
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, October 15, 2002

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, October 15, 2002.

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. Miss B. A. MILLER (Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade)
Mr. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)
Mr. L. R. TULL, Q.C., M.A. (Oxon.)
Hon. R. C. EASTMOND, J.P., B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C., J.P. (Minister of the Labour and Social Security)
Mr. D. CARTER (Chairman of Committees)
Hon. R. N. GREENIDGE, B.A., LL.B. (Minister Education, Youth Affairs and Sports)
Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands)
Hon. Mr. R. D. MARSHALL (Minister of Public Works and Transport)
Hon. 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
Hon. Miss M. A. MOTTLEY, Q.C., LL.B. (Attorney General and Minister of Home Affairs) (Leader of the House)
Mr. M. Z. WILLIAMS

Mr. T. A. PRESCOD, B.A.
Rev. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Parliamentary Secretary the Attorney General and Minister of Home Affairs)
Mr. D. T. GILL, B.Sc.
Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil (Minister of Agriculture and Rural Development)
Hon. R. R. FARLEY, B.Sc., J.P. (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, October 8, 2002.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that the Minutes for the Honourable House of Assembly for its meeting of Tuesday, October 8, 2002, which Minutes have been circulated, be taken as read.

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

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

PAPERS

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I am commanded to lay the following documents:

1. Value Added Tax (Refund) (Barbados Cancer Society) Order, 2002.

2. Value Added Tax (Refund) (West Coast Construction Limited) Order, 2002.

SUSPENSION OF STANDING ORDERS

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I beg to move that standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's Sitting.

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

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

GOVERNMENT BUSINESS

ORDER NO. 7 – THE SECOND READING OF THE INCOME TAX (AMENDMENT) BILL, 2002

Hon. R. R. FARLEY: Mr. Speaker, I rise to lead to the debate on this Bill to amend the Income Tax Act that is proposed today which will give legal effect to several policies with respect to our taxation which were announced by the Honourable Prime Minister and Minister of Finance in his last Financial Economic and Policy Statement. Sir, in that statement he set the context by speaking of the continuous need for reform of the income tax system.

Sir, I will quote from page 103 of the Financial Statement, Economic and Financial Policies of the Government of August 8, 2001:

“Transforming an economy such as ours, tax reform must be made a permanent part of the economic policy agenda to ensure that the fiscal system promotes job creation, capital formation and the building of a more competitive economy which is conducive to personal initiative and does not work hardship on individuals.”

A number of measures were announced within that broad network and today this legislation, if approved, will give legal effect to it.

Sir, first of all I will speak to the ongoing commitment of the Government to a reformed taxation system. These reforms relate to a reduction of corporation tax and an increase in the housing allowance as expenditure allowable by house owners on several aspects of repairs. It also spoke to a number of administrative reforms meant to improve the operation of the income tax system. Mr. Speaker, the Minister of Finance on that occasion indicated that there was need for the reform of the direct tax system and that measures would be announced which would speak to that reform and these measures would take effect from the income year 2003.

Sir, it is not our business today to anticipate them. Our business today is to implement by way of giving legal effect to those measures which have been announced. I will briefly take the House through these matters since these matters were engaged at the time of announcement, so I would not detain the House with a repetition of those matters. Just for the benefit of Honourable Members, I will quickly review them.

Sir, a major policy announcement was made that the Government is committed to reducing the rate of corporation tax, from the top rate of 40 per cent to a new top rate of 33 per cent and this was to be achieved over a five-year period. The first step in that process today is done by 2.5 per cent to reduce the tax to 35.5 per cent from this income year 2002 and will be further reduced in the next four years to bring this to 33 per cent.

Sir, one of the factors which we considered apart from the absolute interest is trying to have a low tax rate to strike the balance between the need for Government revenue and provision for essential public services by allowing consumers to have freedom of choice in how they would apply disposable income.

We also have to look at our competitive position. Over the last several years, corporation taxes have been falling around the world. The European Union, (EU), average operation tax is approximately 32 per cent, United States of America is 35 per cent, Japan 34 per cent and in our region, for example St. Lucia 33.3 per cent, Trinidad and Tobago 25 per cent and the Dominican Republic is 25 per cent.

Sir, it is the intention of the Government of Barbados to ensure that as we in this region compete for investment and seek to ensure that the players in our respective territories are able to compete and to find a viable place in the market, the Government will seek to use all aspects of its tax policy to improve the competitiveness of our businesses.

Honourable Members will recall that through an enlightened policy on energy which saw a major reduction in the taxes on energy, the Government has been able over the past few years to put back some \$60 million into the economy by way of the tax reductions; tax reductions from 1988 to current. If the taxes had not been changed, it would have cost consumers an additional \$60 million, money which is put back into their pockets to allow them to exercise other choices.

Sir, this reduction in corporation tax is intended to give an additional fillip to the business sector. It is just the first phase process of reduction of this particular tax and we are pleased to give legal effect to it by these actions today.

Sir, I would like to remind this Honourable House that in the Economic Statement, the Minister of Finance indicated that he would next turn his attention to personal income tax and announcements would be made by him in due season.

The Government has a very clear policy but we would want to use the tax system to support home ownership and the maintenance of our homes in Barbados. Therefore, when we reintroduce the deduction for mortgage interest, expenses on repairs and things of that nature which have been removed in the tax reform of the last administration, it was with the view of recognising the importance of home ownership and the maintenance of the households to the Barbadian society.

It also represented one of the important means by which work rendered for the artisan class of Barbados, the class of robust independent persons who are not only able to help us maintain our housing stock but also to provide important avenues for employment. That deduction which was at \$3 500 a year has now been increased to \$6 000. This is specifically to provide for persons who have undertaken the expense of retrofitting their dwellings by adding roof straps, window shutters and other disaster preparedness tools. Additionally, the importance of this measure can be seen in light of what happened when Tropical Storm Lili, though a minimum wind force storm, was able to dislodge a number of roofs in this country and it highlighted the fact that we have to pay attention to ensure that our housing stock is not decimated through the absence of simple devices such as roof straps, window shutters and things of this nature.

Sir, our tax system is being adjusted to allow persons to claim this expense against taxable income. Indeed that is a very laudable objective and I would certainly want to encourage Barbadians to make use of it, in terms of getting the tax benefit as well as the protection of their investment which it will afford.
11.30 a.m.

Sir, other measures which have been developed are more of a technical and opportunistic nature, aimed at improving the operation of the Income Tax Act. For example, provision has been made to impose a penalty, in respect of late filing.

I want to say, first of all that we should consider the sheer volume of work which is involved in processing income tax forms. Back in the year 2000 there were just under 60 000 individual income tax returns filed. Some of them were for persons entitled to the reverse tax credit, persons earning under \$13 000 a year, who were entitled to a payment of \$500 as a reverse tax credit, as well as other taxpayers who would be liable to taxation.

It is important to note, Sir, that this Parliament had previously approved an incentive which provided that for

those persons who filed on time, and who do not receive a return within six weeks are entitled to the payment of interest, so there is a benefit to filing early.

It was also felt that they needed, in support of the benefit, to impose a small penalty. The penalty of \$100 would be due on every return which is filed after the due date. There are, as you would be aware, Mr. Speaker, already reasons spelt out in the Income Tax Act which would allow someone to have a legitimate excuse for filing late. Other than those reasons, anyone who files late, would be subject to this penalty of \$100.

Additionally, there are some positions within the Act which need tightening, as far as enforcement is concerned. An example is the measure in respect of leases. Some leases are subject to taxation. It is a requirement that leases be registered with the Registrar of Titles. This is particularly important because leases these days do not just relate to the leasing of property for occupation but with the prevalence of sale and lease-back transactions, as a means of financing, and this is quite a legitimate form of financing.

There are businesses which do not need to hold Real Estate in the normal course of business. There is no necessity for a supermarket to own a building, for example, Sir, and it could make the decision, if it already had property and it needed to have some financing, to sell that property and lease it back, so that there is guaranteed continuity of operations in the location. They will get tax concessions from the sale, and they do not have the headaches in the future of dealing with the maintenance of property management and things of that sort, but it is primarily a financing mechanism.

Therefore, you can appreciate that the figures involved in some of these transactions can be quite sizeable. These transactions and other leases are subject to tax. However, Sir, the ability of the Inland Revenue Department to be able to secure the tax which is due to it, has been compromised by the fact that some of these leases have not been registered with the Registrar of Titles.

In order to encourage and facilitate compliance with the law, Sir, provision is being made in this Income Tax Amendment Bill for a requirement, that if the parties want to be able to claim the tax benefit which is available to them, they must register with the Registrar of Titles.

These transactions are subject to the payment of stamp duty and property transfer tax. The requirement therefore, Sir, is for persons who want to claim the Income Tax benefit associated with the lease, must have proof that the lessor has registered. Therefore, he is unable to claim unless he has registered. Additionally, the lessee could only claim lease

payments, if the lease is registered. So pressure is put on both the lessor and the lessee to ensure that registration is made. Sir, this administration is designed to tighten the operation of the Act and to ensure compliance.

Sir, additional measures which have been taken include a tightening of a provision which relates to the provision of non-cash benefits remuneration, in this case, the provision of rent-free accommodation.

First of all, let me indicate to this Chamber that we propose to move a sight amendment to the Bill relating to this provision, at the Committee stage. We will make provision for that measure to take effect from income year 2003 and that amendment will be moved later in this debate.

Essentially, there is the provision where rent-free accommodation is provided that based on a 1992 provision, the maximum amount by which the Commissioner of Inland Revenue could gross up a salary to take account of the benefit which is derived from having rent-free accommodation, Sir, was some \$14 400.

As members who are involved in business will be aware, similar provisions exist for things like the benefit of having a fully maintained company car. Provision is made to take account of the taxable benefit which is derived from that activity. Now clearly, Sir, the 1982 figures would not have taken account of the increase in rents and the change in values over that time period. It is therefore proposed to increase that figure from \$14 400 to \$48 000.

Therefore, Sir, the Inland Revenue Department will be able to take account of a benefit up to \$48 000 of being a salary type benefit, Sir, on rent-free accommodation which is provided by businesses to their employees. Like I said, that provision, Sir, will take effect from not this current income year but from income year 2003.

Sir, additionally, there are two other technical amendments which are required. You will recall that in the Budget of 1998, the Minister of Finance indicated that no tax should be paid on income placed in a registered retirement savings plan or an interest and investment income that accumulates in that plan.

As a result, Sir, and to give effect to that, the Income Tax (Amendment) (No. 2) Act 1998 was passed. There was also an Income Tax (Amendment) (No. 4) Act of 1998 which basically implemented those provisions. However, inadvertently, Sir, there was not included a provision to exempt the income of the plan from taxation.
11.40 p.m.

Sir, this policy was not fully reflected in the drafting of the legislation and, therefore, this amendment is being made

to correct the oversight in that particular measure. Therefore, in respect of that, you will note that the income year which is cited for the implementation of that measure is 1998, so this amendment is to provide a technical adjustment to give effect to a policy which was always intended.

Additionally, with respect to the ability to collect taxes where they are due, you will recall that in respect of mutual funds where an incentive has been provided for a deduction of \$10 000 annually to take account of investments in mutual funds and the like that there was a restriction which required that the investment be maintained for at least five years and if one were to divest oneself of that investment under five years that tax would become due and payable. Clearly, Sir, it is easier to collect the tax before the money is paid rather than after it has been paid.

Therefore, Sir, provisions similar to those which are used, for example, in the withholding tax on assets, where you have deposits in the bank and you earn interest of the appropriate levels, the penalty there is being converted to that of a withholding tax. Therefore, if you have your investment in the mutual funds, you claimed your tax benefits previously and you want to cash out before the five-year period rather than in the current situation in which you are paid your money, you would have to make arrangements to pay the tax which is due as a penalty to the Commissioner of Inland Revenue. The Mutual Fund would be required to deduct the tax payable at source, that is, a withholding tax, and pay it over to the Commissioner of Inland Revenue, so there will be a change in the means of the collection of the tax by making it a withholding tax. Sir, those are essentially the proposals which we now seek to give legal effect to by way of this small amendment to the Income Tax Act of Barbados.

I will close now, Sir, by indicating that tax reforms continue to be on the agenda of the Government and that we can expect very soon to hear more of the Government's intention with respect to reforming the income tax system of Barbados.

Mr. Speaker, I am obliged to you.

Mr. D. J. H. THOMPSON: Mr. Speaker, when the Budget was presented in which these proposals were announced, the Opposition at that time did not oppose the specific reductions in taxation where they occur as a result of persons being able to benefit from the deductions in assessing their taxable incomes.

This Bill or the effect of this Bill, because one is never sure, may very well have the impact of increasing the levels of taxation in Barbados or it may even have the impact of increasing the level of compliance in Barbados. Therefore, you cannot look at legislation like this right off the bat, and

I am glad that the Minister did not do that, and give the impression that its net effect is going to reduce the high levels of income tax which are paid in Barbados. Perhaps, I need to say from the outset that the Democratic Labour Party is extremely concerned about the impact of taxation on the incomes of Barbadians particularly on those in the middle class who are struggling to make ends meet.

We have called for a tax relief since we believe that it is a desirable initiative in the context of what has been happening in Barbados since 1992. We have to remember that the last significant income tax reform in Barbados took place between 1992 and 1994 when all but one of the levies were removed. It was the Democratic Labour Party that removed those levies. Levies were extractable directly on a person's income with no ability to make deductions or whatever.

When we carried out an analysis of the records of the Income Tax Department we found that out of the 11 000 persons who were paying income tax in Barbados and who were filing tax returns that slightly less than 2 000 or so were actually benefiting from the long list of allowances which were on the tax return forms such as allowances for investment in public companies, allowances for employees' stock option programmes, the allowances for foreign exchange earnings and so on. Less than a fifth of the persons who filed income tax returns in Barbados were able to get their allowances to go over the \$18 000 threshold for the payment of income tax which meant that the Income Tax Act is really what one might call window dressing. It was a public relations effort where Ministers had successively come to Parliament and offered all kinds of concessions and were telling people that it was these concessions that were contributing to the high levels of savings in the credit unions and to all of these other things, but when the analysis was really carried out very few Barbadians were actually benefiting from the allowances and the deductions that were made. These were cross-referenced and it was shown, for example, how many people had been able to claim in excess of the \$18 000 threshold for house repairs and how many people would have claimed on insurance payments, how many people claimed allowances in respect of savings on credit unions. Those who were able to claim such allowances amounted to about 2 000 Barbadians out of the 11 000 who were filing tax returns.

We have now returned in a sense to the old days where in successive Budgets the Minister of Finance has offered specific concessions both to businesses and to individuals over and above the threshold at which point your liability for income tax kicks in. I will be very interested to know how many Barbadians truly benefit from these concessions. The reason I say that is that the Minister of Finance has admitted that he had put in place a concession or an allowance for businesses in respect of research and development but not

one single business in this country was able to benefit directly from the allowance that was put in place.

