

THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 - 2004

HOUSE OF ASSEMBLY

Tuesday, November 02, 1999

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, November 02, 1999.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed. (Speaker)

His Honour J. M. EDGHILL, J.P. (Deputy Speaker)

Hon. Sir Henry FORDE, K.A., Q.C., M.A., LL.M. (Cantab.)

Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney-General and Minister of Home Affairs) (Leader of the House)

Mr. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)

Hon. Sir HAROLD St. JOHN, K.A., Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A. (Oxon.)

Hon. Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

Hon. G. W. PAYNE (Minister of Tourism and International Transport)

Hon. R. C. EASTMOND, J.P., B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C. (Minister of the Environment, Energy and Natural Resources)

Mr. D. CARTER (Chairman of Committees)

Hon. R. N. GREENIDGE, B.A., LL.B. (Minister of Labour, Sports and Public Sector Reform)

Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands)

Hon. R. D. MARSHALL (Minister of Public Works and Transport)

Mr. H. F. LASHLEY (Minister of Social Transformation)

Hon. R. St. C. TOPPIN, LL.B. (Minister of Commerce, Consumer Affairs and Business Development)

Mr. D. St. E. KELLMAN

Miss H. E. THOMPSON, LL.B.

Mr. M. Z. WILLIAMS

Mr. T. A. PRESCOD, B.A.

Mr. D. T. GILL, B.Sc.

Mr. N. A. LYNCH, B.Sc., M.B.A.

Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil. (Minister of Agriculture and Rural Development)

Hon. R. R. FARLEY, B.Sc., M.A. (Minister of Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, August 24, 1999.

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the Minutes of the Honourable the House of Assembly of its Meeting of Tuesday, August 24, 1999, which Minutes have been circulated, be taken as read.

Hon. G. W. PAYNE: I beg to second that, Mr. Speaker.

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

ANNOUNCEMENTS

Mr. SPEAKER: It gives me great pleasure to announce to this Honourable Chamber the appointment of Mr. Richard Byer as the new Clerk of Parliament and Mr. Pedro Eastmond as the new Deputy Clerk. Our longstanding Clerk, Mr. George Brancker continues to serve our Government as Consultant for the time being.

PAPERS

Hon. D. A. C. SIMMONS: Mr. Speaker, on behalf of the Prime Minister I am commanded to lay the following:

1. The Value Added Tax Order, 1999.
2. The Value Added Tax (Refund) (No. 7) Order, 1999.
3. The Customs Tariff (Amendment) (No. 3) Order, 1999.
4. The Duties, Taxes and Other Payments (Exemption) (Triassic Energy Partners, L.P.) Order, 1999.
5. Report on the Social Investment Fund for the quarter ended June 30, 1999.
6. Report on the Public Enterprise Investment Fund for the quarter ended June 30, 1999.
7. Report on the Operations of the Sugar Workers' Provident Fund under the Sugar Industry Act for the period January 1 to December 31, 1998.
8. Report of the National Insurance Board for the year 1998.
9. Report on the Audit of the Accounts of the Sugar Workers' Provident Fund for the year ending December 31, 1998.
10. Report on the National Insurance Board on the Operations of the Severance Payments Scheme, 1998.

Hon. D. A. C. SIMMONS: Mr. Speaker I am commanded to lay the following:

1. The Food Hygiene (Amendment) Regulations, 1999.
2. The Cemeteries Regulations, 1999.
3. The Crematorium (Operating Standards) Regulations, 1999.
4. The Cremation Regulations, 1999.

Hon. D. A. C. SIMMONS: Mr. Speaker, on behalf of the Hon. R. St. C. Toppin, I am commanded to lay the following:

The Annual Report and Financial Statements of the Barbados National Standards Institution for the period April 1, 1997 to March 31, 1998.

QUESTION TIME

Mr. SPEAKER: Question time. The Honourable Member for St. John.

Mr. D. J. H. THOMPSON: Mr. Speaker, I beg to give notice of the following questions:

Question No. 2

To ask the Minister of Home Affairs:

- (1) Will the Minister state whether there have been applications to the Broadcasting Authority for television or radio licences since January 1, 1994?
- (2) Will the Minister state, in respect of any applications so made, the recommendation of the Authority, the decision taken and the reasons for the decision?
- (3) Will the Minister state Government's policy in relation to the grant of broadcast licences?

Question No. 3

To ask the Minister responsible for the Civil Service:

Will the Minister state if any temporary posts have been created in the Public Service since September 6, 1994 and if so, how many, the designation and job description of each of those posts, the salary and other terms of service attached to such posts, whether any such posts were advertised and the dates of any advertisements?

Question No. 4

To ask of the Minister of Public Works and Transport:

Will the Minister state:

- (1) the number of public service vehicles which, at March 1, 1994 and September 6, 1994 respectively were licensed as route taxis, limousines, tour buses and minibuses and
- (2) the number of public service vehicle licences which have been issued in each category in (1) above since September 6, 1994?

Question No. 5

To ask the Leader of the House:

Will the Minister state if a Ministerial investigation has been conducted into the sale and distribution of drugs supplied through the Barbados Drug Service and, if so, the result of the investigation?

Question No. 6

To ask the Leader of the House:

Will the Minister state what plans, if any, Government has for the creation of additional posts at the Queen Elizabeth Hospital to accommodate interns over the next five years?

Question No. 7

To ask the Leader of the House:

Will the Minister state when it is proposed that the Lions Eye Care Centre at the Queen Elizabeth Hospital will be opened?

Question No. 8

To ask the Minister responsible for the Civil Service:

Will the Minister state the number of persons who have been appointed as Personal Assistants to Ministers since September 6, 1994?

Question No. 9

To ask the Leader of the House:

Will the Minister state whether Government has accepted the recommendation of the Task Force on Nursing made on July 12, 1996, that "the St. John's Polyclinic should be completed as a priority" and, if so, will the Minister state on what date construction of the Polyclinic will resume?

Question No. 10

To ask the Minister of Agriculture and Rural Development:

Will the Minister state whether the Rural Development Commission proposes to undertake any projects in the constituency of St. John within the 1999/2000 fiscal year and, if so, will the Minister state in relation to the constituency of St. John:

- (1) how many street lights will be installed, where they will be installed and when?
- (2) how many tenantry roads will be constructed, where those roads will be constructed and when the projects will begin?
- (3) how many houses will be repaired, or grants given for the repair of houses and

- (4) what other projects, if any, the Commission proposes to undertake?

Question No. 11

To ask the Minister of Finance and Economic Affairs:

Will the Minister state the amounts, if any, which have been paid by the Poverty Alleviation Fund to organisations and any specific activities which are being or have been funded from those amounts?

Question No. 12

To ask the Prime Minister:

Will the Prime Minister state whether Government has hosted or financed the costs of any seminars, conferences, symposia or other regional activities associated with Barbados/OECS integration and/or discussions held in Barbados by non-governmental organisations, associations, societies, political parties or movements in relation to such integration and, if so, the amounts contributed by Government and the nature of the expenditure to which such sums have been applied?

Question No. 13

To ask the Prime Minister:

- (1) Will the Prime Minister state whether it is the policy of Government to pursue political union with the Eastern Caribbean States and, if so, whether any decision has been reached with the Heads of Government of the Organisation of Eastern Caribbean States on the question of such a union?
- (2) Will the Prime Minister also state whether Government has a specific programme of action in relation to the matter of political union with the OECS and, if so, what is that programme?

Question No. 14

To ask the Minister of Home Affairs:

- (1) Will the Minister state the policy of Government and give specific details of any business plan setting out the staff structure and revenue/expenditure accounts payable as at July 1, 1999, in relation to the operation by the Caribbean Broadcasting Corporation of Multi-Choice Television?
- (2) Will the Minister also state the complement of staff of the Caribbean Broadcasting Corporation and their job titles?

Question No. 15

packages presently provided for

To ask the Minister of Finance and Economic Affairs:

1. Will the Minister state the policy for the operation of the Barbados Agricultural Credit Trust (BACT) and whether any such policy provides for the indebted plantations or other assets including any assets of Barbados Sugar Industry Ltd. (BSIL)?
2. Will the Minister also state:
 - (a) whether BACT has contracted for the sale/purchase of any plantations or plantation lands, houses or other assets, including those of BSIL,
 - (b) the sale prices of any assets which have been sold and the net proceeds of sale on completion of any transactions and
 - (c) the tender process used or required, if any?

11.30a.m.

Question No. 16:

To ask the Minister of Labour, Sports and Public Sector Reform:

Will the Minister state whether Government has contracted a consultancy or corporate study of the Barbados Cricket Association and, if so, the basis on which the consultants were chosen, the overall cost of the consultancy to July 1, 1998, details of the compensation package for the consultants and the findings of the consultants to date?

Question No. 17:

To ask the Minister of Finance and Economic Affairs:

1. Will the Minister state:
 - (a) whether there have been any salary increases at the management level of statutory corporations, statutory bodies or Government-owned companies which exceeded the percentage levels of settlement awarded to public servants between 1994 and 1998 and
 - (b) whether any salary negotiations at the management level of such corporations, bodies or companies are in progress?
2. Will the Minister also state: the compensation

Director, Rural Development Commission
Director, Urban Development Commission
Manager, Sir Garfield Sobers Gymnasium
President and Vice Presidents of the Barbados
Tourism Authority
General Manager, Barbados National Oil Company
General Manager, Barbados Terminal Company
Limited
General Manager/Managing Director, Fund Access
Barbados Ambassador to CARICOM Managing
Director, Barbados National Bank Chief
Executive Officer of the GEMS Project Cultural
Attache, Consulate General, New York Director
of Youth Affairs Personal Assistants to Ministers
Social Justice Commissioners?

FIRST READING OF BILLS

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the following Bills be read a first time:

1. The Police (Amendment) Bill, 1999.
2. The Income Tax (Amendment) (No. 4) Bill, 1999.

Hon. G. W. PAYNE: I beg to second that.

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

SUSPENSION OF STANDING ORDERS

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the following Standing Orders 6, 16, 18, 20, 42(5) 43 and 44 be suspended for the remainder of today's Sitting.

Hon. G. W. PAYNE: I beg to second that.

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

GOVERNMENT BUSINESS

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

ORDER NO. 1 - THE SMALL BUSINESS DEVELOPMENT BILL, 1999

Hon. D. A. C. SIMMONS: Mr. Speaker, before the Honourable Member introduces the Bill, I wish to say that this Bill was read a first time on August 24, 1999 and published in the *Official Gazette* on September 16, 1999. Subsequent to its publication and during the recess of

the House, a few matters have been drawn to the attention of the Ministry responsible for the Bill and myself, which we have accepted, requiring slight amendments to the Bill. They do not really bear on the substantive content of the Bill. For example, some of the forms in the Schedule, the Registrar of Corporate Affairs requires certain adjustments to be made to them. In Section 6, there is also a slight adjustment and we have re-arranged the procedure where the fee is not paid to the Minister but is paid, as all fees should be paid, to the collecting agent of Government, namely, the Registrar.

