honourable Member relating to other legislation. I do not want to deal with that point. But at that time the point as I understood it was that only the accountants would benefit. What I want to find out is and perhaps he can assist me, how without changing the ethics and the rules of the legal profession, what formula could you come up with that would permit lawyers to benefit from these kinds of provisions in the same way that accountants do. I am asking you out of ignorance because I genuinely, based on the present structure of the legal profession, do not know how you would be able to do it. If somebody can enlighten me I will be the strongest advocate – so long as the lawyers agree with me because you never know, they are a lot of romantics still out there – for change that can benefit legal practitioners. Because at every step of the way and I am not making a case for the lawyers because they do not need anybody to make a case for them in this country. We have had it good for a long time.

But what I will say is that in every piece of legislation that comes before us you can always see the element of discrimination, maybe unwittingly so that precludes lawyers from benefitting. If lawyers are to take their rightful place in the offshore sector they have to be able to benefit from....

Aside.

Hon. D. J. H. THOMPSON: I would not force you to make a speech like this. Anyway, that to me is a critical point that I think needs to be examined, the role of lawyers in the sector and they have to be realistic about encouraging more. There are very few now who are actively involved in pursuit of this particular sector and this is an area where many of them could be successful.

In 1989 the International Fiscal Association was formed which the Honourable Member for Christ Church West says he belongs to which was I think a considerable boom to spreading of knowledge about this particular area. I think they have had some seminars. I could not afford the fees myself at the time to join. But again the older lawyers should assist younger lawyers in this particular area by giving special concessions to them.

The Government and private sector have come together to attend the annual risk management conferences. I do not think this is the first year. I believe that in previous years the Government has joined together and has been involved at a high level in representing Barbados at these particular events. There are some ancillary services that need to be provided particularly the conference facilities and that is why I hope that we might be able to complete Sherbourne or at least that portion of Sherbourne that relates to conference facilities so that we can have these improved facilities for the offshore sector and attracting conferences and conventions and so on. Harmonizing of the legislation is critical and is something I think should be undertaken as quickly as possible and it should be undertaken without having what the Honourable Member for Christ Church West called special pleaders. Let us keep some of these special pleaders to a minimum in these committees and let them review the legislation.
7.10 p.m.

I say once again that particularly in the area of improving the legislation and so on that there is a more vital role for lawyers to play. As long as we feel that the only way we can get in is through the back door, via the accountant, we are not going to take the lead in this particular area that we need to take. This is not the first time I have spoken about this, we have had many debates in the previous term on this same matter and I took exactly the same position. I don't want to deny them their right and so on but I feel that lawyers should resist finding

themselves being prostituted as professionals by being used in these clandestine approaches to legislation to the offshore sector.

Those were the major points that I wanted to make, Mr. Speaker. I will give my fullest support to the Government on this particular piece of legislation and would like to congratulate the Minister of State in the Ministry of Finance for an outstanding presentation and I hope he will address the concerns that have been raised. Thank you, Sir.

SUSPENSION OF SITTING

Hon. M. A. KING: Mr. Speaker, I move that the House be suspended until 7.45 p.m.

Hon. W. O. FRANKLIN: I beg to second that.

The question that the sitting be suspended until 7.45 p.m., was put and resolved in the affirmative without division, and Mr. SPEAKER suspended the sitting accordingly.

RESUMPTION

Mr. SPEAKER: This sitting is resumed.

Dr. R. L. CHELTENHAM: Mr. Speaker, this debate has been about a very important subject, the whole question of the development of our offshore sector which has much potential as an employment generator and also as an earner of foreign exchange. I think that the main speech from the Opposition as made by the Honourable Member for Christ Church West really reflected the importance of the occasion and it was, if I may say so, a speech which was very competently delivered and full of good sense and very relevant ideas.

If indeed, Mr. Speaker, we are to be serious about this offshore sector I think however we have got to address it with more than fine words and I really wish without stimulating any unnecessary controversy to make the point that the last five years in this country have really been wasted years as far as attention to the offshore sector is concerned.

The Democratic Labour Party administration inherited in 1986 a fine legislative framework in relation to this sector. It is as a result of the hard work and the vision of the Barbados Labour Party even though we came to the development of our offshore sector relatively late, Mr. Speaker, because the heyday and the high point of the development of offshore sectors is really the 1960s and we came to it in the early 1980s. We were not offering no tax, we were a low tax regime, we came through it late and we were also not a secret jurisdiction as it were, in a way that the Cayman Islands is, for example.

We came to it with certain limitations but Barbados had by then established a fine reputation. It had a wide range of infrastructural features – not only physical but intellectual. It had a well-earned reputation over a long period for political stability and good government. To that extent we were able to make a very impressive, though modest, start. That was the inheritance of the Democratic Labour Party.

It is fair to say that in the first three years after 1986 little or nothing was done. It is only now of late that we are beginning to attend some of the conferences but in respect of getting an adequate and updated revised legislative framework on the statute book we really fell down very badly indeed.

In May of 1990 this Bill before the House had already made eight rounds among the professionals connected to this sector. I really find it difficult to understand, because the draft that resulted from the eighth round of consultation is not very much different from what we have before us today. I really find it very difficult to understand why it is, Mr. Speaker, that this Bill is now coming before Parliament. What I find very difficult to get through to my friends on the other side is that in Government there are very few occasions when to do nothing is to act wisely. Often in government you have got to act and if you find along the way that you need to make corrections, you do as it were a mid-term correction but in the time that we have lost not putting this legislation on the statute book our competitors have gone ahead and several of them have attracted thousands of companies in the period we have been thinking about this legislation and revising it and consulting and not acting.

That is the first point that needs to be made in this field that there was a time, Mr. Speaker when offshore business was rarely done in third world countries. The developed first world countries have decided that they can no longer afford for this very important business to all go offshore and the result is that there are many first world countries from which internationally mobile capital originate would have decided that they must put their house in order, devise the legislative framework which will allow them to keep that business at home and also attract some from outside. That is just an indication of the intensity of the competition that one faces in this area and the necessity to act swiftly at all times. It means that we have to have a corps of knowledgeable and expert people who are working in this area within the Public Service and I believe within the private sector too. But so far as Government has got to take the lead, it means that we have to allow our public servants to develop the expertise in this area. It means too, Mr. Speaker, that we have got to have a watchdog committee, as it were, to monitor what is happening among

our competitors so that we can amend our legislation and take initiatives to be on par or to run ahead as the case may be. It was only about two years ago that a committee was established. You can see very clearly, Mr. Speaker, that in the years immediately following 1986 we did very little by way of addressing this offshore sector. I am confident that had we addressed it in terms of sustained and concentrated promotion led at the highest level in terms of revising and updating our legislation and in terms of developing the expertise among our public servants that the $40 million which we are earning now might very well have been twice or three times that.
7.50 p.m.

Now it is very important, Mr. Speaker, that along with the legislative framework we have, as was pointed out by the Honourable Member for Christ Church West, a network of double taxation treaties in place of which the most important for a very understandable reason would be the one with the United States of America. The reason why the United States of America would be the most important is that that is still for us the major source of international mobile capital and the source of a lot of this offshore business. We had a double taxation treaty in place and the Government of the United States of America decided that it was too weighted in our favour. Certainly, the Bermudians and other jurisdictions complained about certain privileges which we had in that treaty and, as a result, they unilaterally terminated the treaty and there were other negotiations that followed.