The Government has said it is moving toward income tax reform but there is some basic information that needs to be put in the public domain relative to the way the tax system operates in this country so that we can once again lay it bare as we did in 1992 and 1993 so that the public can see the persons who have benefited.

11.50 a.m.

Mr. Speaker, I remember when we had removed the allowance during 1992-1993, the then Opposition Party had viciously attacked the Government and had said that all the concessions the late Tom Adams had put in place had been eliminated, until the information was then made available that showed only one-fifth of those persons who had filed tax returns were benefiting from those allowances. What had been happening was that there was the public relations effect of being able to go out and to say that they had encouraged the development of the credit unions in this country by putting certain allowances in place and that there were also the first signs of employee stock ownership in this country and, therefore, this country had developed as a result of these concessions.

Sir, it had very little to do with the concessions or allowances that were provided by Ministers of Finance as part of the basket of goodies that are being given out during Budget Debates. I believe the current Minister of Finance and Economic Affairs needs to lay bare the information relative to the impact of the allowances that had been given over the past eight years. Let us see whether or not people are benefiting from them. In other words, have people started to build shutters on their windows as a result of this allowance? Previously there was an allowance in respect of installing water tanks and security equipment onto one's home. Let us see whether or not people have responded to these allowances that are given and whether it has the intended effect.

Very often, a number of years after this concession had been put in place, the Tax Department is still trying to work out how to apply it. Sir, even if this piece of legislation is looked at, when one analyses some of the language in clause 4 of the Bill in respect of leases, it could be very confusing. Sir, in calculating the assessable income of a person for an income year, how is the Tax Department in Barbados going to interpret that the following amounts shall be deducted, namely:

16. in the case of a lease, residential or commercial property
 - (I) amounts expended by the lessor in respect of the lease..."

Sir, what does that mean? I believe the Honourable Member for Christ Church West would agree with me that language is very imprecise and I am sure that within the Revenue Department there may very well end up being a lot of confusion about how to apply this section.

Some years ago when the foreign exchange allowance was given, I believe up to ten years afterwards there were still persons who were not sure as to how they would benefit from such allowances, either because of an absence of rulings or because the legislation initially was extremely unclear. Therefore, in these Budget Debates, sometimes when we believe that we are creating a basket of opportunities for the taxpayers, very few people ultimately benefit from these individual concessions. These concessions might have good public relations effect. Someone might install a security system and later find that what was spent on the installation was not even enough to get past the legislative threshold, because back in the 1990s, people were rushing around doing house repairs on the income they had or had borrowed and even after doing the house repairs, they were not going past the \$18 000 threshold.

Mr. Speaker, once again, I think that we need to make that information available. There is no reason why the aggregated information should not be made available to accountants and to persons who have an interest in tax policy, so that one could look through such information and could have a discussion about the direction which our tax policy should take in this country.

Sir, I think what is extremely important is the question as to how many people would have benefited from it. What is the impact, whether psychological or not. Whether all of the new allowances during the last eight years have made a contribution to the strategy in which the Government has implemented its economic strategy for the Barbados economy.

Sir, against the background of what we did during 1992 to 1994, once again we need to look at the entire income tax system in this country and to further simplify it, because that is one of the concerns. We also need to ensure that persons who should benefit from the allowances that have been identified are actually benefiting from them.

Mr. Speaker, in the same way that those departments of Government that give concessions and waivers, *et cetera*, are required, on a quarterly basis, to put before this Parliament a document that sets out how many applications are made, how many have been dealt with, whether or not waivers have been given, *et cetera*, I also think the information about our tax system, which could be very complex, should be presented. This information is vital, not just for us as Parliamentarians, because we are looking at the overall policy, but the rigours of going through the process of

preparing that information is also important for those persons who have to administer the system. These persons have to look at the information and to judge its performance. They also have to look at the impact of their advice on the policy-making at the end of the day when those reports are presented from time to time. Mr. Speaker, it is an important point.

I hope that the pledge to undertake major income tax reform in this country, as was made by the Honourable Member for St. Peter, which I understood was on hold until certain decisions were made in CARICOM, I hope those decisions have now been made and that the people of Barbados could benefit from significant reductions in personal income tax, so that we could move towards the harmonisation of the Corporation Tax at tolerable levels, as has occurred in many of the other Caribbean countries which are a part of the Caribbean Single Market and Economy (CSME). I hope this would be done very soon so that Barbadians could see the true benefits of tax reductions in Barbados. I thank you.

Hon. R. D. MARSHALL: Mr. Speaker, I would like to join this Debate and to support this Income Tax (Amendment) Bill, 2002.

Sir, there are two areas to which I would like to make an intervention, these are clause 2, dealing with the Registered Retirement Savings Plan and clause 9, dealing with Mutual Funds.

Mr. Speaker, a Registered Retirement Savings Plan is a vehicle sold mainly by insurance companies. There are some banks who, themselves, get involved in the marketing and the selling of this vehicle to the general public.

Mr. Speaker, I am quite sure that many of the self-employed professionals in Barbados: doctors, engineers, dentists, architects, quantity and quality surveyors, accountants, *et cetera*, all welcome this piece of legislation.

These self-employed individuals are not in a position to put aside money for their retirement. A person who is being employed by a limited liability company is in a position where that person could benefit for their retirement by the company putting in place a pension plan which would be to the benefit of the employees of the company. A company could contribute to a pension plan on behalf of the employees. The company must make a contribution and could ask the employees to make a contribution to the plan but a self-employed person cannot put a pension plan in place unless he or she has a company formed.

I know that some doctors or dentists offices have what is known as a service company where fees that are collected from patrons are not paid to the individual but to

the formed company. These professionals could then take an income from the company. Now in this regard, these persons are in a position to contribute to a registered retirement savings plan which would mature on their retirement.
12.00 noon

Sir, I am not sure if a person can have a pension plan and also contribute to a registered savings plan but professionals would welcome this as they would be in a position to have an income and I do support it.

Sir, Mutual Fund legislation was introduced in Barbados in 1998 and is another example of Government's commitment to increasing the level of prosperity of the average Barbadian by fostering a culture of savings and investment. The experience worldwide has been that the enactment and implementation of sound legislation is critical to the operation of a successful mutual funds industry.

The benefits to the economy on the whole are tremendous. We have seen both in the developed and developing world that mutual funds make savings and investment by the average man simple, accessible and affordable. In so doing, mutual funds can help to encourage people to save more money and create personal wealth.

Sir, some people are not sure how mutual funds operate or if it is better to put money in a mutual fund as against putting money into a bank account. Sir, mutual fund operations invest money in a wide range of securities such as stocks or bonds. In order to obtain funds necessary to make these investments they offer shares to the general public in exchange for cash and this is the main business of a mutual fund operation.

The mutual fund makes money from the security it buys in two ways. A security can pay dividends or interest in the fund or it can itself increase in value, also, the value of the mutual fund will increase or decrease depending on the investment. Each investor in the fund has a financial stake in the security owned by the fund and the investor makes money when the fund increases and as expected, if the fund decreases, a loss will be experienced by the investor.

Sir, in the United States of America, the mutual fund industry has grown significantly over the last ten years and information shows that investments in mutual funds have increased by \$1 trillion since 1990. Today there are \$7 trillion invested in the mutual fund industry. There were 3 000 mutual funds companies in 1990 and these have grown to 8 000 by this year 2002.

Mr. Speaker, statistics show the importance of mutual funds to the world economy and highlights that it is important to ensure that the whole industry is well-regulated.

I believe today's amendment is an extension of the legislation brought in 1998 and we are now making sure that the system is not defrauded in any way because we are dealing with the savings of ordinary people and it is important that laws be put in place to protect their savings.

Sir, in Barbados there are nine mutual funds which were formed as early as 1985 and they perform reasonably well given the limitations and constraints of this market. It is my belief that this amendment will go a long way towards increasing the level of public confidence and awareness in the industry.

Mr. Speaker, mutual funds in the United States of America, France and United Kingdom are required to have the investment kept away from the company and is given to a custodian to make sure that the fund is well protected. In the United States of America the Securities and Exchange Commission (SEC) has imposed requirements which make it almost impossible for mutual funds to keep their cash and securities with anyone other than a custodian.

Sir, as I said, mutual funds are not without drawbacks and some kinds of illegal activities can come about through investing in mutual funds but legislation is very tight in the United States of America to protect people's money.

I want to cite a prime example of illegal insider activity that can take place. In November 1999 the United States Exchange Commission filed charges against a Brooklyn lawyer, a Dominican by birth, who formed a company in the United States of America which was also registered in Dominica. He committed certain types of fraud and was successful in raising US \$1.2 million from people in Dominica and the United States of America. The fraud was exposed by the Securities Exchange Commission and he was barred from being involved in the mutual fund business for life.

Mr. Speaker, as I said, mutual funds are not without pitfalls but is an area where people can invest their money in a viable way other than through the traditional ways of saving money in bank accounts, credit unions and insurance companies.

Mr. Speaker, this piece of legislation would give mutual fund companies authority to withhold the tax and pay it to the Government.

Sir, I support this piece of legislation.
12.10 p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, I rise on this particular amendment. I want to say from the outset that in any financial policy a government must first set out what is the intention of a particular proposal.

Sir, we are at a juncture where we have to regard whether we are interested in increasing the revenue of the government or expanding the economy of Barbados. I do believe that priority at this time dictates that the expansion of the economy of Barbados must be the most important thing to occur when one gathers that once we were controllers of the amount of goods imported into this country and we were the controllers of the trade policy that we decided to implement in this country. Sir, the truth is, the World Trade Organisation (WTO) is now a minister of trade for the whole world. We can name all the ministers in the world but the truth is, they are now powerless and the WTO dictates how trade arrangements occur on a daily basis.

Sir, with this in mind, we must admit that Ministers of Trade are now insignificant and countries must understand that now their ministers are now insignificant they must find a way to ensure that the impact of the WTO's ruling on a particular country is not regressive but they must find a way to make them progressive. I am saying that any country's taxation policy must be guided in a way to make sure that at the time you are limiting the amount of trade, you must make sure that your taxation policy is such that you relieve the generators that would increase your revenue for you by allowing them to have disposable income. Sir, you must not only do that but you must understand the effects of the OECD's ruling. For example, we are now branded by countries as a tax haven.

Mr. Speaker, some ministers behave as though it is a crime for someone to brand you as a tax haven. The truth is, the same way the G7 use their capacity to produce and deliver goods at a cheap rate, we in the Caribbean must be able to use our capacity of lower rates of taxation to do the same thing. I am saying that the only reason the G7 countries, through the OECD, can make that remark about us, is because we have a taxation system that is beneficial to foreigners but kills the productive sector within our country.

Sir, instead of having a taxation system where we are now talking about reducing it and we cannot reduce it too quickly and where we have a taxation system that now stands at 37.5 per cent because of this new amendment and the outside companies have a taxation system of 2.5 per cent, we must look and see where we can level the playing field which will allow the economy to expand because of the disposable income and the opportunity for people to have money to invest in companies and companies have the capacity to expand in order to be competitive.

Sir, taxation cannot only be seen as raising revenue but must be seen to be implemented in such a way that the economy of a country can be expanded through disposable income where people can reinvest in other companies.

Mr. Speaker, how long can we continue to have a situation where we reduce our competitor's cost but continue to increase the cost of goods that are produced locally? The same time we were reducing their costs we were instituting certain costs within the country which had a rippling effect and regardless to what we did, that particular tax was impacting on local manufacturers. We have to ask ourselves, what are we doing to our own. Are we going to continue to have a taxation system that impacts negatively on our own but impacts positively on people who are competing with us?

In other words, it is clear to me that we in Barbados have not learnt what globalisation and trade liberalisation have taught us. We are behaving as though the G7 should put policies in place for us. We do not understand that the same way the G7 countries have understudied us, we should do likewise and put policies in place to counteract what they are doing without offending the regulations that are in place.

Sir, once upon a time I was one of those persons who believed that indirect taxation was the worst tax in the world. The truth is, when one looks at what was happening in the 1990s, one would recognise that indirect taxation cannot...

Asides.

Mr. D. St. E. KELLMAN: I will expand on this at Budget time. Do not forget that it was the Democratic Labour Party that put the VAT in place. You have to remember that it was the Democratic Labour Party that started the groundwork on the VAT.

Asides.

Mr. D. St. E. KELLMAN: You cannot make me stray from my point.

Asides.

Mr. D. St. E. KELLMAN: The Democratic Labour Party has nothing to be ashamed of. When the Barbados Labour Party took the VAT and continued with the same direct taxation that was in place before, that is what was wrong.

Sir, VAT was supposed to be introduced and direct taxation was supposed to be reduced.

Mr. SPEAKER: The Honourable Member, we would not want to go into that now, please.

Mr. D. St. E. KELLMAN: Sir, this is how we do income tax and corporation tax.

Aside.

Mr. D. St. E. KELLMAN: Sir, there is a reduction in corporation tax from 40 per cent to 37.5 per cent. What are you telling me? Am I supposed to limit myself to income tax when this Bill is much wider than this? The truth is, whenever you are dealing with direct taxation, there is some relationship between direct taxation and indirect taxation. What are you telling me? Are you telling me that I am off course? I cannot be off course.

Mr. Speaker, the Honourable Member is misleading the House by giving the impression that...

Mr. SPEAKER: Honourable Member, he has not spoken.

Asides.

Mr. SPEAKER: Just proceed, please.

Mr. D. St. E. KELLMAN: Mr. Speaker, I would never reflect badly on the Chair, Sir.

Asides.

Mr. SPEAKER: Just proceed, please.
12.20 p.m.

Sir, I am saying that we have to understand what we are dealing with and nobody will believe that because I have been speaking now about the car that is using diesel and gasoline at the same time, and they will be able to take my proposals and use them against me and then give the impression that I am now trying to copy their proposals. I am too smart a politician to allow anybody to trick me, especially when it comes to these particular matters. Sir, no Government, even though they have the power, will take my proposals, use them against me and feel that they will be able to succeed.

Sir, we also have to understand that we have to move away from the taxation, where you take from somebody and then ask them to beg you to give them back something. This world is too advanced for that but that is exactly what direct taxation does to people. You take from the person and then you say to that person, convince me why I should give you back some of your own money.

I am saying, Sir, that if Barbados wants to move forward, it has to implement a taxation policy that encourages people to increase their capacity, instead of punishing people for producing, and that is exactly what direct taxation is doing in Barbados today. It is punishing people for producing, and it is also limiting people from producing. I am saying that we want a taxation policy in

place, Sir, that instead of punishing people for producing, you punish people for using foreign goods. In other words, instead of paying as you earn, pay as you use, and that will be the most beneficial policy because there might be a hybrid between the two and I am not for hybrids.