Members will get the amendments as accepted by the Government within the next couple of days. In fact, I think we should start properly when that is done later on by surplanting this Bill with a fair copy bearing the terms of the amendments. It would be easier for people to follow then. Sir, those amendments will be taken at the Committee stage of the Bill

Hon. R. St. C. TOPPIN: Mr. Speaker, I am very pleased and honoured this morning to be introducing this Bill to this Honourable Chamber. I believe it to be one of the most important pieces of legislation ever brought to this Parliament, as it seeks to provide sustenance to one of, if not the most important sector of the Barbadian economy. Indeed, perhaps, one of the most important sector of any economy in the world - the small business sector.

Mr. Speaker, I must stress that the small business sector has been recognised by Caribbean Governments and indeed, by all Governments over the world to be an important mechanism not only for private sector expansion and diversification but also because it has proven to be the sector that can most readily absorb very large quantities of labour, penetrate new markets and contribute significantly to the expansion of economies. Particularly, Mr. Speaker, I think that the importance attached to the small business sector has to do with the fact that it is associated with provision of employment. Therefore, there is a recognition that the small business sector is vital to the tackling of the problem of employment here in Barbados, regionally or in the world.

If I can give some statistics, Mr. Speaker, to highlight the importance of the small business sector. I wish to point out that in the United States of America, it is estimated that small enterprises account for over 40% of total employment. In the United Kingdom, small and medium size enterprises account for some 65.2% of total jobs. In Japan, small establishments account for 76.2% of total employment. If we look at a second world country, Brazil, small businesses account for 43.6% of total employment. If we come closer to home and look at the region as a whole, based on information published by the CARICOM Secretariat, they state that it is estimated that small businesses in the region

account for about 40% of Gross Domestic Product. Small businesses in the region employ some 70% of the work force and are major players in the marketing of agricultural products, generally provide transportation for commuters and tourists, are leaders in some manufacturing sub-sectors and play a leading role in construction, equipment repairs and maintenance, technical service activities and distributive and retail trades. Clearly, Mr. Speaker, the small business sector plays a significant role in the development of the region.

To deal now, Mr. Speaker, with Barbados. It would be accurate, Mr. Speaker, to say that prior to the last five years, the small business sector survived and functioned largely within an environment, if you want to be charitable, that was either unsupportive or at times, outright hostile. That is the environment, Mr. Speaker, I am suggesting the small business sector functioned in, prior to the last five years. 11.40p.m.

Mr. Speaker, it became clear to this Government, particularly as we were seeking office in 1994, that any further meaningful development of the small business section would require governmental support within what we term as a cohesive legislative and regulatory framework. We needed governmental support within a cohesive legislative and regulatory framework. It could no longer be felt that business will be as usual in relation to the small business sector.

In fact, Mr. Speaker, there seems to have been a prevailing view that small businesses needed and deserved very little, while in large measure big businesses were worthy of financial packages and concessions. When the voice of the small business sector could be heard everywhere crying out for assistance, it was, in fact, the Royal Westmoreland in St. James and the Cruise Terminal Incorporated in the Bridgetown Port that were receiving the attention of the then Administration.

In fact, it would be accurate to say that while token attention was being paid to the needs of the small sector at that time, despite the often professed empathy by the Democratic Labour Party, with the poor black man - who is usually very often the small businessman in Barbados - that those two institutions that I just spoke of were receiving some of, if not the most generous financial and fiscal concessions ever granted to any business in this country.

There are some of us who can speak on the Royal Westmoreland issue better than I can and I would defer to them, but I can speak on the Cruise Terminal Incorporated in the Bridgetown Port. While there are many challenges confronting the Cruise Tourism Industry as it relates to Barbados, one of the major problems we have now stems from that agreement entered into by the last administration

with the Cruise Terminal Incorporated in the Bridgetown Port; where \$2 out of every \$6 received from a cruise passenger visiting Barbados are handed over to Cruise Terminal Incorporated. This is big, big business.

The problem associated with that now, Mr. Speaker, is that as reforms and the question of adjustments to tariffs and so on now have to be looked at, one issue now facing the Port of Authority is having to adjust charges. If we were not literally taking up \$2 out of every \$6 from each passenger that arrived in Barbados and handing over to Cruise Terminal Incorporated, the issue of having to increase tariffs at this time might not have arrived at all.

The effect of that agreement which was entered into in the first instance for ten years by the last administration, has now reached the stage where it is having a damaging effect on Barbados' cruise tourism industry.

Mr. Speaker, while the small business sector was crying out for help, it was the Royal Westmoreland and the Cruise Terminal Incorporated that were in fact receiving the assistance. I do not know why the small business sector would have thought that they could have looked to the Democratic Labour Party for assistance. They should have remembered that a few years before, the total contribution of the Democratic Labour Party to the small business development in Barbados was when the then Minister of Trade - a former Member of this Parliament until recent times - saw it fit to introduce a regime of price control so indiscriminately that immediately 652 small businesses over-tilted and one fell through. That happened in the mid 1970s. I do not see how the small business sector would have felt that they could have made any cry to the Democratic Labour Party for help, but I would hope by now they would certainly have learnt their lesson about the Democratic Labour Party.

However, Mr. Speaker, this Government did not elect to turn a blind eye on the needs of the small business sector. Today's Bill, as amended - the Leader of the House just indicated there are some amendments - really is the icing on the cake for the small business sector. I almost said the 'topping' on the cake, although some might say that icing and topping are just as sweet - but I will stick to the icing on the cake. I say that it is the icing on the cake because prior to today, this Government has systematically, since being elected in 1994, set about to provide very meaningful assistance to the small business sector.

Mr. Speaker, I do not say anything that I cannot prove. The very first thing that this administration sought to do was to ensure that there was a secretariat in place for the small business sector. Prior to that there was an arrangement where an office was provided, but that person in the office

was not sure exactly where his salary was coming from. That was the way in which the Small Business Association was functioning. They made a cry to this Government for help in the same way they were crying when the Royal Westmoreland and the Cruise Terminal Incorporated were being helped. They cried to this Government and it was this Government that decided that it was going to establish - not only establish - but fully fund to the tune of \$175,000 per year, a well-established and functioning secretariat for the Small Business Association and the small business sector in Barbados, so that is the first thing that the Barbados Labour Party did.

In addition to that, Mr. Speaker, both private and public sector institutions were set up across Barbados to service the needs of the small business sector. A Small Business Development Unit was created in the Ministry of Commerce to advise the Minister on the policy of small businesses and also to do research and provide the Minister with certain information in relation to the small business sector.

Some of the institutions that were set up to assist the small business sector are: The Youth Entrepreneurship Scheme; The Barbados Micro Enterprise Lending Institution - commonly referred to as Fund Access; The Rural Development Commission; The Urban Development Commission; The Enterprise Growth Fund and the Small Business Venture Capital Incorporated.

The establishment of The Fund Access is very important because there are large numbers of Barbadians with very good ideas and very good projects who cannot approach commercial banks, because commercial banks have not shown any sensitivity what-so-ever to the needs of small poor people. They are very insensitive to those small people who have some very good projects and workable projects in mind, so it is no point in continuing to have people go to commercial banks when all they are going to hear is "sorry, but you do not qualify for a loan". Fund Access came on stream to deal with *inter alia* that problem and therefore provided funding to a number of persons who would not get it from any other source.

In addition to that it also provides training for the applicants, to ensure that the money granted would be used appropriately and wisely.

Mr. Speaker, there were 169 loans disbursed by Fund Access totalling some \$1.6 million. These loans created over 100 new jobs and also enabled existing businesses to stay alive and operate successfully. 11.50a.m.

In 1998 the Rural Development Commission made 96 loans totalling \$841 000 to assist small rural entrepreneurs in the development of their businesses. In addition to providing

funding, it also provided training and technical assistance thereby enabling many new businesses to have some measure of competence and confidence as they go about their business. In 1998 also, the Urban Development Commission granted 105 persons loans totalling \$1.2 million. As a result 309 jobs were created by the loans made to the small business sector. Overall, in 1998 total investments in the small business sector was estimated at \$3 million and approximately 600 jobs were created.

Government, in its wisdom, decided to make a grant of \$2 million to the Small Business Venture Capital Inc. which is a subsidiary wholly owned by the Small Business Association which was set up specifically for the purpose of receiving that \$2 million for equity injection into small businesses. Obviously, loans would play a role in the structure of any business. The emphasis here was on equity because one of the biggest problems of the small business is that they lack equity to either utilize internally as collateral.

Now, I cannot stand here and say that the system has run smoothly because the Small Business Association seemed unsure as to how to proceed. I am happy to report that all of the difficulties in relation to the utilization of those funds have now been sorted out. It is intended that on the first working day of January, 2000 the Small Business Venture Capital Inc. will start to function as it was intended and the \$2 million would be disbursed as equity injection into small businesses. Already, a large number of businesses are expressing an interest so we are expecting to see a positive reaction to the utilisation of the \$2 million granted by the Government to the Small Business Association. Those, Mr. Speaker, are some of the things that were already done for the small business sector prior to the preparation of the Bill presently before Parliament.

I wish to touch on one point before turning to the Bill. There is no Government that I am aware of, who is more committed than this Government to ensuring that small contractors get their fair share of Government contracts. I have information to suggest that that is already happening. The National Housing Corporation, for example, currently employs 27 small contractors to assist with the work that has to be done by them. The National Petroleum Corporation uses almost only small contractors to do the work that has to be done. When I was Chairman there in 1994-95, we adopted the policy that small businesses had to be the ones to get the first option and that invariably was the case. The Urban and Rural Development Commissions similarly by nature of the work that they do, set about utilising exclusively the services of the small contractors to have their work done. Having said that, I want to go on to say that small contractors have to understand that you are making a level playing field and they cannot expect special status and that we all have to play by the same rules.

As a Parliamentary representative I can tell you of some of the problems that you encounter with small contractors. I know of cases in my area where we bent over backwards to ensure that small contractors were awarded certain contracts in relation to road building. There is a road in my constituency that was started around the middle of 1998 and it is only now finishing. The road is very small and is no longer than around 100 yards but for some reason the road took over a year to be completed causing severe inconvenience to the people living along the road who had to walk through marl and muddy surfaces when the rain fell while no one understood why the project was at such a standstill. A similar thing happened with another road in the constituency. There was another issue in relation to fencing. Every effort was made to ensure that a small contractor was awarded the contract to provide fencing to certain parts of Barbados. For some reason unknown to anyone involved in the awarding of the contract, the work came to a standstill midway. We then had to contract a medium size or large business to continue the work that was started but was discontinued. The result was that the overall cost was more than if the bigger contractor was hired in the first place. All I am saying Mr. Speaker, is that we are all for ensuring that small contractors gets a share of the cake. We are asking them in all fairness to recognise that they must take their jobs Very seriously and that they must not indulge in the business of underbidding for the sake of getting a contract when they know it is not realistic because that sometimes tips the scale as to who gets the contracts. Once they get the job they must not think that because they are small contractors that you have a duty to them to ensure that they get every conceivable chance and every break while the quality of their work and the welfare of the people of Barbados suffer in the meantime.