It is my understanding, Mr. Speaker, that it is now over a year since those negotiations have been concluded in substance and that what was expected is that Barbados would have developed the language so that we would have the correct wording reflecting the heads of substance agreed upon. We have heard nothing about that double taxation treaty. Now that has resulted in a lot of uncertainty and anxiety among the international business companies that are located here. I ought to make the point, Mr. Speaker, that in the sensitive and sophisticated corridors of the international tax planners nothing is more unsettling than uncertainty. Sir, it is very important that that treaty or rather a new treaty whatever its provisions be put in place. I hope that the Honourable Attorney General would make it clear to the House and to the country what is the position with respect to that treaty.

We ought to bear in mind, Mr. Speaker, that when the treaty has been agreed upon between the Treasury representing the United States Government and Barbados there is still another process which may take a year and sometimes more because it has to go to a special committee of the U. S. Senate to be approved and sometimes you can experience difficulty in getting onto their time table. So that the agreement of the treaty between the parties is one thing and getting the U. S. Senate to approve it is another thing. In that respect, too, we have lost a lot of time.

I just want to make one comment about the way in which the treaty was negotiated. There are several styles in life, Mr. Speaker, but one point that ought to be settled by now is that you cannot conduct negotiations of this nature of a double taxation treaty with the United States Government or indeed any other Government by middle-range and senior public servants. The team must be led by a person of ministerial rank who has the support of his Cabinet and Prime Minister, and who understands the subject. But every time that there is a proposal on the table and you have to come back to the Cabinet with all the delay that will be entailed in that, you will never finish. I said this to the former Prime Minister Adams when he asked me to take on the responsibility and I said that I would be reporting from time to time to him. He said, "No. Whatever you settle for, Barbados gets. But take control and make the decisions." That is how it was done.

Now we have a lot of talent in this country, Mr. Speaker, and we must not doubt that. When we went to the first round of negotiations, the Americans at the Treasury were boasting that that team which they had in place had just completed their negotiations with China and that they had done twenty negotiations with twenty different countries. It was a fact, Mr. Speaker, that we knew very little about the subject but I was confident about our capacity to learn and to learn quickly and, therefore, we stalled for a little time. By round three I was able to observe that we were incomparably brighter on our side than they were on their side. We had another very important advantage in negotiations. We had the capacity on the team to draft. Whatever position was agreed upon, we said that we will present you a draft within days. By always presenting a draft, you hold the initiative in negotiations and at the end of the day the United States Senate, after we had had the agreement for a few years, concluded that Barbados tricked the United States of America. Now no intention was made to trick, but the point is that we took the initiative by always providing a draft. If your opponent does not read the draft carefully and analyse every word, it is likely that certain advantages may follow to those who altered that draft. But we have to keep a team in place and the team is now scattered.

There was a very important member of that team and one who has made a very great contribution to the early development of the offshore sector. His name has already been called and, even though I have not sought your leave, we call his name in no malicious context and it is Teddy Griffith. It was important that a member of the team be from a statutory corporation because if you want a message carried or if you want to send off a short notice, the views of the team were that you did not have to go to Cabinet for a paper. It was enough for him to tell the Governor of the Bank, I will be out for five days in Washington about

double taxation business. I myself could not do that as the leader of the team because I had to get a paper prepared which had to find its way on the Cabinet's agenda and I had to get the permission of the Cabinet and the Government to go. There were very good reasons why the team was as it was. The point that I am making here, Mr. Speaker, is that the Government must be careful to have a corps of people who deal with these matters and who over time develop considerable expertise.
8.00 p.m.

Now, the second point which I wish to make here has already been made by the Honourable Member for Christ Church West, but it is worthy of repetition. There are serious structural weaknesses with respect to the promotion of the offshore business in Barbados. Right now, Mr. Speaker, the Minister of Finance has overall responsibility for large areas. The Minister of Trade also has some responsibility because we must not forget that manufacturing is also part of the offshore regime. Then the Minister of International Transport also has responsibility for another area that is to do with the area of shipping, an area that has not got off to a start at all, and one I hope he will intervene in this debate and tell us something about.

Mr. Speaker, the legislation is on the Statute Book with respect to attracting the flagships of convenience. Because of the political difficulties that we have had in Panama and in Liberia several enquiries were made about the Barbados position as they are written, but because we have not done anything beyond putting the legislation on the Statute Book, the business that has resulted from the political difficulties of Liberia and Panama has gone elsewhere. I am not suggesting that all of it would have come here but it is a fact that we got none. I hope that the Honourable Minister will not allow this opportunity to slip by without telling the House and the country precisely what he is proposing to do with respect to developing the shipping registry which was contemplated when the legislation was put on the Statute Book and actually getting down to the business of promoting Barbados as a jurisdiction where flag ships of convenience can operate.

So, Mr. Speaker, we have the situation where IDC is involved in promotion. The Central Bank is involved in promotion. The Export Promotion Corporation is involved in promotion and there is no agency that is responsible for coordinating that activity and for leading it at ministerial level. It is very important that that effort be led by a Minister and that there be some institution that will be responsible for coordinating that promotional effort. The question has been asked *sotto voce* whether it was in place when we left office in 1986, we were moving towards that, but there was no single ministry. Notwithstanding that omission, then, we are now six years later, and I think it is important that that particular omission be corrected.

Also relating to that, is the necessity for what we are proposing on this side as the one-shot ministry -- a single ministry that will deal with many areas of these problems. That will help us too to develop the expertise that is necessary among the civil servants. It is not possible in an absolute sense to have all of the related functional services under one umbrella, but a large number of them can be. So, it must not be understood that that ministry will not have to work closely with other ministries and agencies of government. What is intended by that one-shot ministry would be to reduce the amount of time within which a person can have an application for the establishment under our jurisdiction process. Right now, the delay is too great and one has to go from pillar to post and that is not good, particularly, when our competitors are doing very much better. In some jurisdictions it is possible within 48 hours to have an application processed and an answer given. When that is the situation among our competitors we are really manifestly uncompetitive when we are taking three and four months and sometimes longer. The problems being experienced at the Companies' Registry alone will consume more than 4 months sometimes in relation to one application. That clearly does not make sense.

So, Mr. Speaker, it is going to be necessary for us to address this sector with more than words. We are going to have to be serious about putting resources, about reforming our administrative structure, about ensuring that the sector is led by a Minister and that the advantages to Barbados of an offshore sector be more fully appreciated among the community generally than is the position at present.

Now, I want to make a few comments about the provisions of the Bill before us itself. The first one that I want to comment about is the two-fold layer of ministerial discretion under the Bill. As the Bill is worded, the Minister exercises a discretion with respect to the granting of a licence. Then, even when you have got a licence, there is a further discretion in relation to the guarantees of the Minister. If, indeed, it is necessary to have a license at all, it is our view on this side of the House that automatically you get a licence, the guarantee should follow, and that there should be no need for a second exercise of ministerial discretion with respect to the guarantees. I have not, Mr. Speaker, referred to the specific section because I take it that we are all now familiar with the provisions of the Bill and that the learned Attorney General himself is aware of what I speak.

The second point which I wish to make in relation to the strict provisions of the Bill has got to do with the licence fee. There is a provision for a licensed fee but that has not been disclosed. Insofar as I have some professional relationship with the sector, I can tell the House and the Honourable Minister that that is a cause for concern. I would like some indication of what that fee will be, bearing in mind that even that in particular will be a point of comparison and contrast. We must be very careful not to

put the fee at such a level that potential investors will find it a disincentive.