We have to understand that the foreign reserves of this country are good and the cash flow in the country is good. I do not believe in piecemeal realisation. It does not make sense going to the doctor with a problem when you are strong, and you can have the operation when you are strong and can bear it, to decide to delay the operation until you are weak, and then for the doctor to tell you that he has to cut off this and that, now that you are weak. I am saying that the capacity is here for us to make the change right now. I will not be supporting any piecemeal approach to it, because in order for us to be competitive in this world, we have to make bold decisions and we have to make them now.

We cannot call ourselves a service industry and a service economy and we are not sure which taxation policy we want to implement. We have to make sure that when a foreign or local investor picks up a document on the taxation policy in Barbados that it is clear, not only that, Sir, if we do not do that, we would have wasted our time when we changed the banks interest rates.

Aside.

Mr. D. St. E. KELLMAN: It is not connected, and that is why when I spoke about the OECD, I spoke about the WTO, and now I am speaking about the interest rates. Sir, you cannot have low interest rates in a country and not try to encourage people to save, but you encourage them to invest and do not create the conditions in which they can invest. Sir, you also have to create the climate to reduce the cost of producing.

As long as you have a situation in this country where workers must believe that the only way their disposable income can be increased is by increased wages, you are going to be counter-productive. I am saying that in order not to be counter-productive, you have to reduce taxation and increase the disposable income, so that the workers cannot impact on the productive cost of the particular company, so that they can have the disposable income, they can be happy and they also have the capacity to go and find an alternative job.

Sir, that is what you call economic planning, management and understanding of what is occurring within the economy of Barbados. There is a belief in this country that companies which make money are enemies. This might have been true at one time, but we cannot think that way any longer. We have to understand, as I said before, it is not now about profits. It is about creating the capacity to get the maximum foreign exchange for the country. Sir, once we

think in that light, we would understand exactly what I am speaking about, so there is a total picture that we should consider. Sir, you have to look at the interest policy, the OECD ruling, the WTO ruling, the impact of globalisation and trade liberalisation and things like that and you must fully study them to understand what I am speaking about.

There is also a proposal that was given in this House which I have severely criticised and I want to touch on again. I heard the Minister in his introduction when he dealt with lease and leaseback and there is a proposal I want to see amended. You cannot tell me that if a company is cash-strapped, sells the property it has and it has to pay 10 per cent on that, Sir, and when it comes to leaseback the property, it has to pay 5 per cent. This is foolishness. It is either 5 per cent at first, but you cannot see a company in trouble and then ask it to pay higher, Sir, that is economic madness.

Sir, I am saying that the intention cannot be to extract more from a company than you were getting previously. If you are saying that a sale leaseback is now 15 per cent, whereas it was only ten before, this has to be madness and we need to change that concept.

I know people are going to accuse me and say that I am speaking on behalf of the rich. People have to understand that now we have the Money Laundering Act in Barbados, that the capacity to move money outside of Barbados cannot be as great as it used to be, so once the money is in Barbados and the interest rates are low, the people will now have to invest in other projects, which will automatically create jobs for the poor. Anybody who has the slightest knowledge of economics will know exactly what I speak of and I am saying, Sir, with the Money Laundering Act in place, the OECD ruling and the new interest policy, the Government must understand that they just cannot be implementing things and do not understand what they are implementing.

Sir, to tell me that you are now going to have a piecemeal approach to the change in the taxation system in this country, I cannot appreciate this and I want to hear the view of the private sector on this and they have to understand that they also have a role in this matter.

Sir, on top of that, we must also make that vital amendment that I have been asking Parliament to make and that is the amendment to the Companies Act and it all fits in. All of those who did not understand the expansion of the capital market by the amendment of the Companies Act, and said it was foolishness should now understand what I am saying. It is not foolishness. It is good economic planning which is sometimes five or six years ahead of others.

Asides.

Mr. D. St. E. KELLMAN: Nobody says it for me. I have to say it and I do not expect anybody to blow my trumpet for me. I will blow it myself.

Asides.

Mr. D. St. E. KELLMAN: Sir, that is why whenever I walk the streets, the poor people understand exactly what I am talking and certain people pretend they do not understand. The important thing is that the masses believe every word. If I ever had any doubt, it came from the Honourable Member for St. Peter's mouth, because he once said in this House, Mr. Speaker, that he cannot understand, the Honourable Member for St. Lucy is always talking foolishness, the Press prints it and the people believe it. Not my words, his words.

Aside.
12.30 p.m.

We have to understand that economic planning...

Asides.

Mr. D. St. E. KELLMAN: I am saying that we have to look at the opportunity cost of everything we are doing and we have to understand fully what we are doing. We cannot continue to come to this Parliament any longer and pass legislation by looking at it from one side. We must be prepared to debate it from both sides because if we do not, we will lose an opportunity to compete in the world.

We cannot compete in the world, Sir, with our production cost, that is out of our favour, but we can compete with our taxation policy which is most important and we have to look at the areas in which we are doing well. If anybody doubted that we had something good going for us, they only had to listen to what the Organisation for Economic Cooperation and Development (OECD) said about us. But instead of us looking at the criticisms and taking the positive from them, we hid our head between our legs and did not realise that we had something good going for us.

I am saying, Sir, that if we had done what we should have done in the foreign sales market or whatever you want to call them, that we would have seen an increase instead of seeing a reduction because every time we get a criticism we would have accepted it, lock, stock and barrel because we are doing something that is impacting on the world in a way that they do not like.

The G7 countries do not have to pass laws or make rulings for us. They make rulings in their own interest but it is for us to take those rulings and see how we can work

them in the interest of Barbados. We must also understand that our locale cannot be within the G7 countries but it must be within the small states of the world, so we need to come together with the small states to find a position and work on it with the small states to get a better position within the world.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, my friend from St. Michael South said that I am making a very poor speech today. Sir, my friend said in this House last week that I make everything simple. But that is true because everything that is simple for me is difficult for him so he takes what I say to his advisors to get advice and then he comes back here and implement everything I said. If he were the Minister of Finance, he would have criticised me today but then he would take what I am saying to the Ministry and six weeks from now he would come here and implement it, just like what he did on tourism within the CARICOM region and many other things including community tourism.

Asides.

Mr. D. St. E. KELLMAN: So any time he says that I am underperforming it means that I am over performing which is very good.

Sir, we also have to understand that this debate is about whether we are going to continue with direct taxation, whether we are going to go with indirect taxation or whether we are going to continue with the mix. As I said before, Sir, indirect taxation does not impact any longer on the masses as it used to in the early days so we have to make sure that we do not keep direct taxation and that direct taxation does not limit the employment capacity of the masses. This is a very serious charge and it is one that must be carefully studied because as long as we have increased disposable income, the capacity for the masses to get work will be there but as long as we limit disposable income, the opportunities for the masses will be decreased. So we should be having a raving debate today on whether direct taxation is the right taxation for Barbados or whether indirect taxation or a blend of the two as we have right now. We have a blend of the two right now, Sir, but they are not working for us. All they are doing is impacting on the productive sectors and the workers in a negative way. We need to allow the workers of Barbados to feel that they have a right to work and produce but right now because of the taxation system they do not feel so.

We must also encourage moonlighting but you are not going to get moonlighting as long as we have this particular taxation policy in place. The problem of the whole thing as I said from the beginning is that we need to expand the economy of Barbados. That is the most vital thing because if the economy of Barbados does not expand, we are not going to go anywhere because we will not get the foreign exchange

we need. The biggest challenge companies in Barbados are faced with is a lack of capital. We all know that the cheapest and fastest way for a company to get capital is to increase its capital market by allowing the masses and other people to buy into it by issuing shares on the capital market. You cannot have low interest rates and feel that is all, you must have low interest rates along with many other things including what I said previously. Those who have wisdom will understand exactly what I speak of.

I thank you, Sir.

Hon. Sir HENRY FORDE: Mr. Speaker, let me begin by saying that some of these amendments to the Income Tax Act Cap. 73 have been foreshadowed in the budgetary statement made on August 8, 2001 by the Honourable Minister of Finance. What the Government is seeking to do by these amendments is to clear up some anomalies and at the same time to give legislative substance to the proposals which were contained in that Budget.

I want to begin my contribution by encouraging the Government to do a substantial reform of the Income Tax Act. This Act was passed in this Parliament as far back as 1968 before I came into this Parliament. It was preceded by the hiring of a Canadian consultant who along with local consultants brought a dither reform of the legislation which had been passed in Barbados way back in the 1920s or 1930s to simplify the language of the Act. Since then, we have had several amendments, Mr. Speaker. I have not counted those amendments but the result is that there appears to be a lack of clarity and there appear to be contradictions in the legislative framework. In fact, if I may say so, most of our taxing statutes need substantial amendment. Government would spend its money wisely if it takes the opportunity in the next year, or the next 18 months or so and have a substantial reform of the laws that impact on taxation in this country.

12.40 p.m.

Mr. Speaker, those of us who practise tax laws in the Caribbean regret very much that some of the language is very much archaic and is written in such a way as to obfuscate rather than to be simple for those persons. Sir, having said that, let me say that the taxation policy of the Government has been very clear. We are in an age of information where everybody seems to want everything but at no cost.

It is impossible, if one has to have good governance, to have a system where people do not at all pay tax but are given incentives for everything, concessions for everything, social security benefits, other welfare benefits, all without the Government being able to generate any income. That sort of politics must die in this country. Politicians must have the guts, the strength, the foresight and the honesty to say to people that we could only run countries properly if

Government has the revenue to do so. Obviously Government cannot overtax people because they would overtax people out of the system. Government must have the revenue to do so. This could only come from Government's own commercial activities or from taxation. Sir, that is a known.

In the last few months, I have listened very carefully to some of the call-in programmes and they have not differed much because as we get closer to election, people seem to lose their sense of balance. Barbados cannot be run unless there is money available to a Government, whether that Government is BLP or DLP, to pay for the services that have to be given to the country. One cannot have proper sanitation services, proper roads, help the pensioners or build welfare houses, unless there is money to do so. Therefore, there is no way that any Government could just print money and believe that unless it is backed by other forms of wealth, that we are properly running a country.

Mr. Speaker, I want, therefore, to explode the foolishness that goes on because every time I hear it, it gets me very upset because here we have a very well educated country in which people are using the media, to which they are so entitled. But to mislead, that Sir, is dishonesty in politics.

Sir, the Government's taxation policy is clear. Any Government that has sense, would want to have a level of tax that the country could bear and that was necessary to progress the country. As was understood, the Prime Minister who has spoken before has said that the Government is trying to move into a system where its direct tax would be lower. This Bill seeks to lower the direct corporate rate of tax to 37.5 per cent. The Prime Minister is already on record as saying that he is going to reduce Corporation Tax over a period of years.

Mr. Speaker, the Honourable Member who has just spoken is an accountant and he knows that although the rate is 37.5 per cent, because of the incentives and concessions, *et cetera*, the true rate in several companies is less than 37.5 per cent. What annoys me is when corporate Barbados and other people who should know better, give the impression that this country is so overtaxed that one cannot progress, neither have we made progress. Sir, we have made progress and those of us who have practised in this area know it.

It is a fallacy to believe that Barbados is one of the most over-taxed countries in the world. In fact, Mr. Speaker, at the next occasion at which I can speak on a measure of taxation, I intend to bring a list of approximately 140 countries in the world and to give their rates of direct income tax, at the corporate as well as at the personal level, as well as to give the rates of their VAT. Sir, you would be surprised at how well Barbados fared with other developed countries

such as Finland, Sweden, France and Germany. The only country that stands out in taxation is the United States of America.

Mr. Speaker, that is why it was interesting to hear the Honourable Member for St. Lucy saying that we need a taxation policy. Sir, we do have one. This Government has said very clearly that wherever possible, it would reduce taxation to a reasonable level and it has made every attempt so to do. The Government has, therefore, brought out of the tax net, people at the lower end of the socio-economic level in this country than has ever happened under any Government during my 32 years in Parliament.

I do not mind those persons who are prophets of doom and who are only there to alarm other people. I appeal to Barbadians with commonsense to look at their country. Barbados is a small country in which there are approximately 120 000 people who fall into the tax net, some of whom might not be working, so that there is a limited number of persons who would have to produce the revenue in order for us to have fire services, an upgraded hospital, proper roads, EduTech, subsidised transport, *et cetera*.

Sir, in my view, I believe this Government, particularly under the guidance of the Prime Minister, has done what is right and has moved on the correct path in relation to taxation. Sir, when the Honourable Prime Minister brought the VAT down I thought that the whole argument would be, not as to whether a VAT was necessary, but how much. I did not know that the Honourable Member for St. Lucy did not support his Party on the policy of VAT. Sir, VAT has caught on in almost every country in both developed and developing world.

Aside.

Mr. D. St. E. KELLMAN: On point of order. The Honourable Member for Christ Church West is misleading the Honourable House by giving the impression that I was anti-VAT. I made it quite clear that the problem with the introduction of VAT was that it was introduced at a time when there was also the direct taxation and there was a need to have a shift from one to the other.

Hon. Sir HENRY FORDE: Mr. Speaker, I accept the Honourable Member's assurance that the Honourable Member has always supported VAT and, therefore, that would not be an issue on the platforms that the DLP has always supported VAT and therefore, this is no issue in confusing the people.

Sir, there are very few countries, including the developed world, with the level of service that we have, that have been able to go only to a system of indirect taxation via VAT, including the great United States of America,

which has had to retain some level of direct taxation. Since the 1970s we have been abandoning some of the direct taxation. Sir, let me give an example. In this country, there is no Capital Gains Tax, except we could call the Property Transfer Tax. There is no Succession Duty nor Inheritance Tax. We have abolished that since the 1970s because we realise that when people die, their widows or widowers found themselves paying as much of 45 per cent in death duties and we were not creating a middle class that had any economic stability.

Sir, we do not have to be convinced by anyone. The Party to which I have always belonged has been a Party that has had the foresight to use taxation properly and to mitigate its worse effects.
12.50 p.m.

Sir, I must answer the Honourable Member because the impression must not go forth that this Government did nothing to stand up to the OECD countries. Barbados and particularly our Prime Minister has been at the forefront fighting for small states to be treated properly in relation to an industry that we have developed here in the offshore sector.

Sir, we rely on the offshore sector for a considerable amount of revenue because it is the second largest revenue earner for this country. It is not that we are discriminating between our local people and foreign people in relation to taxation but the international financial sector is a service industry we have built that was created by the foresight of the Barbados Labour Party and today it forms a very significant part of our economic life in producing revenue to help us provide services and employment for the people and the Government has a duty to defend it. Sir, we have stood up to the United States of America and the United Kingdom because the United States of America also had tax havens in Delaware and elsewhere.

Sir, if the Honourable Member had attended the consultation which the Prime Minister held a few weeks ago he would have realised that we have been moving to a position of convergence wherever possible in our taxation policy. Convergence means we are having a level of tax that is available for everybody and we are ahead of the OECD in our tax policy going towards convergence.