I now turn to the Bill, Mr. Speaker. As I said, I am very pleased to be introducing this Bill today. This Bill is really designed to be the new and real deal for the small business sector in Barbados. I want to say at the outset that the policy content of this Bill was the result of the widest possible consultation among stakeholders in Barbados. We are not forcing anything on anyone. We circulated the draft Bill to a number of agencies and institutions and sought comments from them. Therefore, we received comments from the Central Bank of Barbados; the Commissioner of Inland Revenue; the Rural Development Commission; the Ministry of Agriculture, Food and Fisheries; the Ministry of Finance and Economic Affairs; the Small Business Association; Barbados Industrial Development Corporation; the Barbados Manufacturers Association; KPMG Peat Marwick; the Barbados Chamber of Commerce and Industry; the Registrar of Cooperatives; and the Ministry of Labour, Community Development and Sports. 12.00 noon.

A special internal committee was set up in the Ministry to evaluate the comments received and to distill the ones we

felt were appropriate. Every point of view was taken into account with the preparation of this Bill.

I want to thank all those who made their comments in relation to the Bill because it really assisted us in the preparation of it.

Mr. Speaker, if I may look, therefore, at the Bill itself. As the Honourable Leader of the House indicated, there have been some amendments made to the Bill. They are really mostly stylistic in nature, like the renumbering of paragraphs. At most, there might be one amendment that touches a bit on policy which I will highlight as I seek to present the provisions of the Bill. Basically, such amendments that have been made do not, in fact, impact in any serious or significant way on the provisions which I will now outline for the benefit of this Honourable Chamber.

I am not, Mr. Speaker, going into clause 1 or clause 2. Clause 1 is mainly the short title of the Bill - "This Act may be cited as the Small Business Development Act, 1999."

Again I am not going to dwell on the definition section because it is largely self-explanatory. It defines various terms of the Bill.

The next section, which is presently section 3, is where I begin my comments. We have a definition of a small business. This is important because there are many definitions of small businesses around the world and it creates a tremendous amount of confusion of what is and what is not a small business.

In fact, Mr. Speaker, a very recent study was done in some 75 countries. It was discovered that there were 50 different definitions of small business spanning some 75 countries so the very first thing this Act seeks to do is to say exactly what we mean when we in Barbados say "a small business".

It says:-

"For the purposes of this Act, a small business is an enterprise that

(a) is incorporated under the Companies Act.

Now, Mr. Speaker, I will stop there because right now we have a number of institutions or organisations that are not corporations. In fact, according to information supplied by the Registrar of Companies which says that under the Registration of Business Names Act, registration of business names, not companies, currently accounts for some 47.42% of all registrations while incorporation of companies accounts for 20% of current registration so here we have more registration of business names now than of companies.

We have taken the decision, Mr. Speaker, that we want to ensure that organisations structure themselves in a way we can be sure that they have proper systems, be it management systems, directorships and all the other systems that go with incorporation as opposed to just willy-nilly constituting themselves as operating entities and then seeking assistance in that way. We prefer to ensure that a business is incorporated before we plan to provide the benefits of this Act.

Let me hasten to add that the Government recognises that there is a cost for the incorporation of a company. Therefore, from consultation with the Minister of Finance I am authorised to say that Government intends to set up a fund to assist small businesses. This fund will assist with defraying the cost associated with incorporation under the Companies Act in order for small businesses to benefit under this Act.

Secondly, and I quote:

"(b) has more than 75% of its shares locally owned

(c) has not more than \$1 000 000 as authorised or paid up capital"

The correct terminology now is "has not more than \$1 million as stated capital."

"(d) has not more than \$2 000 000 in annual sales

(e) has not more than 25 employees

(f) is not more than 25% owned or controlled by a company whose share capital and annual sales exceed the share capital and annual sales mentioned in paragraphs (c) and (d) respectively or by a subsidiary of that company or by a subsidiary of a larger group of companies

(g) is not controlled by the directors of a company whose share capital and annual sales exceed the share capital and annual sales mentioned in paragraphs (c) and (d) respectively."

What we are really doing here is ensuring that genuine big businesses do not seek to abuse the provisions in this Act which are intended to benefit small business people and therefore that they do not splinter and control smaller entities and still benefit by virtue of the provisions of this Act. Those relatively complicated sounding last two provisions I read that is all they really mean to say.

Small business is also a business that has no agreement for the payment of fees on a continuing basis for managerial or other services to persons who are not nationals of

Barbados or other States of the Caribbean Community and who are not resident in Barbados where those services do not form part of the normal business operations of the enterprise.

This provision is aimed at avoiding any disguised repatriation of money coming into the hands of the small business where people can use fancy mechanisms, agreements and contracts to ensure that money can be funnelled out of the country. That is the definition of small business for the purpose of this Act.

The words "control" and "Caribbean Community" as I have mentioned will have the meaning assigned in the respective pieces of legislation that set them up.

Now, how do you become an approved small business? The Act speaks very simply and directly to the issue:

"A small business that is desirous of becoming an approved small business may make an application to the Minister in the manner specified in section 5 for the purpose."

You make an application to the Minister, who as defined in the definition section is the Minister of Commerce for what is called "approved small business status." When the Minister receives the application, the Minister has the discretion, as the Act says:

"The Minister may by order declare the business to be an approved small business where the Minister is satisfied that the business

- (a) is a small business within the meaning of section 3(1) and
- (b) is engaged in any of the areas of activity listed in the First Schedule."

There is the First Schedule to the Act, Mr. Speaker, which has a list of 16 activities which you need to be pursuing if you are to benefit from the provisions of the legislation. Sixteen may sound small but, in fact, there are very wide when you read them, and I will read them.

"1. Agriculture, Forestry and related service activities. "

This can even include things like landscaping, so it is very wide.

- "2. Arts and cultural activities
- 3. Construction services
- 4. Entertainment services

- 5. Financial services
- 6. Fishing, operation of fish hatcheries and fish farms and service activities incidental to fishing."

The representatives for St. Philip and for Christ Church as well, I am sure, will be pleased to hear the existence of those provisions.

- "7. Health care services
 - 8. Hotel, restaurant and other tourism related services
 - 9. Manufacturing
 - 10. Personal care services
 - 11. Real Estate, renting and other related business services
 - 12. Repair of personal and household goods and vehicles
 - 13. Sanitation, sewage and refuse disposal services
 - 14. Sporting and recreational services
 - 15. Transport, storage and communication services
 - 16. Wholesale and retail trade
- 12.10p.m.

Now these are the activities presently before us. Although this is very wide, it is not cast in stone and, as time goes on, it may become necessary to broaden it or decrease the scope based on representations made to the Ministry. Anyone who may not have heard his name, as I read the activities, can rest assured that these are not final. Representation can be made for inclusion and such representation will be appropriately evaluated.

If you are a small business by the definition we outline and you are engaged in those activities then the Minister can declare you to be an approved small business. The application is in the Second Schedule, Form I. It must be accompanied by a Certificate of Incorporation and a statutory declaration verifying the particulars which you have to submit with your application. The particulars you are asked to give are simply to ensure that you comply with the provision which I read, the characteristics that are needed to become a small business in the first place. Your name, address and occupation must be supplied, as well as particulars on all directorships of all companies and, all shareholders in all companies. We want to ensure that there is no cross-fertilisation, as I said earlier, and no abuse of the provisions intended for the benefit of the small, black man.

The next section deals with the register of approved small business. Once the Minister grants status as an approved small business then you have to go to the institution that is the official record keeper of businesses in Barbados which is the Registry of Corporate Affairs. We are making it mandatory that you go there so that you can be registered in a special register to be kept for that purpose. We are making the application of the incentives that I will mention shortly depend on your taking a copy of the Minister's approval to the Registrar, paying a fee and having yourself registered in the book. That must be done before you can be eligible to receive any of the incentives which are later provided in the Act and to which I will get very shortly.

Similarly, any change in the particulars which were supplied on the application to the Minister for small business status must be forwarded to the Minister and the Registrar within 14 days or such time as the Minister allows, so that the change can be made at the Registry of Corporate Affairs upon payment of a fee.

The Minister is mandated to ensure that businesses are monitored and inspected so that they comply at all times with the provisions of the Act. Therefore, the Minister has the power to cause, the records and the accounts to be inspected and to request any information that the Minister considers necessary to enable the inspection to be carried out.

Now, Mr. Speaker, comes the meat of the Act, the incentives to be provided. The section 9(1) says:

"The Minister may grant to an approved small business one or more of the incentives specified in subsection (2) where he is satisfied that the business will be of socio-economic benefit to Barbados".

The definition of "socio-economic benefit" means:

- (a) the generation of new investment or development of products or processes;
- (b) an improvement in employment, production capacity through market research, technical invention or innovation; or
- (c) the enhancement of export potential, foreign exchange earnings or savings, or the general welfare of persons in Barbados."

The fact that you are granted "approved small business" status by the Minister does not in itself automatically entitle you to get the incentives. For argument's sake, someone may in all respects qualify as an "approved small business" person but indulging in an area of activity that may be of a dubious moral character or something contrary to the safety

of the land. Someone might be involved in gun manufacturing, or gun operations or in the area of brothel activity and therefore, although you might technically still slip through on being approved as small business, the Minister still would have the option to deny you the right to have any of the incentives set out in the present section 9 of the draft Bill.

Mr. Speaker, these incentives which are the crux of the Bill are that small businesses now will be subjected to the payment of corporation tax at the rate of 25% - it is no longer 40% - on the profits of their business. Secondly, small businesses will receive an exemption from import duty on plant and equipment which is imported for use in the business.

There will be an exemption from withholding tax on dividends and interest earned on investment in an approved small business or in any fund approved for investment in small businesses. If someone invests or buys shares in an approved small business, whereas normally share dividends attract withholding tax there will be no such application of withholding tax against anyone who earns any dividends from investment in an approved small business.

"(d) exemption from the payment of stamp duty under the Stamp Duty Act on all documents related to the business where the registration of those documents is required by law."

Again a significant relief has been provided.

"(e) a deduction of income tax of an amount equal to 20% of the actual expenditure incurred in respect of the use of technology, market research and any other activity that is, in the opinion of the Commissioner of Inland Revenue, directly related to the development of the business."

We are trying to promote the use of technology in market research because we want businesses to operate in a very scientific and structured way therefore a 20% tax deduction incentive is being provided to encourage and spur that sort of approach by small businesses. A deduction of tax for that purpose is limited to the tax payable, therefore, no deduction can result in an amount in excess of the tax that is payable by the enterprise. In the case of businesses that are already in existence and want approved small business status - which they all have to do - these businesses have to apply to the Ministry to be registered. There is no automatic transfer of status from a company, no matter how small, to the status of an approved small business. The business must apply to the Ministry. Those businesses currently in existence will be required, when they apply for the approved small business

status to produce audited statements of accounts to verify the various financial structures and arrangements. 12.20 p.m.

The other area where the Act speaks in very glowing terms is the provision of technical assistance. Technical assistance, Mr. Speaker, is always important. Regardless of how much money or financial incentives an institution is given, if it does not know how to use it or how to proceed after receiving the cash, the money will be squandered in a very short time and the institution will be back for more money.