The other thing is that the whole licensing regime will involve the exercise of the bureaucracy and the Barbadian bureaucracy is not known for speed of operation. If this regime is going to cause bureaucratic delay and frustration, we ought to consider very seriously whether that old regime ought not to be removed. This is a point which I make in all seriousness and I hope that the Honourable Minister will give it the consideration it deserves. There are several jurisdictions where that is not necessary and we have got to see what our competitors are doing. Knowing the Barbadian civil service, as I do, I can see that this could lead to delays of many weeks and in some cases months. While the people are delaying, there are others elsewhere in the Indian Ocean and in the Pacific and here in the wider Caribbean who are saying: "Come to us. By the next weekend you can have all of your applications approved".

Mr. Speaker, I want to draw your attention to the section dealing with taxable assets 52(b), because that includes machinery and equipment in the definition. I am particularly concerned about certain enterprises which we have here in Barbados – the data processing companies which are at the same time highly labour intensive and at the same time they utilise large amounts of computer equipment. My question would be what are the implications of this definition on this very important sector to us? Is it likely they will be adversely affected?
8.10 p.m.

Now, I also want to comment on the transitional provisions of 90 days. That is the period within which companies would have to re-register as we move from the old arrangement to the new. The brains of those companies are located abroad and there may very well be that 90 days might prove to be too short a period. I know it is the feeling among the professionals who deal with this that there is no harm in making it 180-day period or none at all. Rather than do anything that may appear to be an obstacle and a disincentive, we would be better off to do nothing in that particular area.

Now, Mr. Speaker, I want to say a little about shipping. I really hope that the Honourable Minister would intervene and tell us something about what is happening there because following the difficulties in Panama and Liberia many enquiries have been made about the Barbados position. I think that it is fair to say that ever since the legislation was put on the statute book the necessary promotional effort has not been made in relation to developing the Registry, allowing U.S yachts to become listed and so on.

It is a reflection of the fact that the whole sector needs coordinated leadership because even though it is potentially of much importance, no Minister of International Transport to date also combining other responsibilities with that portfolio saw it as something which attracted any considerable attention from his Ministry or from himself. I think now that late as we are there is still an opportunity for us to make a serious start in that field. I know that there are conflicting views as to how we should proceed. There is the feeling that we need to piggy-back, as it were, on well known organisations and establishment in the area. We need to have an agreement with those who are knowledgeable and prominent in the field and that we need to start that way. I am not sure whether that is the avenue that is currently being developed or whether the Government is likely to go out with those who think that we on our own without the presence by way of an agreement or of a prominent and knowledgeable organisation or company in the field whether that should be excluded, or us going alone, or whether we should go by way of an agreement. Whatever we decide to do, Mr. Speaker, the important thing is that we need to do it in a hurry.

The framework legislation I believe will need a companion statute or alternatively we will have to amend it in very serious ways. My plea is that we need to act and act in a hurry. We need to put the promotional focus in place. We need, in particular, to make sure that whatever is done is done at the very highest level. You will be surprised to know that at these conferences several Ministers are in attendance from these various jurisdictions that are competing. People who have money on the scale that we are talking about, hundreds of millions of dollars, billions of dollars, they need assurances from people who represent their country at the highest level. A senior civil servant or middle range civil servant cannot therefore be any substitute for a Minister. That is a point we have to appreciate and act upon.

What this sector lacks in Barbados, among other things, is the fact that the whole initiative has not been properly coordinated. We do not have a one-shot Ministry and we have no ministerial leadership. I very much hope that these considerations will be borne in mind as we set about seriously trying to ensure that this will become a major support prop to the Barbadian economy.

Hon. E. E. GREAVES: Mr. Speaker, I really did not intend to get into this debate but I think that the point has to be made at the very beginning that what is coming through from that debate is both sides agree that what is being attempted here is something which is useful for the development of Barbados. One may criticise the time that it has taken to get this bit of legislation here and may even find, as indeed one can find with any bit of legislation certain loopholes in it and areas where improvements can be made.

I think the Honourable Minister when he introduced the legislation indicated that he recognised that it would have some shortcomings but at least what we are trying to do is to get it on the statute book. If there are changes which have to be made these changes can be made in the process of time. Indeed, the Honourable Member for St. Joseph in his contribution made the point that we could review the legislation mid-term when we have examined some of the problems which are encountered whether there are short-comings in the legislation or not. We recognise, no doubt, that there are some short-comings which have to be looked at.

It think it is an improvement on the existing situation. Certainly, my intervention was triggered by some comments made by the Honourable Member for St. Joseph who, I believe, and also the Honourable Member for Christ Church West, the Honourable Leader of the Opposition, made two very interesting contributions. As I said, there is not much controversy in the debate, maybe it is a question of emphasis and style. This, indeed, Sir, is a tribute to the fact that both sides have recognised the importance of getting legislation of this nature in place.

The Honourable Member for St. Joseph raised the question of competition and Barbados' competitiveness. I think this was also emphasised by the Leader of the Opposition. Certainly, the Honourable Member for St. Philip South when he introduced the Bill said very clearly that Barbados has to become competitive. This, therefore, brings me to some of the components of this competitiveness.

Both the Leader of the Opposition and the Honourable Member for St. Joseph focussed on the bureaucracy in Barbados. I think this has to be emphasised. One of the most stifling things which inhibits development in my view is the bureaucracy. It is so unwieldy and difficult to penetrate the bureaucracy in the public sector that sometimes it really makes it very difficult for one to cut through the tremendous difficulties which exist.
8.20 p.m.

If we are going to really become competitive, if we are going to be ready to take on the challenge which is confronting us, then we have to be able to impress upon people and certainly have a system in place which can deal with any applications or deal with matters in as expeditious a manner as possible. In saying that, Sir, let me revert to the question of competition and to state that Barbadians must recognize that Barbados is not the only country which is in the world promoting or trying to attract business to its shores.

We have to compete with members of CARICOM and the Caribbean region, generally speaking many of whom do not play to any rules. There are no rules. I am not calling any names of any countries but I think we all in this Chamber who have had to deal with international and regional matters recognize that. They do not play to any rules. Whereas we in Barbados tend to think that we have to stick scrupulously to the law and play to the rules, there are people who are competitors in the region who do not acknowledge any rules and would do anything in order to attract businesses to their country. We have to recognize that. Sometimes they would come to you and they would say if you do not do this another country next door is offering something even better. This is the kind of problem which we face.

The other thing is that even in developed countries now from which we are seeking to draw a number of these businesses there are cities in the United States of America and in Europe and in Canada which are offering some very interesting incentives to keep the businesses in those countries. We have to recognize that we are in a very competitive situation. If we therefore do not improve the way in which we handle matters then I am saying we could put all of the beautiful legislation in place, the most attractive legislation, and if we do not overcome the problem which confronts us as far as the bureaucracy is concerned we are going to be lagging behind. If there is one thing which hopefully will come out of this is that a very strong message will be sent to the bureaucrats that we have to do things differently. Certainly from the point of view of organizing the way in which things are done in Barbados we have to have a look at that.

The Honourable Member for St. Joseph made reference to the whole question of promotion and the establishment of a one stop shop. In a *sotto voce* remark I asked him if during their administration they had that. We recognize that there is certain merit in it but there are also a number of pitfalls because sometimes territories get overlapped and people become very jealous of their position and what have you. Fair enough. He did indicate that you cannot have a perfect system. But certainly we have to have a situation where decisions can be made very quickly and the one stop shop idea has some attraction to it. Because if a businessman comes to Barbados to establish a business the number of offices he has to go independently of each other can really be killing. Some offices do not really make his task any easier. We heard earlier in the evening complaints about the Registrar of Companies and the way how that office operates.