Sir, rather than putting a slap on the Government's wrist, the Honourable Member should be congratulating the Government and in particular the Right Honourable Member for St. Peter for the time, energy, dedication and foresight that he has shown in trying to defend Barbados' reputation as an offshore centre.

We have fought against Barbados being called a tax haven and only a few weeks ago the Deputy Prime Minister,

the Honourable Member for the City, was in diplomatic circles making our voice felt. I feel, as a citizen of Barbados, not as a Member of Parliament, that the case is being well put and if I had to vote, the Government would get my vote on this matter.

Sir, if there is one criticism of the Government, it is that its Ministers are too silent at this time in giving people answers to some of their questions and allowing a lot of misinformation to go around Barbados. Ministers will have to defend their turf a little bit more because prophets of doom and those who spread confusion will come out on top and that will be a tragedy for our country.

Sir, the Honourable Member for St. John spoke about concessions. I listened to his speech and I was confused about whether he was saying the Democratic Labour Party removed levies because, the Democratic Labour Party at the time of the crisis of the 1990 brought the Stabilisation Act, put on levies and removed concessions during that period.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. The Honourable Member is misleading the House because at no point in my speech was I referring to the Stabilisation Tax. There were no levies in place other than one levy when we left office in 1994. All of the levies, as part of the direct tax reform between 1992 and 1994, were eliminated and accounted for about 7 per cent on the salaries of even the lowest paid employees in Barbados, with no allowances or deduction, and those were eliminated. Sir, this Government started with a clean slate in respect of the levies.

Hon. Sir HENRY FORDE: Mr. Speaker, the Honourable Member obviously did not hear what I said. I said they removed concessions and put levies in place and then removed them. That is a simple issue of fact.

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order. The Honourable Member knows that the vast majority of those levies; the transport levy, the health levy and other levies were imposed by the Barbados Labour Party. They had nothing to do with the Democratic Labour Party. If the Honourable Member is talking about the Stabilisation Tax, that was a tax on incomes which is completely different to the concept of levies.

SUSPENSION

Hon. Miss B. A. MILLER: Mr. Speaker, the hour being just past one o'clock, the Honourable Member for Christ Church West will not be able to bring his contribution to a conclusion and will be back after lunch to bring it to a stinging conclusion. All Honourable Members are advised to be here.

I beg to move that this House be suspended until two o'clock this afternoon.

Hon. R. R. FARLEY: I beg to second that.

The question that the House be suspended until 2:00 this afternoon was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

1.00 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed. The Honourable Member for Christ Church West will continue.

Hon. Sir HENRY FORDE: Mr. Speaker, I was making a point before we broke for lunch that the Government has in place a tax policy which is being followed through. I was answering the statement made by the Honourable Member for St. John that the last significant reform to the taxation was in the period 1992-1994.

Sir, I am saying that if the Honourable Member is talking only in terms of the fact that the levies were removed, and one had the position that a more vicious form of taxation, one which was called the Stabilisation Act...

Mr. D. J. H. THOMPSON: Sir, on a point of order. I have no problem with the Honourable Member if he wishes to criticise the Democratic Labour Party in 1991 for the Stabilisation Tax. I was not talking about that. Sir, the reason I had to raise the point is that the Honourable Member is misleading the House. I was talking about the thoroughgoing reform to the income tax system.

Sir, I did not call it thoroughgoing. The last consultation the Government had when the income tax issue came up, the experts said that was a good starting point, an example of thoroughgoing reform. We had an IMF consultant who came into to Barbados, we looked at all of the allowances, we looked at the entire tax system, we removed levies and we introduced two rates of tax, a 25 per cent rate and a 40 per cent. Sir, all of that was done in the time period, I think, between June 1992 and 1994.

Sir, by then the Stabilisation Tax was off because the Stabilisation Tax had a definite lifespan. The Bill went for a specific period and once that period was over, as the Honourable Member will remember, the tax came to an end. The big question at one point was whether it should be extended for a further few months but the Bill had a specific lifespan. It was the first time in Barbados that we had a Bill that gave effect to a policy that had a specific lifespan and I remember that specifically. I am not talking about that. I am talking about the concept of reforming income tax and the need for thoroughgoing reform.

Hon. Sir HENRY FORDE: Sir, the Honourable Member and I do not differ on necessity for thoroughgoing

reform not only of income tax but all of the taxation Acts. Sir, not only for clarity itself but for substance. So, the Honourable Member and I have agreed on that.

Sir, however I am not disputing the fact that there were changes made in the period 1991-1992 and that the Stabilisation Tax Act became spent, I believe at the end of 1992. Those factual points are not being disputed but at the same time the Honourable Member will recall that there was a great divide as to some of the substance of what was recommended by the IMF, in particular relating to the removal of some of the allowances. The reason was, we felt that if you were building a middle-income growing company, you had to give them the opportunities to create wealth.

Sir, any tax system can be misused. The answer by the Democratic Labour Party was that they were persons who were misusing some of the concessions and they were people of wealth who were misusing the concessions. We said that we ought to put provisions in place in order to plug those loopholes. I still believe that if you want to answer, for example to housing, you have to deal with the middle income housing, those people who are now hard-pressed because the number of concessions that they get they do not even cover the mortgage interest that they may have to pay to the Barbados Mortgage Finance Company. So, one has to deal with that problem and look at it again in the context of Barbados. Sir, as far as overall reform is concerned, I have no difficulty with that.

I also take the position of the concessions given for credit unions savings, these are very necessary. One of the things that we have to do in this country is to encourage people from childhood that they have to save. Whatever you earn, no matter how little it is, you should find a way of saving in order to protect yourself in future years, whether it is by way of housing or whatever. Sir, what we are getting is a series of situations where people believe that savings are not necessary.

Mr. D. J. H. THOMPSON: On a point of order. Sir, I want to make a point and I want the Honourable Member in this debate to respond to it. Having removed the concession, savings in the credit unions did not go down, they doubled, even before it was reintroduced. The second point is, when the study was done, it was found that the majority of people who saved in the credit unions were people who were already not paying taxes. They were paying levies until we removed them but they were below the \$18 000 thresholds for the payment of taxes.

Therefore, the point that I was making is that we should look at each of the concessions to see whether the concession itself is what induces people to undertake either the saving or the home improving or whatever it is and

see whether that is the most efficient way to do it, that is the point that I was making.

Hon. Sir HENRY FORDE: Sir, I have taken the Honourable Member's point. I believe the concessions helped tremendously and we can undertake a further study on the concessions.

Sir, my concern is that there are about 30 000 people in the informal sector who should be within the tax net but somehow do not come in that tax net. We see it with the National Insurance system as well. It cannot be right that at the end of the day you have to give a non-contributory pension or a so-called welfare assistance to persons, who during their lifetime, felt they had no obligation to themselves or to the community to make some form of contribution to the tax system in some form or the other.

I believe that the political Parties have to agree on this. The informal sector is a very important sector for us. The number is growing and I understand that there are about 30 000 self-employed persons. Mr. Speaker, you will be surprised to learn that out of the number of self-employed persons in Barbados only about 3 000 of them pay their national insurance. Sir, there must be more than 3 000 self-employed people who are earning on a daily basis in this country. Something has to be wrong if people get instilled in their brains that they are entitled at the end of the day to get benefits out of us who are taxpayers and the employed persons from whom we deduct tax and they can operate in an informal self-employed system, do not contribute but get the benefits of the society as a whole. Sir, that is where I have great difficulty.

Mr. Speaker, we would have the opportunity again to look at the wider areas of tax policy. I also promise Honourable Members that I will bring reliable data showing the tax rates in about 120 countries of the world where you can have a fair view of where Barbados is placed among those countries when we are talking about Barbados being an overtaxed country.

Sir, we must also bear in mind that if we compare Barbados with, for example, Cuba, tax on the income at the highest and the lowest levels, there is a narrower gap here in Barbados than there is in other countries, so we do our tax policy in that context. Although we have begun to create a high class of professionals, yet the distance in Barbados is not that wide although I agree that we have to look at those who are constantly falling through the nets.

Mr. Speaker, I want to come to the specifics of this Bill and deal with some of the sections and their importance. Section 2 is a correcting section which deals with the registered retirement savings plan and with exempting it from tax. Sir, it is exempting persons who have contributed to registered savings plans from tax.

I hope that this is what the Inland Revenue has been doing despite the fact that the legislation was not clarified. Registered retirement savings plans, like registered retirement plans, are an opportunity to save for the future. Mr. Speaker, I am strong on savings.

I believe that we ought to find ways of improving the levels of savings in this country because it is from those savings that people are able to develop into a position where they have a cushion not only for their young years but also during their older years.

Sir, I have a little difficulty with Section 3 because I believe that what it seeks to do is to increase the statutory limit in respect of rent-free accommodation but at the same time it has the spin-off that it impacts on those persons who provide rent-free accommodation for their employees. Sir, unless the amount is increased by the employer, the employees would now find themselves having to pay more taxes because they do not get the benefit of the provision. It has those implications but I do not know whether the Government has looked at that. Maybe, if it had, it would probably have allowed the increases to be staggered over a period of time, rather than bring the increase in the manner that it has been brought here.

Sir, Section 4 arises out of a statement which the Minister made in his Budgetary Proposals, I believe in 2001. The Government does have a problem. Leases are not registered and the legal profession, not that they have been doing illegal things but one has to be careful in tax planning and tax avoidance. The spirit of the legislation, if we are to encourage the leasing of lands and leaseholds in this country, requires that the legal profession plays it up straight and advises their clients to register leases.

Mr. Speaker, we have heard from both Sides of the House that Barbadians should seek not to alienate their land, particularly seaside land, and that we should go towards leaseholds. If we are to do that, you cannot bring in the taxation on leaseholds as though it is a penalty. It must be the nature of tax on leaseholds, particularly in valuing property transfer tax that encourages people to move towards leaseholds. I am not sure that valuation methods at present being used by either the Commissioner of Land Tax, who is asked to value these things, or the Land Valuation Department, is achieving that objective. So that people are probably still going to find ways of beating their tax on leaseholds by not registering them, although this gives some benefits to the lessor and to the lessee. Once the lease is registered, it allows a deductible to occur.

2.15 p.m.

Now, Section 5...

Aside.

Hon. Sir HENRY FORDE: The deductible by lessor is the amount which has been spent in respect of the lease.

Aside.

Hon. Sir HENRY FORDE: I suppose the rentals...

In respect of the lessee, he gets off the amount that he is paid, if payments incurred under the paragraph above, where the lease is recorded.

Aside.

Hon. Sir HENRY FORDE: That is right, so the risk will be the cost of the business. I think that is what it is trying to do in that section.

The next section that I want to look at is Section 37, which is now given an additional concession of \$2 500, in respect of roof-straps and window shutters. I think that this is necessary, given the fact that we live in an area that is prone to hurricanes, and this may encourage people to build houses with roofs that are safer. I hope that we would all publicise it so that it will be used, but it is a concession.

I am not sure whether we have provisions in the law, perhaps the Honourable Member for St. John would help me, that give concessions for standby generators, as well as for water tanks.

Asides.

Hon. Sir HENRY FORDE: Well, it is about time that we do that, particularly those of us who live in the country, in a parish like St. John, for instance. Unfortunately, St. John, St. Joseph, St. Andrew and to a lesser extent St. Philip, are the parishes that are prone to the hurricane, more than most people – occasionally on the west, and we do not get the concessions that we need.

Aside.

Hon. Sir HENRY FORDE: Sir, we get a break down there. For instance in Lili, those parishes' needs were answered after Christ Church, St. Michael and St. James. Therefore, we need this sort of concession so that in the new developments, people automatically put provision in place for small standby generators, as well as for water tanks. In the other Caribbean islands, this is necessary and we really need it in this country.

Sir, I have already spoken about the rate of tax, the amendment being made by section 7 to corporate Barbados.

I am not going to go back into that but I want to deal with the amendment to section 51. I have some concern about the definition of what is 'relevant authorities'.

It is true that Section 50 and Section 51(1) lay an obligation on the Commissioner of Inland Revenue and the officers in his department, in dealing with the tax business of people who make returns, and making sure that they are treated confidentially. We have now widened the number of persons who can receive information relating to the income tax business of persons, to relevant authorities. There is no definition of who are the relevant authorities. I have concern about that form of drafting because I would hate to think that relevant authorities extend to anybody, particularly in these days of overseas Governments putting pressure on Governments or any authority outside of Barbados, who may be able to get information, without coming under the strict provisions that this Parliament has laid down in money laundering and other Acts about the income tax position of people.

Likewise, I hope that when information is conveyed to the Director of Finance and Economic Affairs and the Permanent Secretary that it is clearly understood by all officers who work in the department and through whom the information is conveyed, that the oath of confidentiality and secrecy attends to them as well.

Sir, I have some problems with Section 9, the Mutual Fund section. The Honourable Member for St. Michael West Central has spoken about the benefit of mutual funds and I have no difficulty with this. What the new section 62G is seeking to do, is to say that if you are getting the benefit up to \$10 000 as a concession, you do not pay tax on it. If you put it into a mutual fund, you cannot withdraw that amount from the mutual fund, without suffering a penalty of 25 per cent, no problem within five years.

Sir, I accept that but the section is so drafted that I may put into the mutual fund, not only the \$10 000 that I am allowed, but another \$10 000 or \$20 000 and for a child, \$5 000, \$3 000 and if I withdraw that, I suffer not only on the \$10 000 concession but on my own money. Sir, this could be a disincentive for people to go to mutual funds. In my view, I do not believe that the Government intended that, but the section, as drafted, leads to that position.

I ask the Government, they might not do it here in the House, but by the time it gets to the Senate, to look at whether or not my contention is valid. If it is, then I think the Government should make it clear that this 25 per cent is limited to the concession that is being granted. We do not want to dissuade people from investing in mutual funds and spreading the risk as it is a very necessary risk that we have presently.
2.25 p.m.

The other section is a new section 10. This new section reformulates existing law and clarifies it but allows for a penalty to be put for delivering a return late and failing to estimate the tax payable on that return. Sir, I have no difficulty with that but I do have a difficulty with a law that continues to make it possible for you, if you do not pay your taxes on time, to pay interest. You not only have to pay a penalty for late filing but you have to pay interest at one per cent per month but when you overpaid your taxes, whether you are employed or self-employed, and the Government has your money in hand, the Government does not pay you interest. This applies to all of our taxing statutes. In my view that is contrary to the fundamental rights provisions in the Constitution except that it is saved by existing laws. The Government must understand that just as it is putting a penalty on those of us who pay our taxes late that it has an obligation to pay interest to those of us who pay our taxes on time. If for some reason we pay over the amount that we should pay, then the Government has had the use of our money and it must return it with interest to the citizens. All of the modern tax legislation in most countries...

Asides.