Clause 10 in the Bill speaks of the provision of technical assistance. There are institutions already in existence that provide technical assistance - Fund Access and Rural Development Commission. What this Bill is seeking to do is to broaden categories of institutions that can, in fact, provide technical assistance to approved small businesses.

This Clause empowers the Cabinet to designate any government department, agency or approved private sector organisation to provide technical assistance in the form and manner specified in Subsection 2 of the Act, for the purpose of assisting approved small businesses to commence, expand or to continue their operation. This technical assistance will be paid by the Government as, in large measure, is the case now and even when the categories are expanded, the same approach is intended to continue. I see the Honourable Member for St. Lucy agreeing that this Bill is a good one.

The types of technical assistance to which I am referring, Mr. Speaker, are:

- (a) the development of package and label design;
- (b) the provision of assistance in the development and maintenance of quality control;
- (c) the provision of marketing assistance for the local and export market;
- (d) the development of product design;
- (e) the provision of assistance to businesses seeking to participate in overseas trade shows;
- (f) the preparation of business plans to facilitate the initial financing and management of the business;
- (g) the financing of feasibility studies relating to the development of new businesses or products;
- (h) the provision of assistance in managerial accounting or budgetary analysis; or

- (i) the provision of assistance in general or production management.

Mr. Speaker, virtually every aspect of technical assistance that can be at present contemplated that a small business will need to either gain or retain its viability is covered, in my view, in the existing Clause 10 of the Bill.

There is technical assistance and there is credit because small businesses need credit as well. There is now a loan guarantee system. When a business applies to a bank for a loan and the bank wants a guarantee because the bank is not satisfied that the business can cover the loan, the bank therefore goes to the Central Bank of Barbados for a guarantee under the Credit Guarantee Scheme. The bureaucracy is such, that all roads now lead to the Central Bank which is creating bottle-necks. There is a reluctance, it seems at most times, to grant the approval and even if the approval is granted, as I have said, the system is just cluttered.

What the present Clause 11 purports is to defuse the situation somewhat by allowing the Central Bank of Barbados to designate not only commercial banks but any non-bank financial institution or organisation to retail loans which are guaranteed by the Central Bank under the same Credit Guarantee Scheme.

The bank or institution does not have to go the Central Bank and wait in line to see if they will agree to guarantee the loan. Once the institution is designated by the Central Bank - they will only be so evaluated if in the Central Bank's opinion they have the competence to evaluate the risk associated with the loan - once they are so designated, they themselves can make the decision on sight to the applicant directly and the Central Bank will guarantee it under the Credit Guarantee Scheme. All roads will not lead to the Central Bank where the system is cluttered and blocked bureaucratically. This is a defusing of the system to make it again a lot easier for the small businessman to access credit.

In Clause 12 of the Bill:

"12. The Minister shall appraise the performance of the business annually for the purpose of determining whether it still qualifies as an approved small business.

13. Where an approved small business ceases to operate as such a business or ceases to satisfy the requirements of this Act or the regulations, that business shall, by notice in writing within 120 days from the date of the cessation, inform the Minister of that fact."

The Minister must be empowered to revoke any status previously conferred. The circumstances in which the Minister is entitled to revoke the status conferred is set out in the present Clause 14 of the Bill.

"14. (1) Where

- (a) it is discovered at any time that the particulars furnished by an approved small business at the time of making an application under section 4(1) were false in any material particular or were likely or calculated to deceive;
- (b) there is a failure on the part of the approved small business to submit
 - (i) income tax return as required under the Income Tax Act;
 - (ii) or national insurance contributions as required under the National Insurance Act; or
 - (iii) it is found the approved small business has not commenced operation within 6 months of having being declared an approved small business."

We do not want to have businesses that are not operating cluttering up the register. Where it is discovered that they are not operating after being granted a six months period to do so, the Minister is entitled to revoke the approval that was previously granted in relation to the small business.

In circumstances where the approval is revoked, any small business that benefitted from the incentives, by way of deduction of payment of Income Taxes or Customs Duties, will be required to pay them back through the Commissioner of Inland Revenue or the Comptroller of Customs unless the Minister believes that it will cause undue hardship in the particular circumstances.

We are trying to ensure that people take the benefits they are receiving very seriously. In other words, with rights come responsibilities. We expect that while we provide rights, the small businesses will show a sense of responsibility so as to continue to benefit from the provisions that we are outlining here.

Section 17 speaks of offences:

- (1) Where an approved small business commits an offence under this Act and a director or officer of the business knowingly authorised, permitted or acquiesced in the commission of the offence, the director or officer is also guilty of an offence and is liable on summary conviction of a fine of

\$3000 or to imprisonment for a term of 12 months or to both such fine and imprisonment.

Section 18 speaks to the fees payable to the Registrar in the Third Schedule of the Act. 12.30p.m.

In broad terms there is one point which I will make and this will come in the amendment which is perhaps the most significant amendment. This is the section where, in terms of securing incentives and in keeping with the initial pronouncements on the matter by the Prime Minister and Minister of Finance himself, any approved small business which is one of a group of companies or is associated or affiliated with or controlled by another corporate body, only one such approved small business will be eligible to receive any of the incentives specified in the section dealing with the incentives. We are limiting it where there is a connection between a group of companies, or an affiliation between companies, or where one company is controlled by another company or another group of companies. In those circumstances only one or two small businesses from that group will be eligible to receive any of the incentives specified in the section dealing with the granting of incentives.

Mr. Speaker, that broadly is the presentation of the clauses in the Bill. The Bill is not long, but in my submission, it is comprehensive and far-reaching. It provides fiscal benefit, credit and technical assistance. It is a consolidation of previous benefits and the implementation of benefits for the entire small business sector. It is the new and the real deal for the small business sector. It is a far cry from when the Democratic Labour Party saw it fit to put only \$100 in their Estimates one year to deal with the small business sector and it is intended to ensure, as a revolutionary piece of legislation that the small business sector becomes and remains a very viable and important sector of our economy.

Mr. Speaker, with those few words I commend the Bill to you.

Hon. D. A. C. SIMMONS: I beg to second that and I reserve my right to speak, Sir.

Mr. SPEAKER: The Honourable Member for St. John.

Mr. D. J. H. THOMPSON. Thank you, Mr. Speaker. I listened as attentively as I could to the Honourable Member for St. Michael North, but I was thoroughly disappointed that given such an important task as setting out the Government's vision as distinct from its bureaucratic accoutrement in relation to the small business sector that the Minister fell far short of even convincing his own people that he truly believes in the development of the small business sector, or that he has a road map, a design, or the architecture of some basic proposals that would significantly revolutionise the sector.

Asides.

Mr. D. I H. THOMPSON: The Act itself is not a big issue. It sets out the incentives given to the sector. We have similar legislation in almost all of the sectors which set out the incentives that the Minister can grant. In fact all of those incentives could right now be granted without such a legislation in place.

I believe that the Honourable Member for St. Michael North would do well to look at the history of successive Barbados Labour Party and Democratic Labour Party administrations and at the concessions granted on a project basis, or individual basis, or you may prefer the word '*ad hoc*' basis in relation to small business investment.

The Honourable Member for St. Michael North in giving the impression that prior to this legislation, concessions were only given to big businesses, in fact, launches a broad side on previous Barbados Labour Party administration as well. The implication would be that until this law was passed that nothing had happened in relation to the development of the small business sector in Barbados, but there were many persons who acquired fishing boats, trucks, and other kinds of enterprises such as small hotels, cosmetiques, hair dressing salons, maxi taxis, *et cetera*.

My own view is that when a minister gets so excited and hot under the collar about simple bureaucratic arrangements as distinct from sticking to what is his responsibility, which is to identify for the country how we are going to take the sector along and how more people are going to benefit; not only from the bureaucracies that he sets out in here today and not only from the existence of the legislation, but from some higher commitment that either his political party or he temporarily holding the portfolio, has for the development of the sector.

That is what in here is about, putting before the country the policy design that informs your decision. Let us take it from 1994, that is what the Honourable Member wants us to do. I am very glad that the Honourable Member for Christ Church East is in the Chamber because perhaps he can explain it, since he did not do so in the last Budget debate.

On page 46 of the Economic and Social Report it states that in 1998, the available data from the BIDC showed that 19 small businesses were started with total initial capital of \$403 400. Despite the arrangements which the Barbados Labour Party credits itself as having put in place since September 6, 1994, this Economic Report, the authoritative document published by the Government of Barbados, published that data against a background that the Prime Minister of Barbados in every single Budget since 1994 put incentives in place for small businesses. Against a

background that the Ministry of Industry and Business put in place institutional arrangements for the institution of the small business sector. Against a background that although they were delayed, eventually the Government put in place financing arrangements for the small business sector. Against a background that in this Chamber the Government talked - and only talked - about offering more contracts and patronage from Government's resources to the small business sector.

If those 19 businesses were divided by the capital that was put into them initially and I assume that initial capital represents the start-up figures for those businesses, it will indicate why many of the provisions of this legislation and the requirements of this legislation are nonsense.

Nineteen small businesses with initial capital of \$403 000, not \$403 000 000 and yet in this legislation, if you look at it, you will see that essentially what one is focussing on, Mr. Speaker, Sir, is not division as to how one is going to create more of these small businesses with capital of approximately \$100 000, or even in many cases less than that, but how one is going to put in place a bureaucratic structure which, at the end of the day, will do more to strangle them than to assist them in carrying their enterprises forward. 12.40p.m.

So 43 new businesses were created with an initial capital of \$403 000. The Report said, and I quote, "This was substantially below the 1997 performance."¹¹

There are more incentives, more institutions, more old talk from the Government, new officers employed, new superstructures put in place and it was substantially below the 1997 performance when there were 43 new small businesses which generated 115 jobs and had an initial capital investment of \$1.5 million. In 1997 according to this Report, 43 businesses were created. In 1998, 19 businesses were created which is almost a 60% reduction on the 1997 figure at a time when the Honourable Member for St. Michael North was still saying that Government was strongly committed to the small business sector in Barbados. There was no disbursement of venture capital. The Barbados Development Bank was closed for nearly three years. The Honourable Member for St. Michael North said that the Government was committed and the statistics tell a story. He has not contradicted them. His statistics went far back and were not relevant to what is happening in Barbados in 1999 which is the problem. He was more interested in Royal Westmoreland and the Barbados Cruise Terminal, all matters about which he obviously does not understand what he is talking, even though he was the junior Minister to the Honourable Member for the City. It means that either she did not know and therefore pass on the lack of knowledge to

him which is quite possible or he, himself, in that particular position failed to appreciate the background to the matters that he is discussing.

Mr. Speaker, the Bridgetown Cruise Terminal -1 want to get to that first and I am sorry to digress on that but he made heavy weather of it. Government, as I understand it, still owns 40% of that enterprise and if Government's shareholding is put with the Class C shareholders - in other words the 162 Barbadians, by and large, who owned shares there - when Government's ownership is added to that, they together own 60% of the shares and only 40% of the shares are held in the hands of what the Honourable Member for St. Michael North called big businesses.