One could also talk about the Immigration Department and the problems and the hassle which they give to prospective investors. I have had occasion to speak to them the other day in my capacity as Chairman of the Immigration Review Committee at a graduation ceremony and I made this very point to Immigration Officers that they are critical not only from the point of view of meeting people when they come to the airport and the kind of impression which they give to potential visitors but the way

in which they relate to people with applications for work permits and other things which they administer. I think there is too much delay in there. There is no reason why when once a person has applied and all of the things have been complied with that the permit cannot be given almost immediately. It is killing when two and three weeks go by, people are ready to leave the country and they do not know what their status is. When you examine it the file is stuck on somebody's desk and nobody seems to think that it is important. We are losing out because of that kind of attitude. This is not any attack on any public servants. But I think that public servants have to be told in no uncertain way that they have a very important role to play in the whole developmental process and they have to change their whole approach in dealing with these matters.

I agree with the Honourable Member for St. Joseph that in the question of promotion that our promotion overseas is too scattered and this has been so for some time. We need to bring some rationalization to promotion overseas. At the moment in attracting businesses to Barbados what do you have? You have the Industrial Development Corporation with one kind of promotion. You also have the Central Bank which is involved and to some extent even although the Export Promotion Corporation is in exports nevertheless there is also some aspect of promotion in that. Then of course you have the Board of Tourism which is also doing another aspect of promotion. We need to have a co-ordinated approach. There is a lot of overlapping. I think that we could get a lot more out of what we do if we rationalize the approach and certainly get a corps with the abilities and the know how to be able to take advantage of what possibilities exist.

I believe, Sir, that on the ground here in Barbados we have to ensure that there is a very clear understanding and close working relationship between the Immigration Department, the Industrial Development Corporation, the Board of Tourism, the Ministry of Finance, the Barbados Development Bank and the Central Bank because as I said there is too much jealousy and everybody seems to be guarding and protecting their turf. We cannot as a country have a situation where institutions will so protect their turf that eventually the country will suffer. If there is one thing which ought to come out of this debate it is very clearly that a strong message should be sent to the bureaucracy that we have to do things much better and certainly from the political point of view I think that we have to push that and take the decision that we ought to go in a much more co-ordinated way. It is for this reason I believe that the Ministry of Foreign Affairs has been chairing a Committee to try to bring some rationalization to that particular area and I would hope in the not too distant future we would see the results of those efforts.

Let me say, Sir, that this Bill certainly will add some attraction to some investors particularly those who are covered under the Fiscal Incentives Act because at section 5 (1) it states very clearly that:

> "A company which has been declared an approved enterprise and is classified as an enclave enterprise under the Fiscal Incentives Act that company may, after the expiry of the period of tax holiday apply for a licence under section 8 to carry on the business of an international business company."

Quite obviously what the Bill is providing for is that when the status of the particular company as under the Fiscal Incentives Act has expired that it could apply for a licence under an international business company and continue operation. I think this would be a tremendous advantage and hopefully a number of companies which are now operating when their tax holiday comes to an end they will be able to continue their operations.

One may very well argue that they probably ought not even to be allowed this and that the Fiscal Incentives Act should very well be scrapped. I know that in some sections of the business community there is a feeling that we should just, once they come in, let them operate without having any limitation on the time which they have. That is a view which could be looked at but this would answer the particular problem which some of them face now relating to the time which they have here. One would hope that we would see some stability being brought to this particular area and not a situation where companies when once the tax holiday has expired that they will pick up and go. As I said the legislation even although it is not a perfect piece of legislation will certainly go a far way in answering some of the problems which at present exist in this sector.

Thank you.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I am not going to engage the House for a very long period of time on this Bill because the Honourable Members on this side who have spoken before me have dealt with some of the matters of principle which we wish to draw to the Government's attention. However I have had the privilege of being responsible for this area of policy and of the law for a number of years and I am very conversant with some of the problems which have arisen in the administration and practical application of the existing law. I have also had the opportunity quite recently of doing a comparative study of the legislation in existence in the British Virgin Islands, in Belize and in a number of the other areas of the Caribbean who are our competitors. I want to say from the very outset that contrary to popular belief the most successful regime for international business companies is the British Virgin Islands. They have sixty thousand companies on the register. They have the most advanced company registration system in relation to international business companies that is in existence. It is totally computerised and, believe it or not, Sir, the total physical

area of the company registry is less than a quarter of the size of this building.
8.30 p.m.

It is possible to go to the front desk of the company registry in the British Virgin Islands and get a computer print out of each and every company that is formed – all sixty thousand of them – to see who the Directors are, to see the last day they paid their licence and how much they have paid. If you wish to have more details of the company, it has a number, and you then go to the filing system which is a vertical filing system so that they use from the floor to the roof and you are able there to pull out a copy of all of the documents that they have. The original documents are kept in a different place in case of a fire.

The young man who runs that registry is a young man who is not yet qualified as a lawyer. He has a degree from the University of Birmingham in England and he is well on his way to doing his Bar Exam. He also is doubly qualified in the sense that his first discipline was management. He had a degree in management from the University of the West Indies at Cave Hill. I saw that registry earlier this year.

The second point I want to say in respect of the Virgin Islands is, Sir, that they have a very simple definition of what is an international business company and I am going to commend it in committee stage to the Government because I think we are in grave danger here of running into a bit of confusion in our attempt here to bring into the regime of offshore business, companies that have previously come to Barbados to do something totally outside of the normal acceptation of an offshore business and that is manufacturing companies who came here under original legislation whose benefits are over and who now wish to advance the view point that they will only stay in Barbados if a comparable taxation regime is applicable to them.

Now, Sir, I want to deal right now with this question of Intel. I had the privilege of dealing with the representations that were made to the Government by Intel's international tax advisers in 1985. I want to say, Sir, that the Government and Intel reached agreement on the level of taxation which they regarded as being acceptable and it was not a question of taxation that was any causative factor in Intel leaving Barbados. Whatever it may be and I am not going to go through that exercise it certainly was not taxation because we were able, at the time, to use a mechanism which was in existence in the Income Tax Act for a long period of time where a rebate in the rate of tax was allowed and that was allowed because of the export percentage of the total volume of product produced in Barbados.

In other words the level of the rebate had the effect of mitigating the nominal company tax rate to the extent that the effective rate of tax was 7.5. Since then, Sir, that same mechanism has been improved to the extent that today the level of effective rate of tax is 2.5 per cent so that the difference between an existing international business company and a company which is an enclave regime which came here under the Fiscal Incentives Act is almost nothing.

Now, I must say, Sir, despite the special pleaders, as one who has had experience in this area I would like to commend to the Government the idea that it is a mistake to attempt to allow a company that is coming here at the beginning, under the regime of fiscal incentives, and who after they have expired now wish to convert into an international business company.

I understand the position where you have companies who may wish to have the benefits of the International Business Companies Act from the beginning and forever and they are indulging in activities in which the border line between manufacturing and non-manufacturing and the definition of manufacturing in their own countries of origin, it is difficult for them to be sure. I will say, Sir, we met that situation early on with Caribbean Data Services, with Donnelly and with all of the other companies who are here doing data processing. It was precisely because of the fact that there was a difficulty of what was manufacturing that those companies were incorporated under the International Business Companies Aet, so that from the very beginning they knew what their status was and it was not a question of coming and getting the superior benefits of fiscal incentives and then trying to convert after that has expired.