Hon. Sir HENRY FORDE: If you pay some taxes on time like your land tax you will get a rebate but sometimes when you pay on time, you overpay, including self-employed persons, but when you get a refund you do not get the interest on it.

Asides.

Hon. Sir HENRY FORDE: When I take the Government to court and win tax cases against them, I usually ask the court to exercise its powers under the Supreme Court Act to award interest of at least eight per cent because sometimes there are genuine disputes.

The Government believes it is entitled to put VAT on a transaction when it is not vatable. The Government believes, for instance, that the Property Transfer Tax is payable in circumstances that the law states is not to be paid. Sometimes this runs from small amounts to millions of dollars in some transactions. In those circumstances, if you have to pay, and you ought to pay even if there is a dispute between you and the Commissioner because the Government has made a *bona fide* assessment, but you pay under protest sometimes and the Government has had the benefit of your money, then if the laws require that it is to be repaid to you, it is wrong to have a statute that does not allow that to be done.

The other comment I want to make is under the new section 11 which deems the various provisions of this Bill to come into operation on different dates. I do not think there is any problem in respect to section 2 which is retroactive. However, I will ask the Minister to look carefully at the Bill

before he passes it because there are a couple of sections here that seem to me to have an element of retroactivity to them. I spoke to the Minister about them at the break. There is a section that will affect companies whose tax year ended in September this year, who have to make a return. For those of us who have to make a return on our 2002 income in 2003, the Minister is quite right, there is no problem there. However, there are a number of persons whose tax year ended in September or earlier who have to make their returns and who may well find themselves having to pay a penalty that is retroactive if they have been late in making their returns.

Sir, those are my comments on the specific provisions of the Bill. I will rest my case now by asking the Minister of Finance to look for experts in the field at the earliest opportunity so as to try as much as we can to improve this Act. Sir, I have a great deal of sympathy for the departments who have to manage the revenue collection aspect of this island's affairs. We are really down to a small number of people but there are experts in the field. We have a small number of people with a wide knowledge of taxation matters in most of our departments but I am pleased to see that most of them are being trained, some at their own expense sometimes by doing extra courses to be efficient in this field.

I feel that we should encourage the substantive ministries, the Ministry of Finance and the Ministry of Foreign Affairs and Foreign Trade, to have people who are experts in the field here. When our team goes to negotiate a Double Taxation Treaty with the United States of America we have to send people who are generalists combined with being specialists. The United States of America and Britain sometimes bring down people whose specialty is only in a very narrow area and we have to have the knowledge to combat that. We have been doing it successfully and I congratulate the officers who have managed to do these things successfully but I hope that the Government would continue to encourage them and provide the training that is necessary.

Thank you very much.

Hon. R. N. GREENIDGE: Mr. Speaker, I want to make a very short three minutes contribution to the debate and to give support to this Income Tax (Amendment) Bill.

Mr. Speaker, debates on taxation can sometimes excite workers and can sometimes touch the very nerve of the workers because Opposition speakers usually charge that the workers in the country are overtaxed and that this need not be so. I want to say in this very short contribution that the tax man is nobody's favourite. That was so, Mr. Speaker, from the days of the Bible when the tax collector was the most despised person in the community.

Asides.

Hon. R. N. GREENIDGE: The Honourable Member for the City of Bridgetown is saying even before the Bible.

Mr. Speaker, that is so because nobody really likes to part with their money and nobody likes to know that the tax man is dipping his hand further and further into their pockets.

Mr. Speaker, the hard and real truth of the matter is that this country of ours needs money so that we can enjoy many of the social services which we presently enjoy. We have Mr. Speaker, to look after our schools. We have to look after our hospital and public transportation and we have to repair our roads. We have to pay our policemen, nurses, teachers, postmen and even our parliamentarians.

Very often, Sir, we attempt to strike a balance and governments on occasions find it absolutely necessary to offer specific allowances and concessions because we want to bring about certain results and we want to encourage certain savings and certain investments.
2.35 p.m.

Mr. Speaker, the point is that if the proposed allowances are used, one would then minimise the amount of taxes that one has to pay. In other words, if one reduces the rate of taxation and, at the same time, increase the allowances as we are doing in this piece of legislation, it is effectively reducing the burden of taxation with which our people are now saddled.

I do recall when the Honourable Prime Minister made his Speech with reference to these concessions. With every allowance he gave a reasoning and a rationale why it was being done. Mr. Speaker, I do agree with previous Speakers that, very often, those at whom the deductions are aimed, overlook the purpose for which the deductions are given. There can be no doubt that Government is very keen on reducing the burden of taxes but it has to be gradually done.

Mr. Speaker, I have had the privilege to work in the Cayman Islands as a teacher. I know that when we were paid, many of our West Indian colleagues would always make the point as to how such jurisdictions like the Bahamas and the Cayman Islands could have such a tax-free regime that whatever one worked for would have been paid without any deductions whatsoever.

Mr. Speaker, when one thinks about it, we in Barbados enjoy free primary, secondary and tertiary education, while other jurisdictions have to pay for theirs. This Government has even come to the point where it has resisted any measure of cost recovery where education is concerned, which does not happen in all other jurisdictions.

Mr. Speaker, the other thing is that one has to pay for one's health care in some of those other jurisdictions. Therefore, if we in Barbados want to continue to enjoy the level of social services to which Barbadians are accustomed and demand, then we have no alternative but to have a regime of taxation of one form or other.

Sir, given the type of things that we enjoy, given the place that we want to see Barbados being positioned, we have to pay taxes.

Sir, there is also reason why the Bahamas and the Cayman Islands would have a tax-free regime but we also have to look at the overall advantage that we have over these other islands.

Mr. Speaker, I also want to make the point that credit union membership in this country, at this stage of our development, must be encouraged. As it now stands, if one deposits savings in the amount of \$6 000 one would be entitled to the allowance. Credit unions have now become the lifeblood of the masses. They are like banks and, therefore, I applaud Government for encouraging the growth of the credit union movement.

I also know there are a number of investment clubs that are springing up over Barbados which too, should be encouraged. I believe they should come together under one umbrella and should also lobby for similar allowances in the same way that the credit unions have done.

Mr. Speaker, in regards to the Registered Retirement Savings Plan, Government has seen this as visible proof that one is doing what they would want to encourage one to do. In this regard, Government's objective is that one should save for one's retirement and Government is here encouraging it so that the State would not have to look after that person in days to come.

Mr. Speaker, I am of the view that Barbadians begin to think about retirement too late. I think, as the Honourable Member for Christ Church West has said, Barbadians should be thinking about their retirement in the prime of their life, not when one reaches 55. I think it is a mistake that too many Barbadians are making. They should be thinking about retirement in the first 10 years of their working life and not when they are in the waiting room.

Mr. Speaker, I believe there must be a programme being put in place about educating our people about the need to invest for their retirement. We have to let them know that whenever they invest, they are not doing so for the present but for the future. Mr. Speaker, I have seen and have known of too many occasions when Barbadians have come into good money for one reason or other, by

inheritance, payment for accidents, *et cetera*, and in spite of that, they have ended up on welfare. Mr. Speaker, this should not be. I think Barbadians must learn that their present would determine their future. I am obliged to you, Mr. Speaker.

Hon. A. P. WOOD: Thank you very much, Mr. Speaker. I rise to make my contribution to this very important Debate, the Income Tax (Amendment) Bill, 2002.

Mr. Speaker, when I came this morning, I had never expected this Debate to have gone on for this length of time but one would appreciate that matters of taxation policies and taxation matters are dear to the hearts of all of us Honourable Members in this House. Sir, I want to spend some time in elucidating some of the points that have been made and illuminating some other points in this Debate.

Mr. Speaker, I aim to be fairly short because certainly with God's help, I shall return here next week or whenever the Prime Minister delivers his Economic Statement and Budgetary Proposals. As the Honourable Member for Christ Church East has said, the reformation to our direct taxation policy would hold centre stage on that occasion and we will all get an opportunity to engage in a series of discussion on taxation matters on that occasion.
2.45 p.m.

Mr. Speaker, I want to start by focussing on some of the things which the Honourable Member for St. Lucy said. He said that he makes things seem simple but in so doing he hides the true picture or bases his simplicity in ignorance of some of the pertinent issues. In this case he once again exposed himself with the taxation policy issues where he sought to simplify this by saying that we should introduce a taxation policy that seeks to restrict imports while at the same time promote activity in the export sector. Sir, I do not have any difficulty with that because it is an utopian position, an ideal situation that all of us aspire towards.

Mr. Speaker, the reality of the situation is that things do not work like that. We have to understand how this economy is structured, the interrelationship between the variables in this economic system and how an economy characterised as a small open dependent economy functions in the world economy.

The Honourable Member seeks to give the impression that it is simple for us to take a small, open, dependent economy and close it when we see fit if we are discussing taxation matters but he needs to tell the Honourable House that tourism is one of the main planks of this economy. The Honourable Member must understand that a small, open, dependent economy is characterised by a high preponderance of imports in our consumption and absorption mix.

Mr. Speaker, the Honourable Member should not give the impression that economic activity can be promoted in this country without having to rely heavily on imports of

intermediate goods and raw materials because we do not produce a lot of what goes into the productive processes in this country.

If the Honourable Member gives the impression that we can use taxation as an import substitution measure, he is telling us that we should all pack up and go home because none of the producers would have access to vital raw materials or intermediate goods. Sir, he is harming the export sectors in which he wants to promote activity and we can straight away see the folly in his argument.

Mr. Speaker, I think I have made the point clearly that we have to look at how we are promoting economic activity in this country. If we accept that we need to promote activity in the tourism sector and other export earning sectors which rely heavily on imports since we do not manufacture a lot of the raw materials that go into the productive processes in those areas, we cannot at the same time be using taxation as an import substitution tool. Sir, I felt that was an important point which was necessary for me to make.

Mr. Speaker, the Honourable Member for Christ Church West was clear in his exposition when he alluded to the fact that when we engage in serious discussion on taxation policy we must always make the distinction between the nominal rates of tax and the effective rates of tax.

The Honourable Member for Christ Church East alluded to this as well when he sought to compare the nominal rates of corporation tax existing in Barbados with some jurisdictions in the Caribbean and others outside of the Caribbean.

I can assure you that when everything is thrown into the pool and we look at the various concessions and allowances which the Barbados Labour Party is known to offer and determine an effective rate of tax, that in the case of Barbados we will be comparing a lot more favourably with the other jurisdictions mentioned by the Honourable Member for Christ Church East.

The Honourable Member for Christ Church West also makes the point that we should take a balanced view of the taxation policy and take politics out of these discussions. Sir, I think that we can politicise some things but the taxation policy should not be one of those things.

Sir, I agree with a fundamental point made by the Honourable Member for St. John when he spoke about how the officials and planners approach the assessment of the impact of the various concessions and allowances which are targeted at particular sections and segments of society.

I think there should be a careful continuous assessment done to determine how effective or ineffective were the

various allowances and concessions given over the years. Even as I advocate that, Mr. Speaker, one would appreciate that some of these things would take time before a serious judgement could be made as to whether they should be continued or discontinued.

Sir, I want to go back to why we need to take a balanced view on taxation policy. We should not be hypocritical and give the impression that Barbados is an overtaxed jurisdiction and we are hampering the stimulation of economic activity. Sir, we cannot say that Barbados is an overtaxed jurisdiction because implicit in that is the view that there is little or no funds generated in this domestic economy which can be made available to promote investment activity. Sir, if you are over-taxing people, you are denying the system the opportunity to avail itself of necessary funds to promote investment activity.
2.55 p.m.

Sir, I know that in this domestic economy we have a financial system that is not short of funds. I know that the financial system in Barbados is extremely liquid. It is, probably, more liquid at this stage than ever before. Mr. Speaker, that does not tell me that we are overtaxing anyone. It tells me that the savings habit in Barbados is very well promoted so we must be doing something right to be encouraging persons to save. It is either that we have a good array of financial instruments for people to use as vehicles for saving or it tells me that persons are planning properly.

Asides.

Hon. A. P. WOOD: Mr. Speaker, that is the point that I am coming to because the Honourable Member for St. Lucy is agreeing with me that our taxation policy is encouraging an accumulation at this point. What is of extreme importance is the translation process, that is, the process through which domestic savings are transformed into investment activity.

Asides.

Hon. A. P. WOOD: Mr. Speaker, it is that area to which the Honourable Member for St. Peter has been paying tremendous attention. Yes, we have done a tremendous job by promoting the savings habit but we need to impress on the leaders in the productive sectors that they need to make more effective use of the tremendous savings that are available in the financial system.

Asides.

Hon. A. P. WOOD: Sir, they have to stop turning to the Government for that. There are loads of funds piling up in the financial system.

Mr. Speaker, I do not want to be too long today. I will come back next week. We must appreciate that when

dealing with taxation policies a number of factors must be considered. We need to realise an adequate amount of Government revenue to carry out Government's capital and social programmes. A lot has been demanded of the Government in the area of social programmes.

Asides.

Hon. A. P. WOOD: Recently Tropical Storm Lili passed through Barbados and flattened some houses and there was an urgent call for the Government to do this and that. If we were to hold firm to what the Honourable Member for St. Lucy is advocating, if we had little or no intake from taxation, would we be in a position to respond spontaneously to the numerous calls for assistance?

The Government took a decision in 1996 to launch an assault on property and as part of the social programming we saw the establishment of the Rural Development Commission and the Urban Development Commission and we also saw additions to allocations given to the Poverty Alleviation Fund. Over the years this administration has been using enhanced social programmes to reach the less fortunate.

Mr. Speaker, this Government has been using its taxation revenue very effectively, that is in the area of social programmes.

Sir, a tremendous amount of money has also been diverted in order to stimulate activity in the productive sector, that is an undeniable fact. We have seen the establishment of many funds over the last two or three years as a way of responding to the challenges posed to this economy. International pressures have forced us to take a look at ourselves and how we approach our macro-economic policy. We have seen the need to re-engineer, retool and restructure the productive sectors.
3.05 p.m.

We have seen the Agricultural Development Fund being created. We have seen the Investment and Employment Fund, in the case of the manufacturing sector, being established. We have seen the Tourism Investment Fund being created. All of these are administered by the Enterprise Growth Fund Limited. We have seen numerous other facilities being made available so as to facilitate the rebirth and the restructuring of activity in key sectors of the economy, the export sectors which were alluded to by the Honourable Member for St. Lucy.

Sir, I cannot agree with the Honourable Member for Christ Church East more, that we really need to take a balanced view and to promote it, when we are discussing the approach of taxation in this country.

Aside.

Hon. A. P. WOOD: I am not saying that we are happy with the growth of the economy, but I am saying that we are on the right path to resuscitate the various sectors, so that we could get back on a desired growth path.

Mr. Speaker, another factor we need to consider when we are dealing with taxation policy, is to ensure that individuals have adequate amounts of disposable income to make appropriate choices, to either maintain or improve the quality of their lives. Now, this one will cause his eyes to open wide because when he hears the word disposable income, he would fall back into a way of thinking that this is an overtaxed jurisdiction.