Let us say that we complain about the Cruise Terminal and that we accept that complaint, since you want us to accept it, then the answer to that complaint is not to get in here and grumble and try to bureaucratize the small business sector. The answer to that complaint would be to articulate a new vision for the small business sector to ensure that the preferential arrangements which have been put in place at the Cruise Terminal, to facilitate the building of that structure, the significant increase in traffic for cruise tourism at our Port as well as the new businesses that were set up and located in the Port - let us say we discounted all of that, the Honourable Member for St. Michael North had a duty today, at least to tell us that he was coming with a totally new and revolutionary approach in which he was going to move in an amendment to this legislation to guarantee that 40% minimum of all government contracts in Barbados would be granted to small businesses in this country. He truly would have made a very significant development. He would have taken a bold step which we on this side will have no choice but to congratulate.

Let me tell you some of the things that are happening, Mr. Speaker. There is a newly established government corporation which makes loans to small business people to purchase stock. Recently, a friend of mine went to that enterprise to get a loan to purchase some stock. He got a loan of \$6 000. They did not write the cheque out to him. They wrote the cheque directly to one of the largest Bridgetown merchants. He told them that he does not buy his stock from them. They told him that he has no choice. He went down to the Bridgetown merchant hoping that he could buy \$2 000 in stock and get back \$4 000 so that he could then spread it among the people who drive their cars to the shop to sell to him. The merchant told him 'no' that he has to buy all of the \$6 000 in stock now from his enterprise. On one hand this Government is giving the impression that it is helping small business in Barbados by providing them with capital and resources to buy stock and undertake improvements but on the other hand the corporations are insisting that the money be spent with the large businesses in this country. I see the Honourable Member for St. Philip South nodding and I

assume therefore that he would put a stop to that. It is very hurtful to me to think that that kind of nonsense could be going on in this day and age and I urge him to take a look at what is happening at one of those newly established corporations under his portfolio. It is not only happening in there, if the Honourable Member is foolish enough not to believe it, he can go and check the facts for himself. At the end of the day, the fact is that that small business person had to buy all \$6 000 in stock from one Bridgetown merchant.

Mr. Speaker, if that is the direction in which the Government is going in relation to the development of small businesses then we will never make any progress in Barbados. In addition to that, if the principal problem that a lot of those small businesses are having is one of cash flow, the best way to solve that, is not to send them down to the Urban or Rural Development Commissions or Fund Access for a loan. The best way to help them is to secure contracts for them to supply Government with certain goods over a limited period of time as long as they meet certain employment and business targets.

If you took a small pharmacy - well we have a Drug Service in place - in Oistins and you told the owner that you are going to allow him to supply the Queen Elizabeth Hospital with non prescription goods and other items monthly for the next three years on the basis that they reach certain employment targets and their turnover achieve a certain amount in the period of those three years, you will truly help small businesses in this country. 12.50p.m.

What is happening is small business people are butting around all over the place to all of these different corporations, commissions and entities and when they go, as I say, to borrow money people are always trying to lock them into certain arrangements which favour big business in Barbados and that cannot be helpful,

That small businessman could have taken that same \$6 000 from that Government corporation and the salesman who visits him with an open back van every Saturday morning, he could have bought some of that stock from him giving him something to help his family and develop his business. He could have gone to some of the smaller agents and purchased something from them as well and that would have had the spin-off effects in terms of creating new businesses in Barbados and allowing others to create jobs. If at the centre of your small business strategy is the creation of jobs and opportunities, then this piece of legislation is not going to achieve that and even the arrangements that were in place before that are not going to achieve that.

Mr. Speaker, even if you go further down, the Economic Report page 46 says:-

"Through the assistance of the BIDC - Small Business and New Enterprise Division, 30 companies were established in 1998 compared to 37 in 1997."

Again, you have a reduction.

It says:

"For 1998, total investment reached \$44.1 million compared to \$59.2 million for the same period in 1997. New enterprise investments accounted for \$2 million in 1998, compared to \$5.7 million in 1997, while investments in expansions fell to \$42.1 million from \$53.5 million in 1997."

Now the Minister must have regard for those statistics. Those were not statistics printed by the Opposition. They were printed and published by the Ministry of Finance and Economic Affairs. It should have been against that background that a new Minister coming into office in 1999 should have been examining where we are today and designing the policies that would take small businesses further along the way. There would not have been anything in this legislation, as I say, that would have achieved that because apart from bringing all of the disparate concessions in the other arrangements which already exist and imposing some new conditions on small businesses in Barbados, this legislation does precious little else in terms of advancing a vision for the small business sector in Barbados.

The Honourable Member also referred to the Venture Capital Fund. I do not know if he wishes to blame that on the Democratic Labour Party as well because his principal objective in this debate was to blame everything on the Democratic Labour Party.

The Ministry of Finance wrote a cheque and was giving it to a company in which two people, not the Small Business Association, two individuals were the shareholders. They were the signatories to the bank account. It was as a result of the Small Business Association having to intervene and get the Government to reverse that process of giving the \$2 million essentially to two individuals that the whole confusion started.

There was a big picture, Mr. Speaker, in the newspaper of the Prime Minister presenting an oversized cheque to the Small Business Association, launching this major Venture Capital Fund three years ago. Then the cheque was written out and deposited in the name of a company, SBVC Incorporated. I have the facts here and I do not intend to quote from this document at this time because I believe the Honourable Member for Christ Church East is familiar with the facts. They then had to replace the directors. Then the persons who were named as the directors and shareholders had to sign a transfer and transfer the shares back.

The Government had been reckless enough to put \$2 million in the hands of what was essentially a private company where two individuals were the shareholders and the directors. It was bureaucratic bungling at the highest level.

Hon. R. R. FARLEY: Mr. Speaker, on a point of order. The Honourable Member is trying to introduce into the records of this House a statement that does not square with the facts. It is totally and patently inaccurate. The Honourable Member, I suspect, is very much aware. The inaccuracy is that the two persons who incorporate the company, it is not a private company, were acting on the instruction of the Small Business Association. Two persons were the nominees to form a company owned by the Small Business Association. Government therefore was not reckless in that regard.

The Honourable Member is misleading the House in that what he is saying is totally inadequate. He is imputing either improper motives to the Government or recklessness, both of which are totally false.

Mr. D. J. H. THOMPSON: Mr. Speaker, let me give the facts surrounding the Small Business Venture Capital Fund that I assumed the Honourable Member was going to give. I am very disappointed that he did not do so.

A request for a legal opinion had to be sought by the Small Business Association against the action of some of their own members. Why would that have been so?

Aside.

Mr. D. J. H. THOMPSON: The Honourable Member says it has nothing to do with Government so you mean that I could just walk into the Cabinet Office and receive an oversize cheque from the Prime Minister without anybody checking the background as to who owns the company? Could that happen and would that be acceptable?

Let us go through the facts. The gentleman who was President of the Small Business Association for three years until February 1996, was instrumental in obtaining this \$2.4 million from Government for venture capital to be directed to the small business sector.

The President had been given a mandate by the Council of the Small Business Association to pursue the formation of a company to administer the fund. The Council approved funding for the registration and incorporation of this company. The President then informed the Government - and if I had a document in my possession I would quote - We have incorporated a company. He informed the Government of that prior to the company being incorporated

because that letter to the Government, as I understand it, was written on February 1, 1996.

The Honourable Member can contradict me in his speech or I will sit down if anything I am saying is incorrect at this stage. I am quite willing to do so. I do not believe in misleading the House.

The President, he and a lady who was either a management or business consultant, then incorporated a company called Small Business Venture Capital Inc., SBVC Inc., as I called it just now, using his own funds I do not intend to call any names, Mr. Speaker, because I did not give you notice. There is always a very unfortunate interpretation once you call someone's name, even if you are saying good things about them that you are abusing them and, therefore, I will avoid calling any names.

Those two were the only directors of the company. The company was incorporated on February 6, six days after that letter had been written to the Government that a company had already been incorporated.

The Council of the Sm. 11 Business Association had to request the President and that individual to name the Small Business Association as sole shareholder and transfer 100% of the shares in the company to the Small Business Association. They agreed to this verbally. Subsequent to that, correspondence was then received from the Government, before that shareholding issue was dealt with, that the funds had already been deposited in the SBVC account. Government had the proviso, which is quite correct, that it should be held in trust.

Following this, those two individuals withdrew their offer to sell their shares to the association after verbally saying they were going to do so and while the \$2.4 million was already in the bank account in the name of a company in which they were the sole shareholders.

It was not a secret, Mr. Speaker, because we came in this Chamber - the Honourable Member for Christ Church East was not here then - and pointed out to the Honourable Member for St. Peter exactly what was happening but he had his reasons to defend the actions of those individuals at that time. 1.00p.m.

The Council made the decision to request the President to give a report on the status of the company and the funds lodged in the account. He then gave a verbal report and the Council was not satisfied with that report and they had to take the position, based on the correspondence and the discussion which had been held prior to the establishment of the company and upon which the funding had been obtained,

that the SB A was the *de facto* trustee of the funds lodged in the account. I believe that if the Honourable Member for St. Thomas had given the SBA an opinion they would have been wrong to make any such assumption.

The Council then requested that the President and the lady resign as Directors. They neglected to do that. This is the best interpretation the Council put on it that the two people neglected to resign. All of this was public knowledge. Therefore the Council had to dismiss the President and the lady as Directors of SBVC Inc. They then had to meet with Government to inform the Government what had transpired. They then had to appoint new directors to the company to be trustees of the funds in the account until the procedure for the administration of the funds had been sorted out.

Essentially there were no procedures in place by the Small Business Association or the company in which these two individuals were the sole directors and shareholders for the disbursement of that venture capital fund. They could have cashed the cheque or rather written a cheque on their account, taken the two million dollars and applied it to any purposes which they wished. That had to be bureaucratic bungling at all levels, because no Government should make \$2.4 million...

Hon. R. R. FARLEY: On a point of order. The Honourable Member knows that he is speaking with a forked tongue in this matter. The Honourable Member himself indicated that the money when handed over, was handed over in trust and therefore those two persons could not have had access to writing any cheques on that account during the period. Those two persons were the directors for the purpose of incorporation and, as he quite rightly said, they did not act properly by way of making the change at the meeting of the company. In any case, no matter how difficult they were in those circumstances they could not, given the nature of the arrangements which were put in place by Government, have access to those funds.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I believe that if the Honourable Member for Christ Church East would talk to the attorneys on either Side of him he would know that there is a welter of discontent throughout the world on the way in which trustees and purported trustees deal with trust assets. To have given the impression that you had given the money and then hope that the trustees would have acted fairly and honestly is negligence at the highest degree.

I remember when Pinelands was getting money from the IDB and those other entities, they had to set up the Educational Trust first and had to put men of stature as trustees of that trust before they received a cent. It was not \$2.4 million. It was as a result of the Democratic Labour

Party keeping noise about the way in which other funds were being disbursed, that other entities had to set up very rigorous arrangements. However, the Small Business Association - on what basis I do not know - was allowed to enter into this arrangement with the Government until such time that eventually they had to meet with the Parliamentary Secretary in the Ministry of Finance, who sits in the Other Place, and had to get the Ministry of Finance - all of this took place until April 12, 1996 - to take further action in the matter and then they had to seek a legal opinion on the question of the fund and on the 19th of June, I believe, the Permanent Secretary of Economic Affairs wrote to Mr. Clarke saying that "the Prime Minister is very concerned about this situation". Now if there was no bungling, why would it concern him? What part concerned him? If everything was in order, what was his concern?