There are two separate and distinct regimes and it is difficult to try and have a hybrid situation here in which you start off as one and then you are then converted into the other. That I predict will lead to considerable difficulties. Let the companies, if they want the benefits of the International Business Companies Act from the very beginning and I am therefore in agreement with that part of the Act which allows manufacturing for offshore to be dealt with under the International Business Companies Act. I am in agreement with that expansion because then they would not be any doubt.

Now, to the second point of principle that we have to decide in our mind, is what is our attitude in relation to Caricom. Now this Bill introduces some element of confusion. We are signatories to the fiscal incentives harmonisation regime. We have to decide in our minds here in Barbados and it was a decision that we were beginning to take as long ago as 1986. It is whether we are going to treat Caricom for the purposes of our offshore regime as part of the domestic regime or we are going to treat it as part of a foreign regime and therefore any activity that is from Barbados and dealing with Caricom is regarded, not as domestic activity, but as offshore activity.

Now that is a fundamental point of principle, because under the existing law it is possible for an international business company in Barbados to own property in other countries and there are a number of international business companies in Barbados who are not prohibited from carrying on certain types of businesses from Barbados with other Caricom countries. It is only in respect of those activities which involve the selling of services from Barbados that you must sell those services and under the existing definition and repeated in this Act that if you buy services in Barbados that you have to sell them for or on account of a company incorporated abroad.

Now, Sir, you have repeated that because your definition of international business company here is changed in only one or two respects. Now, the Virgin Islands have handled this beautifully and neatly. What they say is that a company is an international business company if it is resident in the Virgin Islands and it does business with persons outside of the British Virgin Islands. That is it straight so that there can't be any doubt about it. It then goes on to say, and this is a very important point, that if you are a resident and you are doing business with any Virgin Island citizens that certain things shall not be deemed to be doing business, and it has five categories. Some are here and it says, "If it makes or maintains deposits with a person carrying on banking business in the Virgin Islands, that allows the company to have a bank account." This is the point that the Honourable Member for St. John raised and I want to deal with this because it is an important point, Sir. Two Bills have come before this House and I had made certain observations. Unfortunately, those observations were totally misunderstood. I have absolutely no quarrel at all with the auditing profession. What I have a quarrel with, Sir, is people who expect to get advantages by misleading innocent people who have not studied this matter in any great detail and misleading them to the extent that they have passed legislation dealing with specific professions in mind.
8.40 p.m.

The question that I raised on that occasion was: "What makes the accounting profession or auditing profession so different from any other professional services?" I generally feel that if professional services are required by your offshore regime and they have to be provided by professionals resident in Barbados that the professionals resident must pay the appropriate tax rate excepting so far as it is mitigating by the Amendment to the Income Tax Act, which permits professionals to provide services for companies abroad or for local companies at a reduced tax rate. I say that there should be no distinction between accountants and other professionals.

This is how the Virgin Islands have dealt with that and it says, "For the purposes of this Act:

(a) An international business company shall not be treated as carrying on business with persons resident in British Virgin Islands by reason only that,

(b) It makes or maintains professional contact with solicitors, barristers, accountants, bookkeepers, trust companies, administration companies, investment advisers, or other similar persons carrying on business within the Virgin Islands."

So that is what they do. They do not make any special concessions only to accountants. They have a whole category of professional services which according to experience they know that the international business regime would deal with in the Virgin Islands. They even categorize and they go further in saying, "other similar things", so that it will be interpreted under the rule. There is no discrimination in there and that is what I was advancing. While I accept the principle that there are services to be performed locally and that these local people may have to call upon their associates abroad and that their associates abroad will send in a bill, there should be no doubt at all about that.

The third point that we must understand about this matter of international business companies is that Barbados cannot because of the fact that we are a country whose attraction is based on treaties necessarily follow all of the provisions of other countries such as the Virgin Islands, Cayman Islands, Bahamas, and a number of other territories. Our appeal is different. So that we must not necessarily feel that because we do not have all of the provisions that these other people have that we are in any way defective.

Now there is a fourth point that we should deal with, Sir. It relates to this question of licensing. I really want to endorse everything that is said about a licence. If there is one thing that we do not need is the introduction of another licence. There is absolutely no need for it, because when you go through the law the criteria for being designated an international business company is set out in the law itself. The fact that you are given a licence does not necessarily mean that at sometime in the future your status as an international business company cannot be challenged. Because if you start off as an international business company and you are granted a licence, that does not necessarily mean that the activities that you are carrying on will continuously be within the concept of the meaning of the international business companies and your licence can be revoked on the one hand or on the other hand the Tax Commissioner can challenge if he has evidence that you are not, in fact, an international business company.

So that I do not understand where the intervention of licences came. It certainly was never put forward in our time by any people of the necessity or need for a licence.

At the present moment you do not need a licence. Why are we going to interpose a licence? I do not understand that, Sir. I can understand like in the British Virgin Islands where there is no doubt about it that they make a large amount of money on the renewal fees of licences. But even there, there is no question of a licence. It is that the Registrar of Companies is the one who administers it. It is possible under the Interpretation Act, I believe, in Barbados for this to be delegated. After all, let us never forget that the Exchange Control Authority in Barbados is the Minister of Finance and the Minister of Finance by instrument specifically in the Exchange Control Act delegates that power to the Central Bank. But in his delegation he reserves certain permissions to go back to the Minister of Finance. Our experience in truth and in fact is that once you introduce a licence that we know there are going to be forms. We know that people are going to nit-pick. Sometimes they are going to try you out. Many of us have had this experience that when the Central Bank in truth and in fact had no money to give permissions that what they used to do was to say that the form was not filled out properly. That was true. Whereas before the forms were a matter of formality, it became a matter of substance when in truth and in fact they did not want to give you a permission.

I really seriously say that to have a regime with a licensing system at this point in time is a retrograde step. I also want to say this, Sir, that when we come to the terms and conditions of the licence part Section 9, we are seeing a disharmony between Section 9 and Section 6. Whereas Section 9 deals specifically with CARICOM and the prohibition of CARICOM transactions, you attempt to make it clear that CARICOM is regarded as being part of Barbados for the purpose of international business. Then when you come to Section 6, you have no such restriction except in (b) where you are talking about persons resident outside of the CARICOM region. I want to point out something that under (d) in Section 6 there is something radically wrong with Section 6(1)(d) because it says, "Any other business carried on in Barbados other than that carried on by a company referred to in Section 7(2)." That is the other offshore regime. It cannot be any other business carried on in Barbados. It has to be any other business carried on from Barbados. It cannot be that because that would allow you to carry on any other business. When we come to Committee, we have to deal with that because we do not have in the restriction as I pointed out. The premises of an international business company is that you carry on business from Barbados with persons outside of Barbados. It has to be that. That is a disharmony.
8.50 p.m.

We go, Sir, to deal with one or two other points. The points of principle that are raised in respect of Sections 13 and 14 are equally important and I want to draw Honourable Members' attention to this. Sections 13 and 14 attempt to deal with the question, as far as international business companies are concerned, of people making payments to non-residents in Barbados.

As the Honourable Member for Christ Church West has pointed out, Barbados' attraction is that we have a treaty arrangement. I want to say that every modern treaty that we have, does have in a specific provision that professional services rendered by a treaty member, a residence of a treaty, are not the subject of tax in the other country (in Barbados) unless that person has established a fixed base in Barbados.