The Government needs to use its taxation policy, coupled with the creation of financial instruments to promote the savings habit. This is a point that I mentioned earlier. I have also taken the point to its logical end to say that having promoted the savings habit, we had loads of funds piling up in the financial system. We need to transform these savings into productive investment activities.

Finally, a point was made by the Honourable Member for Christ Church East that the taxation policy should be such, that you do not create a disincentive for investors to want to come to your country. Therefore, you do not put yourself at a disadvantage, relative to other jurisdictions.

Naturally, Barbados being an economy that is becoming more and more dependent on financial services, would want to pay extremely close attention to that and I can assure you that this particular consideration has not and will not escape the close scrutiny of the planners on this Side.

Sir, we get a better appreciation, having heard the deliveries on this Side and the Honourable Member for St. John's delivery, though short it might have been, that the taxation policy is not something that should be done in a willy-nilly fashion. It should be carefully planned and, certainly, very carefully timed. I am telling you, Mr. Speaker, it is the point that the Honourable Member for St. Peter makes time and again, that one should never tarry when it comes to taxation matters. We need some time to assess the impact of the measures that we introduce into the system.

I am comfortable. Yes, we might have made small changes to the concessions and the allowances from time to time, to make it easier for individuals and companies to function in this economic system. When we are talking about making fundamental decisions pertaining to the taxation policy, I support the approach which is utilised by the Honourable Member for St. Peter.

I think the time is right for us, Mr. Speaker, to make some fundamental changes to our direct taxation policy, in the same way that the time was right, though somewhat delayed, when sweeping changes were made to our approach to indirect taxation with the introduction of the VAT. I support it and I will be giving my full support to the measures when they are brought to this House by the Right Honourable Member for St. Peter when he delivers his economic statement.

Mr. Speaker, getting to the specifics of the Income Tax Amendment Bill, 2002, Members before me would have spoken on the change to exempt income paid into a registered retirement plan from the payment of income tax. I want to spend a couple of minutes on this and I hope I have some time.

Mr. SPEAKER: You do not have much.

Hon. A. P. WOOD: Well, let me go quickly.

Sir, the previous two speakers, the Honourable Member for Christ Church West and the Honourable Member for St. Philip North, emphasised the point that one should plan carefully for their retirement when they are healthy and earning properly and I support them.

Now, there has been a lot of discussion of late on the state of the National Insurance Fund. There has also been a lot of discussion on pension reform and how best we could protect the National Insurance Fund for this generation and generations to come.

I sincerely hope that the Committee which the Prime Minister asked to be established, coming out of the last national consultation we had at Sherbourne Centre, would have concluded its work, and very soon we should hear the definitive position in respect of pension reform. I am saying all of this to make the connection with the importance of promoting the use of retirement savings plans.

All of this, Mr. Speaker, is very important and I will give the reason. We have a situation, and all of us as Members of Parliament experience this, where a class of self-employed persons, over the years would have lived one day at a time. When they were earning, they did not look in the direction of the National Insurance Scheme (NIS), they did not look in the direction of insurance companies or other institutions that used this retirement savings plan, as a way of:

1. Generating business for themselves.
2. Helping persons to prepare for retirement.

We have a situation in this country where there is a class of elderly which has not been making or did not make contributions to the National Insurance Fund.

3.15 p.m.

They either did not make it at the requisite level or they did not make it at all and they find themselves trapped at an age eligible for an old-aged pension, at age 65, because they have no eligibility in law to get either a contributory old-aged pension or a non-contributory old-aged pension. But I can assure you that if each of those persons had subscribed to a registered retirement savings plan, life would be a lot easier for them as they go beyond age 65.

I want to use this privileged position in this Honourable Chamber to encourage all persons, whether they are earning as self-employed persons or as employees of companies to use the best years of their working life to prepare for their retirement. Too many persons are falling into the trap as a result of their negligence when they were working. It must stop and the only way it can be stopped is through a proper educational programme which will have them either subscribing to the national insurance scheme so that when they get 65 years of age they would have an entitlement in law for some funds to sustain them in their old age or thinking about subscribing to a registered retirement savings plan which, as of the instant belief here, will be exempted from income tax. I thought it was important for me to make mention of that fact because it disturbs me greatly because that class of elderly persons is putting more and more pressure on the welfare system.

Mr. Speaker, another amendment to this Act which is worthy of mention is the increase in the annual allowable expenditure by homeowners from \$3 500 to \$6 000 per annum to cover the expense of retrofitting residential dwellings with roof-straps and window shutters. This basically is aimed at facilitating and encouraging homeowners to better secure their structures. I do not think I have to go on at length about the importance of a measure like this because there is an adage which says that prevention is better than cure, but I also believe that prevention is also less costly than cure. We had just a slight warning with the passage of Tropical Storm Lili but that slight warning turned out to be fairly costly to some families and to the State.

I want to use this privileged position – I must thank the constituents of St. Philip South for putting me in this privileged position that I can speak eloquently on their behalf here and everywhere – to encourage all Barbadians, especially those whose houses are not very well secured, not to wait until the next hurricane or storm is approaching to make their houses better secured. As slight as this measure may seem in terms of the actual amount that can be considered as normal expenditure for taxation purposes, the

important thing is that one should get into the habit of making the necessary repairs on their houses to make them more secured. That is the important point and it is a principle we should all live by. So I want all of us to use this measure as slight as it may seem to pull ourselves forward in the way we think about protecting our interest. So I fully support this measure.

Mr. SPEAKER: Honourable Member I am going to have to ask you to wind up. You have had some extra time.

Hon. A. P. WOOD: Well, Mr. Speaker, all that is left for me to do is to thank you for the extra time.

I am obliged to you.

Hon. R. R. FARLEY: Mr. Speaker, I rise to bring the debate on the second reading of this Income Tax (Amendment) Bill to conclusion. First of all, I want to thank all Honourable Members who have contributed to the debate. I want to thank the Honourable Member for St. Philip North in particular for putting this matter of the willingness and interest of people in paying tax and the extent to which we can compare the tax systems of various countries in proper context. He was able to draw from his practical experience of living in the Cayman Islands in which persons would be naturally drawn to the fact that there is no income tax system there. He was also able to bring the other side of the coin that is not often remembered that the reason why governments tax is to be able to offer public services. Therefore, the question of eliminating a vast range of taxes also often turns on the question of eliminating a vast number of social services.

In some of those places in which there is no measure of income tax, there are either very high rates of indirect taxes or there is a considerable reduction in the level of public services offered. Persons are given all of their income in their hands but then they have to make their own provision for health care, education and sometimes water supply and other services which the people of Barbados have come over time to demand of successive governments. It is in that context that we have to understand that tax reform while it is an ongoing imperative, it is also a complicated matter. There is the matter of the extent to which we will tax the international sector as against the domestic sector. The Honourable Member for St. Lucy likes to dwell on that particular point. There is the matter of the split between direct taxes and indirect taxes. There are taxes on income and taxes on expenditure.

The Honourable Member for St. Lucy in his wide-ranging contribution touched on those matters as well as on the split between what taxes are placed on the corporate sector and what taxes are placed on the individual sector. Within that framework there is the matter of what services

the people expect of Government and what they expect to provide for themselves.

3.25 p.m.

Mr. Speaker, I strongly disagree with the Honourable Member for St. Lucy who, once again as is his want and custom, tries to give the impression that there is a sinister, uncaring and most wicked policy of the Government to excessively and expressly favour investment by foreigners over that of Barbadians and that these investors were deriving the benefits of their investment but had made no contributions to Barbados.

Mr. Speaker, I want the Honourable Member for St. Lucy to know that when one looks at the relative contribution of companies that are operating in the international sectors of our economy and those operating at the domestic sectors, notwithstanding that there appears to be relatively low nominal rates expressed in percentage terms, that in terms of the corporation tax take of the Government, companies in our international business sector currently contribute approximately 40 per cent of corporation taxes in Barbados.

In fact, the Honourable Member for St. Lucy also attempted to go down the line of ineptitude in making his contribution to the Debate by trying his best to stay as far away from the line of accuracy as he could have. The Honourable Member for St. Lucy, in his contribution, first of all tried to alter history. I do not know if this is "The Time Tunnel" or one of those television pictures where persons talk of going into the past or into the future but he tried to change a history that is already recorded in this Parliament, by trying to suggest that the VAT was designed to replace the income taxes. This is not so for it was designed to replace a series of indirect taxes. It also represented a reform of the indirect tax system.

Sir, I would like the Honourable Member to know that the matter of the relative contribution of both direct and indirect taxes as it now stands, during the last income year 2001-2002, that taxes on goods and services, of which the VAT is a principal, has generated \$731.4 billion or 41.8 per cent of Government's Revenue, while taxes on incomes and profits represented some 34.8 per cent of the total revenue of the Government. Of course, there were other categories with lesser contributions: taxes on property, 6 per cent; taxes on international trade, 8.6 per cent, *et cetera*.

Mr. Speaker, the essential point is that taxes on incomes and profits, taxes on goods and services represent the principal sources of income for the Government and clearly, it is in those areas where Government would look for continued reform to ensure, not only the stability of revenues that would allow us to provide for goods and services, but we also have to make the point that while there are persons

out there who would want us to be speculative and almost reckless in the approach to tax reform, when we look at the expenditure figures for the last income year, 2001-2002, we would see that in terms of the expenditure by classification, that wages and National Insurance were \$643.5 million. Therefore, revenue instability for a Government, given where some of our principal expenditures happen to lie, would also represent income instability for persons who are working in the Government, therefore, reforms would have to be approached, along with the need to deliver essential government services, while bearing these things in mind.

Mr. Speaker, I do not share the Honourable Member for St. Lucy's view that we are using the tax system as allowances for giving special advantage in the international sector over the domestic.

Sir, the Honourable Member for St. John, in his contribution, has essentially made the suggestion that 1992-1994, represented the last major period of reform and that the DLP is concerned about the impact of tax on the poor and the middle-class. Sir, the tax reform of 1992-1994, was a reform which was aimed at providing stabilisation. Reforms which we have had to undertake since then and which we will undertake in this context, are those which would have to be aimed at stimulating growth. Sir, what is clear is that these tax measures being introduced, along with those that we have used to stimulate savings in the domestic sector and others, have, in fact, been working. They have been aimed at inducing tax clearance to point the expenditure in a particular direction.

Mr. Speaker, one of the fundamental pillars which has so far been a part of our reform effort, is that we have always sought to give the greatest relief to those persons at the middle of the income ladder. Sir, one could look at the distribution of taxpayers by way of income. Sir, based on a recent study of the tax system of Barbados, it is indicated that special allowances and deductions are available in the region of \$1 billion. When I look at the figures, the bulk of the taxpayers with accessible income of \$16 000 or less, those taxpayers are the beneficiaries of at least 60 per cent of that \$1 billion in allowances, *et cetera*.

Sir, to put that in a clearer perspective, we have not only taken the trouble to increase the basic allowance which is available but we also went the additional step of recognising that the lowest income earners who, even though they would not have paid income tax if earning less than \$15 000, would have paid other taxes, for example, the indirect taxes through VAT and others. Sir, for the first time in the history of taxation in Barbados, workers who did not have to pay income tax were actually given a reverse tax credit.

Sir, the Honourable Member for St. Lucy claims not to understand the policy but I want to assure him that the thousands of Barbadians who have been able to cash in their

\$500, understand it very clearly. Therefore, whether it is a reverse tax credit at the bottom of the scale or recognising what are some of the areas of expenditure which are important to middle income persons but which also would impact on their long-term future, these are the areas in which special allowances and deductions have been made.

Sir, a question was raised as to whether these deductions are being used and the extent to which they are helpful. The research again has shown that the credit union allowance has proven to be very useful, particularly for those persons who are earning between \$40 000 to \$60 000 per year. Similarly, the housing allowance also helps to reduce effectively the taxes which are paid by the number of middle income persons.
3.35 p.m.

Similarly, the child allowance and the housing allowance also helped effectively to reduce the taxes paid by a number of middle income persons. Reforms have been undertaken which are specifically aimed at addressing the issue of the tax burden on the lower and middle income groups and this has been our focus in our action on taxes so far.

Sir, there is a lot more work to be done and as the Honourable House is aware the National Consultation on the Economy held on July 26th and 27th of this year focussed on three key issues essential to our future, the pension reform, direct tax reform and the impact of globalization on the productive sectors of the economy.

Sir, there is the recognition that several years have passed after the last major reform and, although there were other reforms, it is time for us to undertake a comprehensive review which will seek to consider the issue of corporate tax versus individual income tax, the issue of direct taxation versus indirect taxation as well as a number of international issues because, at the end of the day, we are members of the WTO, the Caribbean Single Market and Economy and part of the negotiations concerning the Free Trade Areas of the Americas and these policies will have tax implications into the future. Therefore, our planning of our tax structure has to take account not only of our wishes and desires but the imperatives of these agreements of which we are a part. Sir, we will make a decision on these matters at a future date.

Sir, I want to thank Honourable Members who participated in the second reading of this Bill.

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

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

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

On the motion of Hon. R. R. FARLEY, seconded by Hon. A. P. WOOD, the House resolved itself into Committee, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: The House is now in Committee.

Clauses 1 to 10 were called and passed.

Clause 11 was called.

Hon. R. R. FARLEY: Mr. Chairman, I propose an amendment to Clause 11.

Hon. Miss M. A. MOTTLEY: Mr. Chairman, in respect of Clause 11 we wish to insert a new Clause after paragraph 8 (a) which will become (b) which will read as follows:

“In respect of Section 3 from income year 2003;”

Then delete the numbering of paragraph (b) and renumber it as paragraph (c). Instead of Clause 11 having two sections, it will now have three sections. The existing paragraph will remain. There is a new paragraph (b) which reads: “In respect of Section 3 from income year 2003” and what was previously paragraph (b) now becomes paragraph (c). Also delete the number 3 after 1 and before 4.

I beg to move that Clause 11 as amended, stand part.

Hon. R. R. FARLEY: I beg to second that.

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

On the motion of Hon. R. R. FARLEY, seconded by Hon. A. P. WOOD, Mr. Chairman reported to His Honour, the SPEAKER, the passing of one Bill in Committee with amendments and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. R. FARLEY, seconded by Hon. A. P. WOOD, the Bill was read a third time and passed and cited as the Income Tax (Amendment) Act, 2002.

3.45 p.m.

ORDER NO 10 – THE GRANT OF THE SUM OF
MONEY FROM THE CONSOLIDATED FUND
TO SUPPLEMENT THE ESTIMATES
2002-2003 – \$5 000 000

On the motion of Hon. R. R. FARLEY, seconded by Hon. R. C. EASTMOND, Mr. SPEAKER left the Chair and

the House went into Committee of Supply, Mr. D. CARTER in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: This Honourable House is now in Committee of Supply.