It was not that the money was not being spent. That was not the concern. The concern had to be that the arrangements for the disbursement of the money and the entity which was established were not properly set up and therefore a meeting was convened on July 12 at 10 o'clock in the morning in the conference room at Government Headquarters.

All of that is a historical sequence on this matter. My credibility does not rest on this. There may be people in here who know more about it than I and should have dealt with it. This reminds me of a number of other scenarios currently taking place for which we have given warning time and time again and the Government allows those situations to persist. That is the story of the venture capital fund and if the Honourable Member for St. Michael North never heard it before, at least when we go downstairs he should congratulate the Opposition for bringing him up-to-date on the matter of the way in which the Venture Capital Fund was established.

Having established it, Mr. Speaker, we are now in 1999 and the most the Honourable Member for St. Michael North can tell us is that the first disbursement would be made in the year 2000. Inflation from the VAT would have knocked a good 20% out of the value of that money between 1996 and now, so it is now not even at the value that it should have been at and therefore probably cannot do as much as it would have done initially.

I am making an appeal, assuming that the procedures have been followed, for the Minister to take account of that and supplement the amount given to the Small Business Association so that they can truly undertake their mandate.

So that is the Venture Capital Fund and if we want to take lunch now, I will finish when I come back.

SUSPENSION OF SITTING

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this Sitting be suspended until 2 o'clock in the afternoon.

Hon. G. W. PAYNE: I beg to second that.

The question that the Sitting be suspended until 2.15 o'clock in the afternoon was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly. 1.10p.m.

RESUMPTION Mr.

SPEAKER: This Sitting is resumed.

Mr. D. J. H. THOMPSON: Mr. Speaker, there are a couple of points I want to bring to the attention of the Honourable Member for St. Michael North. I hope he would be able to take a look at them in terms of the Bill itself and in terms of the overall policy for small business.

I think, Mr. Speaker, Sir, that when one looks at the concessions which are offered in this legislation to small business, particularly against the criticism that big business was given all of the concessions before, it was quite alarming to me when I went to work in the Ministry of Finance to discover that a lot of these burdens that the Small Business Association and the manufacturing sector say are placed on them, that when the records are checked, most of those obligations are not even being met. Many of these businesses are not paying corporation tax in any event and many of them owe the Comptroller of Customs import duties and arrears. They owe something like \$33 million in arrears with no effort made to clear those arrears. When one looks through the list of concessions that were offered, apart from some who may already have the concessions, one sees that many of these are not being paid. Therefore, this legislation will bring many of these small businesses into the tax net. One hopes that in doing so, the excuse would not be made that additional burdens would have been placed on the small business sector.

Many of these businesses are not incorporated, most of them may be business names under the business name legislation and therefore would not be paying corporation tax now. They would not, in most cases, be paying withholding tax on dividends and interest earned on investment. They would not be paying, in many cases, any income tax at all and the incentives which are given for people who invest in new shareholding would not apply because they are not incorporated.

In a sense, these incentives are applicable essentially only to those businesses which are now going to incorporate and which are now going to come under the legislation. In fact, many of these so-called incentives may have the opposite effect in that many of those small businesses will now be meeting obligations which, prior to that, they did not pay.

History is replete with examples of small businesses owing National Insurance and duties, taxes and other obligations. Yet, at the same time, as a group, many of the sectors which ask for relief from these obligations have not even been meeting the obligations from which they asked for relief.

That is not to say, though, that a regime should not be put in place. I think it is important that we do offer incentives. What is more important though, is that small businesses be given an operating environment in which they can assess the tremendous amount of Government contracts for goods and services to assist them with their cash flow and actually help them build their businesses rather than to be dependent on loans which, eventually, they will have to repay with interest.

I think that apart from guaranteeing small business 40% of Government's contracts for the supply of goods and services, what also needs to be done as a matter of urgency, is for the Government to put in place the new arrangements for bankruptcy and for the priority of creditors. This is very important because many small businessmen have to mortgage or pledge all of their assets including their personal homes, motor cars and other items, therefore, when the business runs into difficulty, Mr. Speaker, Sir, their entire life can collapse. I believe that we need to have appropriate legislation. I think this would have been a good chance to look at that and to ensure that the way in which those debts are worked out does not create problems for the small business owner.

Under the Landlord and Tenant Act, my recollection is that there are certain items that you cannot take up because they are tools of trade. I believe that apart from these incentives that some form of protection needs to be offered. Not in situations where the owner of the business has acted fraudulently but where, in good faith, he has pledged personal assets to get capital to run his business that there should be some way of working out the debt, should the business run into insolvency or bankruptcy without him having to surrender his family home and other family assets.

This brings me to a second and very important aspect of the policy of the development of small business. I urge the Honourable Member for St. Michael North to be creative in this regard where people are involved in family enterprises. Where there is a succession plan in place, then

additional support from the State, to my mind, should be directed to those businesses. What we are doing now is setting up small enterprises which, very often, may not last a generation. What I think the focus of the Small Business Division and the Minister should be on, is a form of succession planning that see these businesses succeed from generation to generation based on some of the recommendations that we have made, together with some of the provisions of this legislation.

Mr. Speaker, Sir, there are just four other points that I want to make.

Asides.

Mr. D. J. H. THOMPSON: Yes, you can say that part of your policy is that family owned businesses that sustain a family will be given some significant place where a man provides opportunity for his wife to work and for other members of his family.

Asides.

Mr. D. J. H. THOMPSON: There is nothing wrong with that. Just because it is not done or it does not appear in text books, it does not mean that one cannot be creative. It is the culture of the country that supports that kind of thing. I am saying that it should be looked at and it will build families. If it can be extended to communities, all the better. Where a businessman is involved in a community enterprise Government should give the kind of support and recognition to the development of that enterprise through the granting to substantial contract for goods and services, as long as the quality of work is good and as long as he keeps to the pledge to build the enterprise and create more jobs and meet certain targets. That is what is important.

Asides.

Mr. D. J. H. THOMPSON: I am not telling anybody to give away Government's money. What I am saying is that the award of Government's contracts can be tied to performance. Performance in terms of employment targets. Performance in terms of the vision of the enterprise and performance in terms of the benchmark that the business makes over a period of time. Many of the Asian economies have been built on the basis that they took men functioning in the distributive sectors and gave them contracts to supply government with goods and services, on the basis that they diversified their enterprises and focus on exports because their principal focus was to have an export competitive economy. Of course, when the first ten people are identified, everybody is going to say that partisan politics came into consideration.

Asides.

Mr. D. J. H. THOMPSON: There is benevolent dictatorship in Asia, but in our system there is need for more transparency. It is still possible for Government to select ten businessmen per year coming through this system. On average, if 25 new businesses are created, those businessmen can be locked into a particular strategic vision, as long as the focus is on exports and the earning of foreign exchange and as long as they meet certain employment targets and as long as the businesses contain certain broadly accepted values and business ethics that we think that are acceptable in terms of the business relationships that we should have in our country, as long as they function transparently, we can offer them even greater incentives and more Government patronage or concessions to achieve those goals. 2.25 p.m.

If there is the belief that just by passing legislation, setting up the structures and identifying in the schedule to the Bill, 15 or 20 areas of activity that people should be involved in, that these businesses are going to evolve out of the blue that, there is no practise of discrimination between a business that earns foreign exchange and one that does not; there is no discrimination between a business that is using more modern technology and one that does not; there is no discrimination between a business that creates jobs over ten years and one that does not; then we are not going anywhere. The Minister has to tell us in this debate what ideals should be pursued, or the objectives or the strategic vision for any new business that is established. We cannot have a nation of people who are going to be simply getting involved in the same kinds of activities, perhaps with a little more, skill, than their predecessors.

Therefore, even among the 16 activities that have been identified, there are going to be differences in the way businesses can get off the ground. There is a difference between getting a fishing operation off the ground and getting personal care services off the ground because one may be more capital intensive while the other one is more labour intensive. Therefore it is not just technical assistance. The small business policy also has to be designed to take care of those nuisances and differences in the way different enterprises function.

There is a difference between running a nursery school and starting up an 'O' level institute or maintaining it.

Aside.

Mr. D. J. H. THOMPSON: Sir, that brings me to another point. There are lots of people, particularly people in the tax offices in Barbados, accountants in particular, who will advise that when setting up arrangements for small businesses, the first reaction of big business is to spin off small businesses to get benefits from this legislation and they

say that as if that is a bad thing. To my mind, that is a good thing as long as the process of spinning off those smaller enterprises brings new people into the management of those enterprises, provides more focus and quality to the way in which those services are delivered and as long as more jobs are created by spinning off those smaller enterprises in the process and in most cases that occurred.

I heard the Honourable Member for Christ Church East mention that one day and the Minister today mentioned it. Do not let that issue of bigger businesses breaking down into smaller units be a deterrent from focussing on the development of small business. Once the appropriate framework is set in place, more small businesses will be developed in Barbados and I am certain that more jobs will be created and more wealth will be spread. In all the reading that the Honourable Member did about small businesses, one point that he did not make, which needs to be made and it needs to be made in the context of what he said at the beginning about big business, small business does not grow unless big business also grows and that is one of the basic rules of economics or business practices. Those small businesses have to feed into big businesses. Therefore what was needed in bringing this legislation and it is critical, is to find that linkage between big and small businesses. Why do you think that the son of a major enterprise on Broad Street could establish the first mutual fund in Barbados, as a small enterprise which probably will now grow eventually into an enterprise larger than the one his father owns? Why do you think that certain contracts for cleaning are given to certain people? Why do you think the *Nation* Newspaper allows certain people to write columns in that newspaper? It does not have anything to do with the quality of their writing.

Asides.

Mr. D. J. H. THOMPSON: It is because they are shareholders, that is a fact, it is as a matter of policy. It is also like that in the United States, in the free enterprise scenario and it is so throughout the world. They believe in keeping their shareholders happy and what you need to do therefore is to establish the important link between the ownership of big business and the ownership of small businesses.

Therefore, the third caution I will make is that in the creation of small business culture and enterprise in Barbados, there should not be the total delinkage of ownership relationship between big business and small business.

There is a nexus and the way to strengthen that relationship between big and small business is precisely through the ownership structure. It is not coming through any tax policy. It is not coming through this legislation. It is not coming through anything you or I say inside here.

There is always a reason why someone starts a new stationery and do well. Invariably that has been hived off from one of the established stationeries in his country and he was a manager of that stationery for 20 years. They decided they did not want to be in that business anymore and they gave him the first option and he bought their goodwill, got some of their clients and a relationship was developed.

Do not ever forget that it is important that those young people going into business in Barbados establish linkages to big business. When they go into certain businesses in this country, they must be able to tell the owner, "Listen, I am one of your shareholders." When they go into CIBC they must be able to tell the owner, "I would like the contract to clean your building in Fontabelle. I have 500 shares in CIBC". My own view is that immediately a relationship will develop or a sympathy or empathy will be developed on the basis of that.