I want to point out something else, Sir. In the Income Tax Act of Barbados, section 83 makes it abundantly clear that whatever is in the Income Tax Act is subservient to anything that is in a treaty. So that if Barbados has a double taxation treaty with the United States of America and the treaty says that professional services rendered by a resident of the United States of America for a person in Barbados is not the subject of tax unless that person comes here to Barbados and has a permanent establishment or comes to Barbados for 183 days, no mind what the Income Tax Act says that if a Barbadian remits to any person outside fees that they have to pay tax, the treaty provision prevails.

That is my point of principle in relation to the accountants. None of them drew to the attention of the Government that provision. When I challenged them on it, what they said was that is true that they have that, but we had difficulties and arguments with the Commissioner of Inland Revenue who said that the Law prevailed and not the treaty. I said, "Did you take him on appeal? Did you argue with him?" They said, "Oh, no. We went to the Minister and told the Minister that this was an inhibiting factor for the bringing of the international business companies to Barbados, and we therefore wanted an amendment – and we got it that route."

Asides.

Hon. H. B. St. JOHN: I want it to be clearly understood. I don't mind what privileges they want. Nevertheless, I still want it to be clearly understood for humble people like us who have to practise.

Asides.

Hon. H. B. St. JOHN: I asked for a postponement of it because I felt that something was wrong. I had remembered the double taxation treaty and I remembered the provision because one constantly has to give opinions on these matters. I must say that with the British treaties, the British people always take these points, like the many other points they take with any attempt to have a different rate of tax – Property Transfer Tax. The British lawyers all

say, "our treaty says that you should not discriminate between a British citizen and a Barbados citizen in respect of tax. Therefore, we are not paying a differential in Property Transfer Tax." So, these points have been taken, and I want to point out that we must be careful in this.

Asides.

Hon. H. B. St. JOHN: It is an important act. That just shows you, Sir, that you have to go through this thing in a careful way.

Hon. H. A. BLACKMAN: Just let me interject here. I have a new protocol here with the United States which we signed recently. It says, "the United States takes the position that domestic legislation can override international agreements unilaterally". They take that position.

Hon. H. B. St. JOHN: I take the point of the Honourable Member. As far as the United States is concerned, what they are saying is that the congressional power, which is the legislative branch of the Government is stronger than the executive power in relation to legislation. Therefore, whatever the President goes out and agrees to, the Congress can pass a law which conflicts with that.

The Barbados Law says that for the purposes of this Income Tax Act – Section 83 – where Barbados has entered into an international treaty where there is a conflict between this Barbados Income Tax Law and the provisions of an international treaty that the international treaty shall prevail. It is not inconsistent with what you say. It is a special legislative provision that provides that. We have made a provision in the Barbados Income Tax Law that says that a treaty we have made in relation to income tax prevails over the specific provisions of this Act. In the United States there is a question of separation of powers.

There are just two other points, Sir. I agree and I share the view that marketing is an important part of this regime. As I had to point out at the seminars that I attended in the Virgin Islands, Barbados has made unique use of the International Business Companies Act. I believe that employment-wise, we have done far better than many of these countries that have a large number of companies. Some of them are purely paper companies, whereas in Barbados we have had fewer companies, but our companies are very active and our companies have employed a large number of people. We must have at least two to three thousand people employed. Caribbean Data Services alone employs about four or five hundred. We also have Donnelley, and those two are expanding.

My final point, Sir, is on CARICOM. I want to say that I really think a policy decision has to be taken in relation to CARICOM. I am firmly of the view that in the area of international services that we should regard CARICOM, not as part of the domestic regime, but as part of the foreign regime. I would have absolutely no qualms in saying that as far as CARICOM is concerned they are foreign. It is the one opportunity that we have to have an effective mechanism to make Barbados competitive. All of the rest of CARICOM are competitive. They have lowered their exchange rate and given themselves an advantage. What we have to decide in our minds in this specialised area is that we will treat them as though they are the same as people abroad. Antigua did it. You cannot do it with the manufacturing and other things because you have the harmonisation of fiscal incentives. However, there is no agreement...

Asides.

Hon. H. B. St. JOHN: ... when I made that decision, what was the exchange rate in Guyana? What was the exchange rate in Jamaica? I have been looking all along for a mechanism to try and get back towards an equality of position when we joined the treaty.

When we joined the treaty it was never contemplated that there would be unilateral action taken to give an advantage. I have looked at it, and I am not telling you to break the Harmonisation Treaty, but it is an important point. I am in favour of amendments to the Bill and I know that it is necessary to amend it.

My last point is based on experience of similar provisions in the Companies Act. We have section 31. I tell you this is a very dangerous provision. Under the existing Companies Act there was a provision that pre-Act companies, as they are called – companies that were incorporated before under the Companies Act – had a time limit within which to file to be continued under the Act. Nothing has given greater trouble than that section because there are a large number of companies which are not aware of it, or for some reason or the other may not want at that time to convert, or they might have given instructions and for a variety of reasons the instructions may not have been completed because the money did not come to carry out the work, or some other reason.
9.00 p.m.

The basic position is we found that even after the two extensions had been given under the Companies Act there were still companies that owned a lot of land on the West Coast of Barbados that had not been re-registered. The cases had to go before the court. They had to go before the Chief Justice. The Chief Justice had to give a judgment, which was quite original because the principle of the Act was not to deprive anybody of their property. The Registrar took the position that she was not taking any document because the company was struck off. We then had to have a determination as to whether it actually owned the land. It actually owned land and was trying to transfer the land.

The Registrar was saying that it could not be transferred that there would have to be an amendment to the law.

Sir, there are no saving provisions in respect of this. Remember the only formulation that is going to be satisfactory in respect of pre-Act companies is to say that on the coming into force of this Act they shall be deemed to be companies operating under this Act. That is the only satisfactory provision. You should not want them to have to do anything else because you have not changed the criteria very much. It is a very dangerous thing.

If you want to have a transitional provision you should make it clear that once they are pre-Act companies they are automatically under this Act. That is how it was done in the old days. When you were bringing new company legislation you said that this company was a presumption of continuity. That is an experience we have had.

I do not know about 90 days. There is no way that anything can be done in 90 days, Sir, absolutely not. Some of these companies are in California and some are in Canada. You surely do not want to have them go through this exercise because they would say there must be something very different from this existing Act to the previous Act. Then they are going to have a whole series of correspondence and enquiries. Do not let us deal with that. I really feel that is the position.

Sir, I notice that the Minister has power to make regulations. I do appeal that whatever regulations are going to be made let them be made almost contemporaneously with the coming into force of the Act otherwise you are going to definitely run into trouble.

So, Sir, while we are fully in agreement with the amendments, there are some defects which appear to me in the existing Bill which I am sure that on further reflection, having regard to our experience, they should be looked at to ensure that we have a real and genuine improvement. It will be a genuine improvement. Some of the provisions are genuine improvements because the exemption from the Exchange Control Act and things of that kind are matters that they have been complaints about for a long period of time even although that was automatic.

Mr. D. A. C. SIMMONS: Mr. Speaker, Sir, just five minutes. I am not going into the substance of the Bill because everybody has said as much as can be said about it at this stage. I am more concerned now with the administration of this legislation and all of the legislation that comes under the responsibility of the Registrar of Corporate Affairs. That Registrar has to administer about 20 different Acts. There has been a lot of acrimony between the Registrar and certain persons practising in the offshore sector. It is reaching very serious proportions with all kinds of people threatening to report each other to whoever they can report. I believe business is suffering as a result.