HEAD 22 – MINISTRY OF FINANCE AND ECONOMIC AFFAIRS – \$5 000 000

Hon. R. R. FARLEY: Mr. Chairman, the sum of \$5 million is being requested under Head 22 for grants to public institutions and to provide resources for the Industrial Investment and Employment Fund. This fund has been established as a means of providing financing for the industrial sector. It was conceived out of the recognition that we needed to provide industrial solutions to industrial problems.

Sir, the industrial sector in Barbados would have evolved over a period of time in a regime different from that which it is required to operate today. In the early days of industrialisation and the import substitution production orientation, either by way of its domestic sales or its export operations, we have been the beneficiaries of high tariffs or preferential access to markets. The manufacturing sector, along with the agricultural sector, has been at the forefront of those sectors bearing the brunt of globalisation which had as its chief characteristic trade liberalisation. This sector had to deal with an erosion of preferences in relation to access to markets, which previously existed, and it has also had to deal with increased competition in the domestic market.

Sir, this domestic market, based on liberalisation within the Caribbean Single Market and Economy (CSME), then moving under the World Trade Organisation system of reduced tariffs but by whatever phase of liberalisation, it had to face increased domestic competition. Sir, this has placed the sector under some considerable pressure.

In fact, the performance results would indicate that there has been a very clear correlation between the time periods at which liberalisation has been undertaken and the overall performance of the sector. Recognising that trade policy could not be the principal form of protection provided to the domestic manufacturing sector, we sought to identify other ways in which the Government could provide tangible support and assistance to the sector.

Sir, in the period of liberalisation, both in the domestic market as well as in the export market, small manufacturers, like the ones that we have here, could only remain viable if they are competitive. By competition we mean being able to produce products which meet the customers' need, with quality which is beyond question, products which are able to

meet any international or national standards such as may exist and products which are able to be sold at an acceptable price.

Sir, we conceived a programme by way of trade protection had to be of necessity, to be reduced but we were able to provide a programme of technical assistance to the sector. Sir, that technical assistance programme which started with a provision of \$1 million a year to finance a range of assistance to the sector was expanded to the value of \$5 million a year over a three-year period. That technical assistance programme included a diagnostic component in which we sought to identify what were some of the challenges which were facing the sector even as it faced liberalisation. Among those which were identified, included the small size of some operations, under capitalisation, some of them were not using modern and appropriate technology, there were some weak managerial practices and generally some inefficient operational systems.

3.55 p.m.

What, Sir, we resolved to do from there was to concentrate, not on large seminars and industry wide assistance, although those are important, but it was important to recognise that an industry, at the end of the day, is merely a collection of individual enterprises, whether it is the manufacturing industry, agricultural industry or tourism industry. At the end of the day, if you are not able to maintain viable enterprises, you do not have an industry.

Therefore, much of this technical and financial assistance has been focussed and targeted specifically at those enterprises which are in the business of making products and which either provide high employment, because clearly, Sir, we have to guard against any major or continued job losses as a result of trade liberalisation, but where there is high employment, that is an area of focus but also, where the products have international appeal and are either already traded internationally, or where they have a good potential so to do. Those, Sir, represent the kinds of products that we would choose.

The Technical Assistance Programme, therefore, Sir, provided a range of assistance with everything such as assisting companies to meet international standards. For example, in the food and beverage sector which represents one of the major sub-sectors in the manufacturing sector of Barbados. When I do a sectoral overview, I will speak more about that, but you cannot ignore the food and beverage sector which represents 37.4 per cent of the persons employed in manufacturing.

I believe that at the end of June this year, there were some 9 616 persons employed in manufacturing and 37.4 per cent of those were from the food and beverage sector. It represents the largest export sector within manufacturing.

However, as countries around the world, and as part of the trade liberalisation push, especially the developed countries of the world, have urged us to open our markets to their products and have opened their markets to ours, they have also introduced a range of non-tariff barriers. That is, Sir, they are dropping their customs duties and what we call tariffs, import taxes. They are saying their markets are open but they are also saying that these products have to meet new standards. Those standards, Sir, are so specific and so impossible to meet or the very equipment that you will be required to invest in, in order to test your product to meet their specifications, effectively stops you from getting into the market.

The reality, Sir, is that part of the push to develop the export competitiveness of manufacturing and agriculture in Barbados has to turn to knowing and meeting those international standards. I should also say that export in this context has to be seen in the widest possible sense. For example, there are international opportunities in Barbados. There are food companies which supply cruise ships and airlines. They will have adopted international standards, applicable to wherever their headquarters happen to be. The expectation is that if our producers here - the PHD which supply cruise ships - are able to supply their products, they have to meet the standards of the Princess Lines.

If the Barbados Flight Kitchen wants to be able to continue supplying the airlines that they supply, their output must meet the standards that are set. If McBride Caribbean Limited at Gibbons wants to continue to supply aerosol sprays and the other things that they make to the Dominican Republic, Central America and other places, the products have to meet the standards that are imposed. Therefore, Sir, the matter of helping companies, first of all to be aware, and helping them individually to meet these standards, has been a key to uphold the technical assistance provided.

For example, Sir, in the food industry, there is a new buzz word and standard, Sir, the Hazard Analysis Critical Control Point, referred to by the awkward acronym of HACCP. This food standard, Sir, is one which is now being demanded as being a basic requirement to be able to supply a range of food products around the world.

We hear from all the developed countries about how open their markets are, they are not imposing tariffs on developing countries, but if we are not able to help our manufacturers and agriculturalists reach those standards, then we cannot send anything to them.

Additionally, there are other firms, particularly in the manufacturing area which are now adopting standard ISO9002 and several others in the 9000 series. A number of our manufacturers have been asked by importers of their

goods and services, whether in fact they meet these standards. We therefore have had to assist our companies in getting there.

The ISO9000 series really relate to quality management and control and it speaks to the ability of an enterprise to be able to keep track of the raw material it purchases, how it tracks its work as it goes through the factory and being able to track the batches of items as they leave. So that in the event of there being product defects or some bad products are sent out, they can be traced and called back.

You will hear every now and again watching the United States of America on Television, here in Barbados - compliments of cable - you will see every now and again, a company will say that it wants you to bring back a product with a batch number of such and such. I believe that last week, Campbell asked to have back one of their soups. I believe the chicken noodle, inadvertently had some elements of the mushroom soup mixed in and they were fearful that persons who might be allergic to mushroom, may in fact consume the chicken noodle soup and be affected. Therefore, they were able to identify the batch was made on such a day, the product number was E5115 or something like that. These are the kinds of capabilities which our producers are expected to have, if they are to participate in these markets.

Therefore, Sir, the business of technical assistance is not a matter of gimmickry or handouts. It is about recognising that we can no longer isolate our producers from the rest of the world, that we need to ensure that they are able to meet all applicable standards.

It is also important for us, and we have made this as a very clear national commitment that we will insist as well on products coming into Barbados, meeting certain standards that we have met ourselves. Sir, because one of the ways in which some unfair competition occurs, is where inferior products are dressed up like the real thing, thrown into our markets, for example, there are a range of manufacturing products around the world, which carry the very disgraceful label, "For export only". You see it on some pesticides or on even some food items.

Thankfully, our systems in Barbados have become tight and I do not see those labels around here anymore but I know years ago we used to see them. There are countries and companies around the world which are quite happy to take what they consider to be the moral position, well, my product is okay, you have not said what your standard is, so therefore you can take it. We will meet the standards of those countries which have set standards and therefore, again, the matter of competition even within the Barbados market, has to be defined by way of those standards. Those are some of the issues of technical assistance.

Again, Sir, the technical assistance programme would have identified areas in which there was operational inefficiency. We have had, in some sectors, the situation in which every producer, great or small would acquire a ton of the latest equipment, which would tend to be more idle than active, during the course of a business day or even a business year. Therefore, we have been working on a number of amalgamations where persons are able to come together at the corporate level or just simply, Sir, equipment and production sharing arrangements. These are just a few examples of some of the very practical efforts that have been made.

4.05 p.m.

Companies have been provided with financial assistance through this sectoral assistance fund to allow them to go overseas in order to explore export markets, to attend trade shows and to expand their knowledge of the specific industry in which they are involved.

The Design Centre at the Barbados Industrial Development Corporation (BIDC) has provided free assistance to many small producers particularly in the food and beverage industry and is helping them to improve their product and package design. Those of you who visit the supermarket regularly would have noticed over the years the difference in the packaging and designs of the various condiments, jams, jellies, pepper sauces, other sauces and spices. One will recall that 20 years ago one would have seen a jam jar with a typewritten label and some plastic and a rubber band around the top. That is no longer a feature of Barbados. Today, even small cottage industry producers are able through the increased services provided by the BIDC to have packaging and labelling which not only meets the technical standards but which is attractive enough that when someone who is not familiar with a particular brand sees it in the supermarkets of Barbados or elsewhere they can become attracted to it.

Additionally, assistance has been provided in areas of what we call corporate identification. This is to help small business persons to design effective and attractive logos, letterheads and other means of identification such that when they project themselves as being international players in the export or other business that they would be seen in enough light. What that assistance which has been provided over the last several years did was to identify that even after efforts have been made to identify was what needed to be done to boost the competitiveness of these businesses that there was still the absence of finance. The challenge which businesses in the non-traditional sectors in Barbados face is the lack of access to finance, not the cost because two things are clear on the cost:

1. The interest rates have been falling over the years. In fact, I should not say they have been falling, it seems as if they were in a free fall of their own; and

2. This Administration made a very clear policy decision that it would seek to reduce interest rates successfully and progressively in order to reduce the cost of doing business.

This is very much a different strategy from that taken by the President of the Democratic Labour Party, a member of the Other Place, not anyone within this place. None of the two honourable gentlemen on the Other Side would have engaged in such economic misbehaviour but the honourable gentleman in the Other Place, and President of the Democratic Labour Party at the time when the National Economic Emergency Programme was presented, proposed that one solution was to raise interest rates. So in a time of crisis when you should be helping businesses to reduce cost, his solution was to raise the interest rates and drive up their cost but that has not been our policy, Sir. So the issue was not cost. So whatever the cost may happen to be you will find that it applies to all businesses and things will level out.

Mr. Speaker, the reality is that our capital markets are still not fully developed. There are still not enough full risk-taking institutions and the bulk of financing provided for business activity still comes through commercial banks. But at the end of the day, commercial banks can only go so far in relation to the sense of risk and the types of finance that they provide.

In other countries where the capital markets are more mature, there are other institutions which exist to deal with that. There are investment banks, merchant banks, venture capital firms and a range of other institutions and even individuals who are willing to specifically go into high-risk areas. High-risk areas usually mean that there are opportunities for high yields but there are also opportunities for high losses as well. There are other entities like commercial banks which only want to stay in the safe zone and therefore we recognise that there was a necessity to do something.

You will recall, Mr. Speaker, that the Barbados Development Bank had been the premier development financial institution but because of its insolvency and closure, two new institutions were identified to provide financing. These are the Enterprise Growth Fund and Fund Access. Fund Access was specifically designed as a micro enterprise institution to provide loans to a maximum of \$50 000 with the average size of the loan somewhere in the region of \$25 000 to \$30 000 and the Enterprise Growth Fund was developed to deal with the \$50 000 to \$500 000 loans. What we have been able to do over time is to evolve the Enterprise Growth Fund from being just an institution established to provide financing on its own account. The Enterprise Growth Fund was essentially a venture capital fund and is designed to be so but it is to use the existing management expertise and analytical skills to administer a

number of funds which have been specifically established and targeted at our main productive sectors.

The Enterprise Growth Fund has been engaged as the fund manager for the Agricultural Development Fund, the Tourism Investment Fund and now the Industrial Investment and Employment Fund. So rather than creating additional institutions, we have been able to use the same institutional capacity to follow prescribed mandates where each Fund has its own target in terms of the entities it wants to help and the issues it wants to address. The Enterprise Growth Fund, therefore, is able to use the same core of expertise to work with a number of entities in the productive sector. That really is the background to this Fund.

This Fund, as I said, Sir, has been established. The target is to have it fully capitalised at \$25 million. Clearly in our economic circumstances we will not be able to place \$25 million in the Fund immediately and there is no need to do that because you would not have \$25 million in investments to finance in a single year and therefore from the perspective of planning your finances you do not put more money aside than you need to place at a given point in time. We are, therefore, asking for \$5 million in this financial year to provide the resources which are required.

I can tell you, Sir, that already in the lead up to the Fund to this stage that all of the legal steps have been put in place. A board of trustees has been appointed, all of the legal instruments have been executed, applications have been received and indicative approvals have been given for some \$2 million in loans which would go to assist a number of companies in the manufacturing sector to retool and to recapitalise. It is mainly for purchasing equipment, materials and tools to assist in making them more efficient and therefore this Fund will be up and running.

Even before we have voted this supplementary, a sum of some \$1 million was provided by way of a loan to the Fund from one of the other Funds to enable the Industrial Investment and Employment Fund to deal with a number of urgent small applications which were before it. So the passage of this supplementary would not necessarily represent the first opportunity for disbursements because funds were located elsewhere to facilitate that early disbursement of funds through the Industrial Investment and Employment Fund.

4.15 p.m.

Mr. Chairman, the matter of the performance of the manufacturing sector is one on which I want to touch briefly. Sir, the manufacturing sector, after registering a robust growth of 7.4 per cent between 1995 and 1998, declined marginally to less than one per cent from 1999 to 2000. However, last year there was an 8.2 per cent decline in the sector but I am pleased to note that for the first six months

of this year, there was a modest growth of 0.7 per cent. We could attribute a significant part of that to the very strong commitment which the Barbadian public has shown in support of the "100 per cent Buy Local Campaign". In fact, it demonstrates that while trade liberalisation presents an opportunity for consumers to have a wider choice of goods and services, it does not represent a mandate to them to have to buy the new products from elsewhere that are available to them.

In fact, by way of a conscious decision, there has been a greater awareness of what is produced here and a recognition that, in fact, "made in Barbados", could be associated with quality and value for money. In addition to that, in terms of generating consumers interest, manufacturers have clearly recognised the need to improve their quality and pricing and, therefore, for the most part, have been able to hold their own in the marketplace. There are clearly some manufacturers who would not be able to hold their own and who, in the process of things, would go by default.

The reality is that we live in a continuously changing business environment and products which found favour or which have been produced in the 1960s are no longer on the market, while products that are produced today and which found favour with consumers would not necessarily be around in the year 2010. Therefore, we need to look at the overall performance of the sector and to see whether or not there is a sector, rather than seeing every instance where there would be a closure. In that regards, we need to be objective and to recognise where our strength lies.

As indicated, the sector employs approximately 9 969 persons. They have registered approximately 354 enterprises both in international and domestic manufacturing. Sir, interestingly enough last year there was still investment in the sector and a total of \$32.8 million in investment went to expansion, retooling, *et cetera*. The major sector that drove the performance was the food and beverage sector.