Likewise, it does not only relate to big and small businesses. I think that the Minister's vision as to how these enterprises should be established is far too limited. The Government itself can spin off a lot of small businesses in which the Government initially has a shareholding, many small business enterprises can be spun off. Again there needs to be a much more creative approach to the development of small business in Barbados. 2.35 p.m.

Apart from Government existing patronage which can be granted by way of contracts for goods and services, there are a number of things that Government does that could be done by small businesses in Barbados in which Government could initially have an ownership stake where because of that ownership stake, certain concessions and incentives could be created for that business. You will therefore essentially have ready-made business opportunities flowing not from this legislation but from a creative policy from the Minister's head. That is what we want to hear in here because this legislation alone will not create a single new business in Barbados. What this legislation will do, is it will ensure that they are registered. It will ensure that those who wish to benefit by forming corporations can do so. It will ensure that Government has information and a sense of how the formal aspect of the sector is performing. There is also a whole range of other possibilities that a creative policy could produce.

I hope that the Minister is not limiting the range of his vision to the provision of this legislation, because this as I say, is for the bureaucrats. This does not speak to the issue of policy initiatives that a Ministry should be undertaking for the development of small business in this country.

That brings me to yet another aspect of it. That ownership of the business itself is not always the most

significant criteria. It may very well be control of the enterprise that is more important than the actual ownership of the enterprise. Therefore, we are still so caught up with the notions that the majority of Barbadians do not have an ownership stake in business that we design legislation that focuses on ownership. In fact, my own belief is that what is most critical in terms of changing economic relationships in Barbados is who controls those businesses. Even the smallest business enterprise is essentially out of the control of the owner because of being locked into arrangements with a banking institution or with creditors. You have scenarios here in Barbados where small businesses are in receivership and where the control of the enterprise is not with the owner of it. There are also scenarios where people own businesses but do not wish either to manage or control them. Therefore, I think when one is focussing on a small business enterprise one also needs to focus on who controls that business. Without a doubt, in Barbados today, the lands in the sugar industry do not belong to the Government, so ownership of the land has no impact anymore on the control of the sugar sector. There are other enterprises which are owned by the majority of people. I heard somebody at the Barbados Labour Party conference making that point, that despite ownership by the majority of people that element of control that should come with that ownership does not obtain.

Asides.

Mr. D. J. H. THOMPSON: Ownership of the enterprise is therefore not the most significant determination.

Asides.

Mr. D. J. H. THOMPSON: You are talking about the strict legal aspect of this legislation - until you go beyond that aspect - you can create enterprises using Government assets in which the control of those enterprises, even though the asset is owned by Government, is placed in the hands of people who have the skills and ability to add value to the enterprise. That is what I am trying to say. Likewise, there are many private sector individuals who would put up capital where they find that the vision of the person who is supposed to be the Chief Executive Officer or the mover behind the enterprise is going to add value to the investment that they make. Any small business policy needs to reflect that. Every person who owns a business or who has an ownership stake in a business does not necessarily control it. Therefore, you need to understand that as the world changes, ownership of businesses is also going to change and change very quickly. Therefore, you need to move away from very strict application of legal rules which do not achieve what is considered to be creative and sensible goals for the development of small business in Barbados.

The development of small business in Barbados is not only an issue for the owners of the businesses but also for

those who would get jobs from the creation of those businesses, the Government that will get revenue from the taxes and from the earning of foreign exchange; the sharing of wealth; all of the other stakeholders; and the satisfaction that the society has when more people participate in the process of economic development. If the development of small businesses is not seen as contributing in a significant way to the development of Barbados, then we will be wasting time in here today. Therefore, I am urging the Honourable Member for St. Michael North to take heed to those points.

Asides.

Mr. D. J. H. THOMPSON: The Honourable Member for St. Michael North also needs to appreciate that based on recent experience even the institutional arrangements that have proceeded this legislation has not been successful. Why it is that they have not been successful? I am not talking about the young people I saw at Sherbourne during BIMEX. I am very happy for them and congratulate the Government entity that has assisted them. Those are far too few and there is too limited a range of activities. I believe that based on the information that has been provided in the Economic Report that the Minister needs to seriously examine why it is that the institutional arrangements so far have failed to deliver. Unless he is going to be able to tell us that in 1999 there has been a dramatic reversal of the figures that occur in that Economic Report. It is really on that basis, Mr. Speaker, that we rest our case.

The Democratic Labour Party is interested in seeing the rapid development of small businesses and new enterprises in Barbados. There are a variety of ways to achieve this, by legislation, active policy, greater use of the traditional private sector to expand its ambit, creating new opportunities for an emerging and widening private sector and tax policy. These are going to be meaningless unless somebody within the halls of Government looking down through the annals of history analyses why it is that small business development has not taken off in the way that one would have anticipated, and therefore comes up with a vision and a strategy into which - as the Honourable Member for Christ Church said - all of us can buy in. I saw that language used in the paper last weekend. A vision that we can all buy into that achieves the goals of broadening the economic base of Barbados, changing both ownership but more importantly the control of economic resources in our country, that puts Government at the centre of an active programme to do all of this working together with the private sector and the labour movement in our country. Unless the Barbados Labour Party is able to produce a minister that has that vision, complemented by the new legislation, then the small business sector will go nowhere. What we anticipated today from this debate was hearing that creative vision and the Minister showing us the energy that is going to accompany that vision to ensure that

we have new economic arrangements, as many say, as we enter into the new millennium. Thank you. 2.45 p.m.

Hon. R. R. FARLEY: Mr. Speaker, I rise to make a contribution to this debate which is on the Small Business Development Act, an Act for the establishment of a regulatory framework that would facilitate the growth of Barbados' small business sector by granting that sector certain benefits of a financial, technical and institutional nature to enable it to play a greater role in the socio-economic growth of Barbados.

Mr. Speaker, the wording of the Objects and Reasons of this Bill attempts to set the matter in context. Once the Bill would specifically deal with prescribing certain benefits of a technical, financial and institutional nature, it is set within the context of allowing these businesses to -play a greater role in the socio-economic growth of Barbados. It is against that background, Sir, that I want to make my contribution.

First of all, Sir, there is a lot of philosophy and a lot of commitment behind what is being done today. The enactment of this legislation is but another step in a process in which this administration has been engaged from the time we assumed office in 1994.

Mr. Speaker, this is already a document of the House, the Barbados Labour Party's documents of 1994 and 1999 which would have indicated our vision for small business. I will start by indicating first of all -just to make sure that everyone understands as, unfortunately in this country when persons speak about business they have a very narrow and blinkered view. That is not our perspective.

Sir, when we speak about small business development in Barbados, it is first of all recognising that every person, whether by way of acting as an individual or by a corporate entity that is not involved in Government, is a business. The motor mechanic operating under the tamarind tree in Parish Land, Christ Church, the fisherman operating on the silver sands of Silver Sands, and the not so silver sands in Barbados but beautiful sands, nevertheless, is a businessman as is the manufacturer in Newton, the owner of the hardware store in Bridgetown, the owner of the Ladies' Department store in Bridgetown, and the large supermarket owner in St. Lucy, a very large businessman, the Honourable Member for St. Lucy.

Sir, the other important point I would want to inject at the start of this debate is that for us on this Side while we recognise the importance of focussing on small business, we believe that "small" is only the place to start and it is important for us to recognise that. While we are of the view that there will always be small businesses and they need to

have a pro-active small business strategy, our hope is that they will not be dealing with the same people over the many, many years which is why we do not entertain any phobia against big business.

The question I always ask of those persons who have a hatred of business just because they happen to be big is this. What will happen when the person you helped today as a small business through its efforts is able to succeed and grow his business into a large business? Are you going to hate him simply because he is so large? We do not have any phobia against large business.

What we focus on is helping entrepreneurs to get started and we consider our success as making them bigger and bigger. What we insist on is that those enterprises having benefitted from a facilitating environment and had the benefit of the State's involvement by way of creating a policy environment which engendered growth in their business that they grow up with a social conscience. One cannot expect to benefit from having a nurtured policy environment which was obtained by virtue of Government's policy and then not join the Government hand in hand to deliver on the social aspect of development. It is from that perspective, Sir, focussing on the social economic contribution as outlined in the Objects and Reasons that this Bill is located.

Now, Sir, in our Manifesto, 1999, we outlined a very clear policy concerning how we want to proceed. We said, among other things, and I quote - this is already a document of the House:

"The development of a thriving small business sector is crucial to the creation of a just and equitable society. Economic empowerment and enfranchisement of small businesses is a critical dimension of our strategy to create full employment and to eradicate persistent poverty. The Barbados Labour Party remains committed to the development of a vibrant small business sector."

Mr. Speaker, that is what inspires us to do this. We do not see this in isolation. This is part of the ongoing efforts. What we have recognised is that notwithstanding all the success which we can claim today, because you will recognise, Mr. Speaker, that as we look at Barbados, a multifaceted strategy is required for the development of businesses. There needs to be a friendly, legal, regulatory and fiscal environment. Market opportunities have to be created, and this is where a pro-active approach is required. The institutional support and technical assistance are to build the business capability within the individual enterprises in order to capitalize on the environment as it exists. The creation of the vending facilities at Oistins is all part of that strategy.

Aside.

Hon. R. R. FARLEY: Mr. Speaker, the operation of the Palmetto Mall and the others that are to come, the privatisation of the Transport Board workshop via the sale to workers as opposed to the contractor who own existing garages, the divesting of the Motor Cultivation scheme of the BADMC to its workers rather than merely selling it off as scraps... 2.55 p.m.

Mr. D. St. E. KELLMAN: On a point of order. The Honourable Member for Christ Church East is misleading the House by giving the impression that when the BADMC closed down they gave certain assets to the workers. That is not correct. That was a suggestion made by me but they did not do it, Sir.

Hon. R. R. FARLEY: The Motor Cultivation Scheme of the BADMC has been purchased by the former workers of the BADMC and they are operating it. Divestment is what I said, Sir. The Honourable Member does not know what divestment means.

Mr. Speaker, the Export Marketing Unit of the BADMC is now in private hands of former workers. That is part of the development strategy as well. Announcements have already been made concerning the matter in which divestment of the BADMC and others will be handled in the future.

Sir, notwithstanding those impressive results there is still work to be done. We recognise, Sir, that again stressing on the social aspects of economic development we have to ask ourselves the question, why is there a need for a small business development policy in the first place? Why is there a need for us to have a pro-active approach to entrepreneurial development? The social and historical reasons are very clear. We are starting from a perspective where the deprivation among the vast majority of persons is well documented because of the 1937 riots, the disparity of ownership of assets to the community and all of those reasons.

The reality is that we have to ensure that mechanisms are in place not only to create first generation businesses but also that we create a culture of ownership which is supportive of business, a culture which will see entry into business as equivalent in success as entering into one of the traditional professions of law or medicine, a culture, Sir, which would remove the stigma that even in 1999 still exists, where even parents and teachers still discourage their brightest and best students from wanting to aspire to self employment, to get into business on their own, rather than get into what they consider stable and acceptable employment.