I do not practice in this area at all. I once met in 1986 with the Honourable Member for St. Peter and the then Minister of Trade, the Honourable Member for St. George South with a group of offshore people from overseas who wanted an amendment made to the Exempt Insurance Company Act. We met them the morning and by the next day we had the amendments, and by the following Tuesday they were in the House and they were passed. It was made very clear to me then that people in the offshore business preferred not to deal with lawyers who are involved in politics so that most of us on this side are not in the day-to-day business of offshore companies and exempt insurance.

From what I can gather, I have been very careful in the last few weeks to sound opinions, and the problems seem to be stemming from persons who do not qualify as lawyers to practice law but have a view of how certain Acts should be interpreted which is at variance with that of the Registrar of Corporate Affairs who is a legally qualified person. That creates a problem because her rulings are not accepted or are often challenged by these non-lawyers purporting to practice law.

At the same time, I have been made aware of the fact that as recently as last Friday, outside when we had a sitting of this House that there are a number of applications for registration of trademarks which are being held up in that Registry. The explanation that I was given, which I accept, is that first of all there is only one person in that Department who is legally qualified who has to administer all these 20 Acts and give rulings on various knotty problems that come up from time to time.

I know Government's position about creation of additional employment in the public sector. It appears that there is a genuine case for a deputy who is legally qualified and who can share part of the functions with the Registrar. I therefore ask that Government should pay some attention to this area to see how best the Department can be streamlined to provide a speedier service to the general public. Because sometimes I understand that when the Registrar has problems what she does is to send the matter up to the Attorney-General's office for an opinion. I would really think that that should be a last resort. The whole idea of having persons legally qualified to head these departments, and would that there were more, surely is to relieve the Attorney-General's office of having to give opinions and do a lot of work which a legally qualified person as a head of department could say this is my view, this is my ruling, if you do not like it carry me on judicial review and get a court to decide it. But do not shunt everything. That takes time. By the time the file gets up to the Attorney-General's department then it has to be assigned to somebody to look it up and give an opinion.

The person up there probably is not as conversant with the problem as the Registrar herself. It takes months before a final decision is made by which time the member of the public who is dealing with the matter becomes very frustrated and gets an impression of Barbados that we are dithering and cannot make up our minds and are indecisive. 9.10 p.m.

I think the Registrar should be encouraged to make decisions on points of law. If she is wrong – she cannot be right all the time, not one of us ever is – make a decision, let the person go to the court and have it judicially reviewed or something. But stop offloading everything on the Attorney-General's department for opinions.

There is also a fourth point, Sir. Since we have set up the Corporate Affairs Department and modernized the law of intellectual property and so on we have been getting assistance from an organization known as WIPO. WIPO went down here – I am not sure if they even actually contributed money but they certainly contributed a lot of technical assistance and persons have gone from Barbados overseas to be trained. But the persons from WIPO who have been here as experts have also made it clear that in several areas of intellectual property we have been operating incorrectly and as a result of the recommendations of WIPO greater care is now being taken to ensure compliance with the legal requirements of the various bits and pieces of legislation. Because some parts of the legislation – there are ten points which you have to comply with before the Registrar can give a certificate.

Whereas in trade marks for example we had tended to be rather lapse in approving trade marks for registration, as a result of the technical assistance given by WIPO the Registrar's job has become a little bit more difficult because she is now required to pay greater care to the fact of registration having regard to the obligations of the Act. This is another reason why perhaps Government should look favourably at having a deputy person legally qualified in that department because of the requirements of WIPO in the whole area of intellectual property.

I just wanted to make those points. It is just to say that there are problems in that department caused from a series of events and circumstances. I think Government should sit down with the Registrar and see what are the problems and how best they can be resolved and if there is need for a small increase in technically qualified staff then perhaps it would redound to Barbados' credit ultimately if we can get the heat out of the relationship particularly between some accounting firms and the Registrar of Corporate Affairs and the general acrimony or feeling of acrimony that some people practising in this area have towards the Registrar.

Hon. M. A. KING: Mr. Speaker, during the course of this debate a number of very constructive suggestions have been made, a number with which I can readily agree. It is clear that some amendments as have been proposed make some good sense, one I can think of immediately proposed by the Honourable Member for Christ Church South in relation to section 31 for instance about the presumption of continuity in relation to companies. This is something I think which we can readily accommodate.

There are a number of other questions raised by the Honourable Member for Christ Church South, for instance, related to the question of the attitude and the policy in relation to CARICOM. My understanding of the legislation was that the intention was that CARICOM be the domestic market. But it is clear there appears to be some contradictions in that regard which perhaps needs to be addressed. One perhaps needs to review the policy on the question of whether CARICOM should be in fact regarded as the domestic market or should be treated as part of the foreign market, for the purpose of this particular legislation. I have no difficulty at all reviewing that aspect of policy. In fact I am sure that the Minister who has responsibility for this would have no difficulty looking at that aspect of the policy a second time. We are, in fact, in the process of looking at some amendments of the Foreign Sales Corporation Act where this issue has been considered and is an issue and I believe in that legislation we were under no difficulty, I believe, in treating CARICOM as the foreign market.

Another question raised by the Honourable Member for Christ Church South related to the question of manufacturing companies who had originally operated under the fiscal incentives legislation and who after the expiration of the term of fiscal incentives desired to become international business companies. I am not too clear in my own mind what the problems are in relation to this because if you have a company operating under the fiscal incentives legislation which is doing international trade and commerce and international manufacturing in the context of what is defined by this legislation, if you have a fiscal incentives company doing that and at the end of the tax holiday wants to continue on as an international business company and enjoy the tax benefits under this legislation I do not see that there is any great and objectionable policy difficulty in that. I am not sure that I understand what the real difficulty is. It seems to me as if the provision for such companies to operate as international business companies is something which is useful once you ensure that those companies once they begin to function as international business companies are engaged in the business of international trade and commerce and international manufacturing as defined by the legislation.

Honourable Members generally have made some useful points which are points which are taken. For instance, that there is of course in the offshore sector active

promotion of that sector. It is necessary and has to be done by a high profile person. Clearly a Minister with direct responsibility for this area is essential and he had to be and should be actively participating in the promotion of the sector.
9.20 p.m.

The point has been made that as a low tax jurisdiction which is in fact competing with jurisdictions where there is no tax that an adequate double taxation network of treaties needs to be in place. This is a view point with which we entirely agree.

Suggestions have been made in relation to entering into double taxation agreements with countries in Africa and Latin America. I may say, Mr. Speaker, that a number of approaches have been made to countries in the Latin American region with a view to interesting them in executing double taxation agreements. Some of them have had difficulties in agreeing to entering double taxation agreements immediately because they have made the point that there was no trade going on between Barbados and them and they did not see the need to enter into double taxation agreements as a matter or urgency. It is a matter which we are continuing to press for and pursuing a policy of attempting to integrate with the Latin American region more fully with a view to ensuring that all the treatise and the networks which we need to put in place to ensure the development of sectors like the international service sector are in place.

The Honourable Member for Christ Church West in complimenting his side on the establishment of the offshore financial sector sought to criticise Members on this side in some areas for comments which they made expressing fears of the offshore jurisdiction could perhaps become a haven for criminals, money launderers and so forth.

I think the Honourable Member was perhaps being a bit ungenerous in his comments because when he read the statement from his own party's Manifesto that Manifesto itself sought to ensure and it certainly talked about ensuring that in putting together the sector one needed to guard against the sector being used as a haven and a refuge and launching pad for criminals. So that when Members on this side expressed concern about that matter they were doing no more than reflecting the concern which all of us in this country should have that our offshore financial sector should not become an area which could be infiltrated by the criminals and be used as a money laundering area.