The work, Sir, that is involved is as much legal and technical in this Bill, as it is evangelical. We have the responsibility as the leaders in 1999 to build a place for those in the future and to help to create appropriate attitudes.

The small business people themselves recognise it. In 1996 a survey was conducted using a sample of small business persons in Barbados to have them identify what they consider to be some of the major constraints and some of the major actions which we would need to take. Interestingly, enough, finance was not requisite number one but the matter of attitudes and a culture which has a bias against entrepreneurship and self employment and the like. The failure in the education system to prepare persons adequately for entry into business, those socio-cultural issues were among the key issues identified as constraints.

Our small business development policy is not grounded purely in these technical matters but also in changing the nature of the society. Part of the technical assistance programme in which we have been successful includes that, not just getting persons started in business.

The Honourable Member for St. John quoted from the 1998 Economic Report and he was as correct as the Report is correct but the Report, unfortunately, in its preparation, did not include all relevant information. The Report on page 46, in giving a report on the performance of the small business included that data from the Barbados Investment and Development Corporation and the data when compared one year with another showed a certain performance. However, the report, if it were to be truly representative of the performance of the small business sector of Barbados should also have included the results of the newer entities.

I believe perhaps the newness of the entities was the reason why it did not cross the minds of the drafters to include their statistics.

Mr. D. J. H. THOMPSON: On a point of order. The Honourable Member is misleading the House. Inadvertently, he stopped a little early in the Report but if you go down to the bottom of the page it deals with new enterprise investment. I make the assumption that that is new enterprise investment as a whole. If you can contradict that you should provide the information.

It says:

"Through the assistance of the BIDC - Small Business and New Enterprise Division"

It says what companies were established by them. Then in a new paragraph it goes on to deal with total investment, new enterprise investments and compares that and also investments in expansion. I am assuming that this is not

limited to data from the Barbados Industrial Development Corporation.

Hon. R. R. FARLEY: Mr. Speaker, unfortunately it is. The data reflects information supplied only by the Barbados Industrial and Development Corporation. It really is born out of a traditional approach in preparing reports. Previously, Barbados Industrial Development Corporation was the only agency which would have offered technical support for the establishment of small business and the drafters would have gone to that agency to get their information. What would have happened if they had taken the information from Fund Access which not only provides loans but technical assistance also, is that they would have included the number of new businesses which formed part of the \$169 000 granted and the creation of 100 new jobs.

Similarly the Rural Development Commission were given their latest loan for over \$841 000 and the Urban Development Commission - 105 loans to some \$1 million. What you will find for this next year is that in the Economic and Social Report the statistics will reflect more accurately the overall performance. Part of what you have now is not so much the reduction in the level of overall interest but because you have a number of agencies which offer assistance, you have several options available and therefore a larger market is spread across more areas and it results in a smaller number of cases to clear.

Now, Sir, let us move on to one or two other areas. Again, all of this is part of what was done to support the small business development strategy. In fact, the recent amendments to the International Business Companies Act struck at the very heart of what is the very grand vision which we have for the future of small business in Barbados. We are quite clear that businesses cannot reach the fullest possible potential when there is a market size of 266 000 persons, which is the population of Barbados. We have, therefore, through the Barbados Industrial Development Corporation, for example, engaged in a number of promotions. Last year we had promotions in Suriname, Jamaica, United States and Canada. The reality is that too many crocodile tears have been shed on behalf of the poor small man without taking the next step of lifting the hand to help. It is fine to cry for someone in distress but if a hand is not reached out to help him, you could as well have shed no tears. We are not into idle chatter or idle tears. We are into development of a strong, coherent, strategic programme for the long term development of these businesses. This Bill is only part of that, Sir. 3.05 p.m.

As I was saying, Sir, it is an effort to create a focus and an opportunity for indigenous businesses to grow large and to grow international. In addition to those programmes that I have mentioned, we have recently made an

amendment to the International Business Companies Act. This is particularly important for those companies which are involved in Information Technology and other international services.

It is possible today, Sir, for young Barbadians coming out of the Barbados Community College and the University of the West Indies to establish companies operating in the offshore sector. To be able to participate not as employees in companies owned by non-Barbadians but to be able to participate as equals. Again, Sir, that measure you would not see reflected in this Bill but that measure is part of the wider vision.

Sir, taking a look at the wider environment. There are other measures which are complimentary to this Bill. In fact, this Bill is coming at a time when the Government has embarked on a major revamping of the entire commercial arrangements in Barbados. We all know that the commercial laws within which business functions in Barbados have long lagged behind in commercial reality. We do not see this as being the final solution. This is another day at work and there are other days of work to come. We believe that out of this and other measures we will have an expansion of the number of new businesses. We believe that they will be more innovative, creative and willing to try new things.

Mention has been made of the need to have modern insolvency legislation. That is in the final draft. I believe the Attorney-General has the draft in his hand.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. I want to put this in the record, Sir. A new Bankruptcy Act and new Bankruptcy Rules were drafted since last year and sent out to various interest groups for their comments to be back to me by March 31st. I have not received any comments yet, Sir, but the Bill will be coming soon.

Hon. R. R. FARLEY: Mr. Speaker, the policy behind that insolvency legislation is to bring into our law what is known as Chapter 11 in the relevant United States law. This basically recognizes that in the event of financial difficulty, it is more beneficial to the society in general to salvage aspects of that business, rehabilitate it and render it useful to the society, rather than the old principal of letting the business burn up against the wall and let creditors send it to the knackers, Sir.

You know when a horse is no longer serviceable, Sir, you send it to the knackers. I am being a little graphic to make the point, Sir, of the vast difference between the philosophy and the policy informing the modern legislation which we put on the books and the existing legislation.

Another concept of this modern insolvency legislation is that the tools of the trade could very well be protected in the event of there being problems in the business. We

appreciated, Sir, that not only do creditors have the protection but also that we have to give people another chance to try. Most successful entrepreneurs are people who have succeeded not on their first attempt but sometimes on their tenth attempt. They are not failures as individuals. The individual projects which they tried might not have succeeded but society will be very much the poorer if we do not have an institutional framework which acknowledges the need to put persons in a condition where they may try again and again until they succeed.

Again, Sir, in terms of changes to the commercial environment. Electronic Commerce will make fundamental changes to the way how business is done and will have a profound impact on small business. The Government currently has an Electronic Commerce Committee established. That Committee is looking at the legislative framework which is required in order to facilitate electronic commerce.

We recognise, Sir, that with the introduction of electronic commerce, small businesses have a great opportunity if the environment is created quickly to get in on the basis of the latest technology. We also recognise, Sir, that in the absence of the appropriate environment they are most at risk. There will be the first to cut out of the supply chain. We do not propose for that to happen in Barbados. 3.15p.m.

Our electronic commerce policy will be very pro-active, not so much to establish ourselves as a new market for persons offering electron commerce services from elsewhere, but .to make use of the fact that the Internet technology on which electronic commerce is based, will allow small Barbadian enterprises to advertise, promote and offer their products for sale in a faster and cheaper manner than the traditional mode of business.

If one of these small businesses -which will benefit under this small business redevelopment plan, let us say if it were in to selling software or selling pepper sauce, if it wanted to promote the products internationally via traditional means, it would need to establish an office overseas. It would need to buy time on ABC, NBC or one of the big networks. It would need to buy advertising space in magazines. It would need to hire agents. On the other hand, via the internet and electronic commerce that pepper sauce manufacturer or that producer of software or that musical band, or any other musical band would be able to offer their products and services on the internet. They will reach several hundreds of millions of persons in a shorter time, at a cheaper rate, than would have been possible through traditional broadcast television, through newspapers, magazines and the rest. We recognise that the possibilities are very great for the small businesses that we are seeking to create and enhance in this legislation and that will be coming soon, Sir.

Sir, the Government's Manifesto spoke to the matter of implementing an economic affirmative active programme for small businesses to ensure that they receive an expanded share of the Government's business and are ensured prompt payment for their goods and services. The Opposition speak about a magic number of 40%.

In many Government Corporations the vast majority, if not 100% of the business is done by small businesses: There are 16 well cleaning contractors, cleaning 477 wells across Barbados. There are 27 contractors working for the National Housing Corporation and I could go on and on. If you apply their magic number as a legal requirement, you might actually have to get rid of those small contractors to fall into the 40% number. We are not about that, Sir, we do not want to restrict ourselves to a magic number such as that and the Government will continue to use its procurement policies to ensure the buoyancy of small businesses.

Mr. Speaker, I thank you very much.

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, first, I wish to withdraw the Bill that Members had over the holiday and substitute it with the version that has just been circulated as there are a few amendments that have been highlighted.

I move a motion, Sir, that the original Bill be withdrawn and substituted with the version dated today.

Hon. R. St. C. TOPPIN: I beg to second that, Sir.

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

Hon. D. A. C. SIMMONS: Secondly, Mr. Speaker, I beg to move that further consideration of this Bill be postponed.

Hon. R. St. C. TOPPIN: I beg to second that, Sir.

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

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, that concludes Government's business for the day.

Asides.

Hon. D. A. C. SIMMONS: Mr. Speaker, the House feels rather hot and I suspect that the air-conditioning is not functioning properly,

Mr. Speaker, I am moving the adjournment of this House until Tuesday, 9th November. On the second Saturday of October when I had the press conference, I

indicated then that as soon as the House reconvenes I would propose to the House that under Standing Order No. 58 we should constitute a special select committee of this House. Indeed a joint committee of this House and the Senate on law and order, in order for Members on both Sides to have a regular opportunity to discuss the state of law and order in Barbados, the incidence of crime and to receive submissions not only from the Commissioner of Police, but also from members of the general public.

In fulfilment of that recommendation, Mr. Speaker, I am pleased to submit to the Honourable House of Assembly for its approval, the Members of this House constituting part of the Joint Select Committee on law and order. I am prepared to chair that Committee and the other nominees of the House of Assembly are: Rev. J. J. S. Atherley, the Honourable G. W. Payne, Mr. N. A. Lynch, the Honourable Miss M. A. Mottley and the Honourable Mr. D. J. H. Thompson.

The Members of the Other Place will be invited to nominate three persons, one of whom shall be a Member of the Opposition in the Other Place.

Mr. Speaker, the terms of reference of the Joint Select Committee are as follows:

1. To keep under constant review the state of law and order in Barbados.
2. To receive reports and recommendations from the Commissioner of Police and other relevant authorities concerning the incidence of crime in Barbados.
3. To receive oral and written submissions from members of the general public concerning crime in Barbados.
4. To make such recommendations and submit such reports to the Honourable House of Assembly from time to time as may be considered appropriate.
5. To convene under the Chairmanship of the Attorney-General at least once every quarter.

I beg to move, Mr. Speaker, that the Members whose names I have given before, will be on the Joint Select Committee and that the terms of reference be the terms of reference of the Committee.

Hon. R. C. EASTMOND: I beg to second that, Sir.

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

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this Honourable House do now adjourn until Tuesday, 9th November, 1999 at 11.00 a.m.

Hon. R. St. C. TOPPIN: I beg to second that, Sir,

The question that the House do not adjourn until Tuesday, 9th November, 1999, at 11.00a.m. in the morning was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 3.20p.m.

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