Reference has been made to the need to remove the administrative bottle necks which exist in the system. None of us have any quarrel with this. We would genuinely like to see the administrative bottle necks removed.

The Honourable Member for St. Thomas has made a plea in support of the Registrar for Corporate Affairs, drawing attention to the fact that there is a large number of bits of legislation which needs to be administered and putting in a plea, perhaps, for more legal support staff in the department.

There are I believe one or two experienced non legal people in the Corporate Affairs Registry who I am sure can be of invaluable assistance to the Registrar and I believe that the Registrar may have difficulties, not only with what the Honourable Member for St. Thomas calls the non legal people with whom she has to deal, but I believe that she may have difficulties also with a number of lawyers who seek the use of the Corporate Affairs sector and clearly it is a matter of developing appropriate and adequate relations between the Registrar and those who need to use the Department. The relationship which presently exists between the Registrar and a whole lot of people who have to use the Department is a matter, of course, of concern to the Government. It is a matter which we are looking at with the hope of resolving the difficulties which that sector presently presents.

The Honourable Member for St. Philip South in presenting the Bill did make the point that it is not a perfect bit of legislation. There clearly will be need to make some adjustments in some areas.

The Honourable Member for Christ Church West made the point that in relation to trusts the legislation was totally inadequate. May I say, Mr. Speaker, that there was no attempt in this legislation to deal fully with the issue of trusts. It was recognised that the issue of trusts has to be dealt with. We propose to look at this in the context of more comprehensive legislation dealing with the issue of trusts generally.

As I was saying there are a number of other provisions for which we clearly have no difficulty in accepting suggestions and we undertake to look at these. For instance, the proposal that a licence should not be renewed annually and once the criteria for the issuing of a licence are in place that should be the guiding factor. That does preempt some of the difficulties which can be manifested when companies have to go to seek renewal of licences and that is an area again which is entirely amenable after reviewing again.

I would urge Honourable Members however that we do not delay the passing of this Bill. The proposals which have been made, I would suggest that we introduce those amendments in the Senate and I would urge Honourable Members on this occasion tonight, to agree to the legislation on our undertaking that we would review the several aspects of the legislation in respect of which proposals have been made and have as many of them as possible addressed when the matter goes to Senate and have the Senate deal with those amendments and send them back down to us for our approval. Thank you, Mr. Speaker.

Hon. P. M. GREAVES: Mr. Speaker, I have been invited to enter this debate by the Honourable Member for St. Joseph because he wanted some up to date information of what is happening with regards to the Shipping Registry. He thinks of course, as he says, that nothing has been happening but that, Sir, is not the case. Nothing was happening. It is what I discovered when I became the Minister responsible for International Transport in 1987 that apart from the fact of placing the Act on the statute book in 1982, I think it was, nothing at all happened after that. That is what I gathered, Sir, from the files and also discussing the matter with the officers in the Ministry. I immediately set about trying to do something about it because I recognised that here was an important possible earner of foreign exchange for the Government, although I do not believe, Sir, that it will earn as much foreign exchange as some persons believe that it will.

In fact there are a number of jurisdictions now in this world who have set up shipping registries and apart from those who have been in it for a very long time, particularly Liberia and Panama and so on, Sir, that it is a fact they really do not make any excessive contribution to the treasuries of those territories.

Be that as it may, Sir, I have met with a number of persons both in and out of Barbados, mostly in Barbados, but mostly Barbadians and non Barbadians including even Panamanians, Sir, and they all believe that the legislation that we have on the Statute Books needed some substantial redrafting. Those I spoke with locally and had to my office, which I had a subcommittee dealing with it, included Mr. Teddy Griffith and Dr. Trevor Carmichael. All of these are persons who were involved in offshore business activity such as the now Mr. Justice Fred Waterman but before he was a High Court Judge usually drew his experience from the Bahamas and so on and the General Manager of the Port, Mr. Parker. There were a number of persons that we met with. Eventually, Sir, we believe that we are now on the point of starting up the Registry after substantial amendments have been made to the Shipping Act as it stands now. That is now to go to Cabinet and should reach Parliament fairly soon, Sir.
9.30 p.m.

Apart from that, Sir, we have decided to base the Register in London which is headquarters for a register where Lloyds agents happen to be and we have decided against setting up consulates in various parts of the world as happened with some persons. As we understand it because we are new in this thing and we are learning, the computer and fax machines will do the work of the various consulates. You do not need a presence in those particular jurisdictions, Sir.

We are in the process of working out a memorandum of understanding with that person in the United Kingdom who will represent Barbados in terms of its shipping and the companion legislation as put by the Honourable Member for St. Joseph, one of which is the Shipping Oil Pollution Bill which also has been drafted. Of course, that unfortunately does not fall within our Ministry but it is important, Sir, that it should go along with it. But that falls within the Ministry of Health and that is still within that Ministry awaiting their comments.

The memorandum that I spoke of, Sir, is being worked out. There have been some substantial agreements with the prospective representative for Barbados. There are a few outstanding matters however which we believe that we will be able to conclude very shortly. Well, there was a question of the jurisdiction and, of course, we are dealing with Barbados law. There is also the question of arbitration, the length of the contract, the review periods, and the revenue split, Sir. Well, that is one that has taken some time but I think, Sir, that we have now been able to come to some understanding with the representative. It seems to us, Sir, that in a very short time once we can get the legislation passed and get the other companion legislation together of which I made reference to just now passed as well as other conventions adhered to that it would seem to me that in a matter of months we should be able to get our Registry going. As a matter of interest, I can state that enquiries were made about five months ago towards using a fleet of a multi-national corporation registered with the Barbados Registry and that particular concern was interested in our legislation of what the requirements were which we sent to them. We are still awaiting word from them.

Sir, that is the latest which we have reached in terms of our Registry and I thought that I should let this Honourable House know and particularly the Member for St. Joseph that, in fact, we are not sitting on it but we are doing things in order to bring it into being.

Hon. H. A. BLACKMAN: Mr. Speaker, I believe that almost everything that was said today has been responded to by the Attorney General and the other Members from this side who have spoken. Just suffice it for me to say that I would like to thank all of those persons from the accounting and legal professions who took it upon themselves to go overseas and promote Barbados as an offshore sector and I would hope and wish that many other lawyers and accountants would see it necessary and their duty also to go overseas and promote Barbados as a very attractive offshore sector.

I am now, Mr. Speaker, proposing to defer further consideration of this Bill until the next sitting of this Honourable House when I hope that most or all of the amendments proposed...

Aside.

Hon. H. A. BLACKMAN: Okay. Well, Mr. Speaker, I beg to move that this Bill be now read a second time.

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

Hon. P. M. GREAVES: Mr. Speaker, I beg to move that further consideration of this particular Bill be postponed, Sir.

The question that further consideration of this Bill be postponed was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, it seems that we have become a fixture of this House now since we have been sitting for some very long hours. I hope next week Tuesday that things may not be as lengthy and again I thank all of the staff and Honourable Members who I think contributed in a very constructive way to today's proceedings. It is only left for me, Sir, to move that this House do now adjourn until Tuesday, December 10, 1991 at 12 o'clock noon.

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

The question that this House do now adjourn until Tuesday, December 10, 1991 at 12 o'clock noon was put and resolved in the affirmative without division.

9.40 p.m.

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