Mr. Chairman, in terms of export, there has been a mixed bag. Our exports were significantly affected by the weak performance of the OECS countries which represented approximately 45 per cent of the domestic exports for Barbados though we were able to show growth in the exporting of cement, metal cans, non-alcoholic beverages, hand-tools and rum. In other areas such as electronic components, one of the long standing companies, TANSITOR Barbados Limited was bought by an Israeli interest and have relocated to Israel as part of the parent company's plans. There was also a decline in paper products as well as in the performance of sugar.

Sir, even though there have been substantial changes in the way in which the manufacturing sector has to operate in the mix of products which would find favour in the marketplace, there are several reasons when this particular

phase levels out, that we would still have a vibrant manufacturing sector, albeit of a different size and composition in Barbados.

We have three types of manufacturing entities in Barbados. There are those companies which are international companies that are using Barbados as a production-base, where they import their materials, assemble them, then ship them out. These companies depend, not so much as to what happens in Barbados, but what happens in the market to which these products are being shipped or on what happens at the corporate level. There are then those Barbadian-owned companies which export the majority of their production. For example, McBride (Caribbean) Limited, a company engaging in insecticides, exports 75 per cent of its production. There are several other entities which do not depend on the Barbadian existence. There are other small manufacturers who depend on the domestic market, whose companies, therefore, would be subjected to the vagaries of trade liberalisation, *et cetera*.

Mr. Chairman, in conclusion, the establishment of this Fund is intended to provide the final part of a programme of assistance that ranges from technical assistance to matters of competitiveness.

Sir, by establishing this Fund, it recognises the matter of access to finance by persons outside of the distribution and construction sector is one in which the lack of knowledge, lack of appreciation and lack of interest in some of these manufacturing, entertainment or development businesses. But in the banking sector, it means that with all the collateral in the world, banks are not interested in financing businesses they do not know anything about. Therefore, the Industrial Growth Fund and the Industrial Investment and Employment Fund are, therefore, intended to provide financing for the creation of a new competitive manufacturing sector which is able to find its niche in domestic Barbados, in the expanded market of the Caribbean Single Market and Economy (CSME) and in the wider markets of the world. I thank you, Mr. Chairman.

Mr. D. J. H. THOMPSON: Mr. Chairman, in view of the fact that it appears likely that there will be some kind of Budgetary presentation shortly, it is not surprising that the Government is now rushing to the House, on the eve of that presentation, with two amendments, this being the second, to take care of business that was supposed to have been so urgent and so critical when the last formal Budget was delivered in August 2000. Since then, we were reminded of the urgency of Government's action as a result of the September 11, 2001 disaster, followed by an emergency economic package in which we were told that, once again, the Government would embark on an emergency programme to save and to reposition the Barbados economy. Then throughout the period of the last fourteen months, we consistently heard how proactive the Barbados Government

has been in putting measures in place, not only to stave off the impact of September 11, 2001, and to reposition the Barbados economy but more importantly to deal with the threats that have emerged as a result of the impact of trade liberalisation as part of the globalisation process.

The Honourable Member has also indicated that fourteen months have elapsed and that during that time the Government was able to search around for \$1 million to put into this Fund and that some small applications had been dealt with. The Honourable Member has been particularly elusive in outlining what areas of the manufacturing sector those particular applications relate to. Having set up the Fund, I would have assume the first line of Debate for the Government would have been to point out that the \$1 million had been made available and to identify the specific enterprises and the areas in which those enterprises are functioning, where a concept of applying industrial solution to industrial problems, which has been so nicely thrown out and sounding so sweet, would have had its greatest effect.

What we had was a very generous speech by the Honourable Member for Christ Church East in which he has said that the manufacturing sector has registered a whopping decline last year and that had stagnated. The idea of 0.7 per cent growth or paper growth, as was mentioned by the shadow Minister for Economic Affairs in the Other Place, would basically mean that the sector has remained in a state of stagnation. When there is 0.7 per cent growth, on top of 8.2 per cent growth, it means that the economy has not recovered any real ground at all.
4.25 p.m.

You have not recovered the capacity at which the sector was growing in the year 2001. The planners of the manufacturing sector cannot point to any specific area that would have led to such a dramatic decline in the manufacturing sector and its production. Sir, we had five Budgets in which very lofty concepts were put before the country. The Honourable Member for St. Peter said that there would be industrial solutions to industrial problems and agricultural solutions to agricultural problems. He said that all previous Governments had put money in the wrong things, that they set up the wrong kinds of funds and that he would set up four funds, the Agricultural Development Trust, The Industrial Investment and Employment Fund, the Tourism Development Fund and another fund and that these would revolutionise the way in which solutions were provided to problems.

Sir, every one of these institutions has taken three to four years to come on stream despite predictions of the impact of trade liberalisation and the Government's knowledge of the timetable for the introduction of major reforms necessary to make the Barbados economy more resilient and productive.

What the Honourable Member pointed to as areas of growth in the manufacturing sector, are by and large, areas in which the ownership of those enterprises and the investment that may come to those enterprises, is foreign. We all know the ownership status of the Cement Plant, a large chunk of the rum industry and many of the other industries identified because they are not the people that will draw from the \$5 million fund.

The real point that needs to be made is that those companies are owned by nationals of countries where they are well in advance of Barbados in meeting the new production techniques and standards which the Honourable Member for Christ Church East mentioned.

Sir, if you go to Trinidad, you will see the tremendous advances it has made in terms of the products that it manufactures and exports. Trinidad was working on these reforms for the past 12 years and they even brought in expertise from overseas to do it. They went through this process that is taking Barbados a long time to focus on and provided the resources on what needed to be done to save the manufacturing enterprises in their country and guide them to compete internationally.

Sir, several manufacturing enterprises have collapsed and the Minister holds out no hope that there will be an end to the collapse of manufacturing enterprises in this country. There are a large number of enterprises that these resources are going to make very little difference to because the companies are essentially wallowing in debt and great uncertainty. Sir, we should not be caught napping and forget that the economies of OECS are in serious decline and that they have been a major market for our goods. There are challenges in Dominica, Grenada and St. Kitts. St. Vincent registered a slight level of growth against a background of serious decline prior to that, has high levels of unemployment and we know the fiscal position of Antigua. With all of these challenges in the OECS, the prospects of recovery for the manufacturing sector in areas other than rum and cement, for which our markets are outside of the Caribbean, are going to face major challenges. Sir, this is the gap between promises and delivery.

Sir, we have had a serious creditability problem with the Government making statements in every single Budget and then taking an inordinate amount of time to get these things in place. This is why there is this rush on the eve of a Budget to ensure that at least a few things promised in the last Budget have been brought before the House of Assembly in time for the next Budget so that Government's checklist in that regard does not look as bad at it is.

Sir, fourteen months have passed since the Budget. The issue was implementation and the response from the Minister of Finance was that the Opposition was talking foolishness when we said that every year pledges are made

about institutional reform and new direction for the economy but that in Barbados we have become complacent and the level of complacency has become manifest in the amount of time it takes to get a simple thing like an industrial investment and employment fund.

Sir, there was no need to create a new institution because the Enterprise Growth Fund was already in existence and the Enterprise Growth Fund is such a good institution that it can administer funds for the tourism sector.

It is so good that it can administer new and creative funds for the agricultural sector and it is so good that it is now able to add to its portfolio new funds arising out of the Industrial Investment and Employment Fund.

Sir, I want to ask the Honourable Member for Christ Church East whether he can tell me which manufacturing concerns he believes has survived the economic difficulties in Barbados and that they will be able to benefit significantly from the existence of this particular fund. Also at some point the Government must account to the people and provide information to this Parliament on which enterprises have benefited from the other funds the Government established in the past two years and what impact the existence of those funds is making in those areas of the productive sectors. More important, why it is that it took so long for something as important as this to come onto the Parliamentary timetable having regard to the emergency economic package and the strategy outlined then, having regard to the deterioration in the economies in the OECS and having regard to the fact that in the intervening period several vibrant manufacturing concerns in this country have collapsed, persons have lost jobs in the manufacturing sector and many businesses and investors have lost significant sums of money. Sir, those are the kind of things I believe the Minister needs to respond to but the most important of them is the wide gap between the announcement of policy and its implementation.

4.35 p.m.

Hon. N. A. LYNCH: I want to lend my support to this supplementary because it has implications for a number of the productive sectors, particularly those in the service sectors of our economy, in terms of effectively competing and conforming to standards that have been established for us to take our place as a country moving towards development.

Sir, we are aware that globalisation is a fundamental issue in terms of directing our economy over the next decade. The service sector is particularly critical to how the economy of Barbados performs within the next decade. We have already dealt with a number of issues relating to the OECD threat and its implications to the tourism sector.

In addition, there are the issues of the non-tariff barriers that have been established and our ability to trade

in both directions and this is dependent on how we deal with these non-tariff barriers. Although we have dealt with some direct issues regarding commodity trading, the new target is how we relate to services and the trading in services.

Sir, if the developed countries seek to maintain their competitive edge, we believe that the next threat is going to be placed on the service industry, in particular the tourism industry. This not only relates to the economic gains for those countries but the economic linkages with our Barbados.

Therefore, it is important that we adhere to a number of standards that have been established in the developed world if we intend to do business with them and to be consistent in doing that business. These standards are established in the areas of health and safety, exemplified in Hazard Analysis Critical Control Point, (HACCP), ISO 9000 *et cetera*.

There are areas that have been traditional planks of our tourism development which have come under scrutiny by the developed world in terms of where the tourism industry is going. These laws relate to our duty-free regime, the sale of tobacco and alcohol to minors. We must conform to a number of established standards and the only way that we can do that is by bringing our enterprises on board and applying strict ongoing education to those who ply their trade within particular sectors.

Sir, in terms of environmental standards, these are fundamental to how we continue to be effective players in the tourism sector and how they impact upon the development of the industry. For example, a number of Germans visit the Dominican Republic each year and garbage disposal units are deployed on the beaches in that country. The garbage is then transported by the German vessels from the Dominican Republic to Germany. The reason for that is, the Dominican Republic intends to keep that country unspoilt.

The Honourable Member for Christ Church East spoke of the agricultural standards and the linkages to the tourism sector but there are also other cultural aspects of our development which must meet specific standards in order for us to effectively do business. There are the construction, technology and a number of other areas. Therefore, I laud any attempt to link our productive sectors to the tourism industry.

Sir, one of the important things in this debate is, that even though Government provides the overarching mechanism to create a base for standardisation, it is important that the private sector pays attention to these global trading issues including standardisation. Sir, Gov-

ernment has been putting a number of things in place to assist but our partners in the private sector and those who run the enterprises have not been paying enough attention to the realisation of these standards. Therefore, it is important we pay more attention to the establishment of standards and the provision of education. However, discussions and education on trading issues must become a way of life for all of our service industries.

There are times when our private sector partners say that they do not have the time to pay attention to a number of issues that reflect the way we do business. Many of our private sector partners do not have a clue about what is happening in the world when we talk about the WTO and trading issues as they relate to services and commodities. That is why it is important for Government to provide ongoing education and ongoing discussions on trading issues. Sir, these issues must become a way of life. Mr. Chairman, I want to send a clear message to all this evening that, even though the Government is dealing with the standards and the directions, this is not an issue for Government alone.

Sir, the Honourable Member for Christ Church East spoke about the issues relating to manufacturing, particularly the area of food and beverage and since we do business with a number of airlines coming into Barbados, some of the issues relating to the packaging and the quality of food are fundamental to whether or not we continue to do business with these airlines.

In addition to that there are standards in the hotel sector relating to food and certain specifications regarding construction in certain areas of the hotel sector. These standards are fundamental to whether operators would want to continue to do business with the hotel sector and Barbados. Therefore, it is important that the government as well as the private sector give careful attention to this matter. 4.45 p.m.

Sir, in the developed world, countries are now encouraging their people to stay at home. Our competitors have already focussed their efforts on increased marketing resources, enhancing of products in all sectors, reinventing structures and mechanisms for standards and strengthening their research and information capacities.

These are the areas that we need to continue to foment among the private sector in Barbados. At the end of the day, the entire sector is not only made up of a number of enterprises which must be productive, but which also must conform to competitive standards that will allow them to do business.

I believe that the competitiveness of our Barbados tourism sector in the future will depend upon our ability to match our global players in everything that we do. No

allowances in this industry, obviously from time immemorial, have been made for size and levels of development. There have been no preference systems like those which have been established in the agricultural sector. The tourism industry has also traded on its global competitiveness over the years.

The issue is, Sir, that even as we continue to compete against those who once were our source markets, and have now become our direct competition, we have to be able to conform and meet their standards for both sides to be able to continue to compete. Therefore, Sir, the product issues, in terms of accommodation quality, service quality, access to investment, even the concept of the quality of our human resources development and the movement of human resources across borders are going to become particularly important.

Sir, in conclusion, I wish to speak on the issue of the Tourism Development Fund. I take many of the issues that the Honourable Member for St. John has stated, in relation to how quickly we actually get many of these funds up and going. Sometimes, Sir, as a steward of an economic ministry, it is frustrating as well, from many avenues that we announce policies in this Honourable Chamber, then they take some time to develop into serious policies that players could take advantage of.

In this regard, the Tourism Development Fund has been up and running. In many instances, Sir, one of the problems with the development of these funds, even when you make the funds available, the private sector and the individual enterprises within the sector are unable to access them, because in many instances, they cannot meet the requirements in terms of the checks and balances that will allow them to get their hands on the funds.

One of the issues that is particularly painful is the issue as it relates to technical assistance. In many instances, you need to conform to a number of issues relating to how you pay your taxes and NIS and a number of other issues to be able to access the funding. It makes no sense throwing good money after bad but the thing is that whenever you create a fund and you create these funds which you believe will revolutionise or is intended to revolutionise a particular sector, you also have to create a level of competence within that sector at the level of the individual players and if you do not, they will never be able to access the funding.

Sir, it makes no sense to have a fund to create any benefit and then you make it difficult for the person to access the benefit, it is like not having the benefit at all. The issue is that in many instances, many of the players in the individual sectors are unable to meet the level of funding because they need themselves to get their house in order. In too many instances, what is happening with a number of

these funds as they are set up, is that a number of these players are not spending enough time, in putting some serious ground work in place, in terms of their own technical capacity, in terms of how they deal, in terms of their information bases to be able to provide Government with the information that they need.

At the end of the day, Sir, we are accountable to the taxpayers of Barbados. Therefore, I think it is fundamentally important not to frustrate people by setting up a fund and then the people cannot get access to the fund. At the same time, I think there is a certain minimum level of competence that is necessary within a small enterprise to be able to access Government funding.

Therefore, Sir, I laud and support what has been created for us this afternoon in terms of the Fund and the issue of technical assistance that has already gone out. What we need to do now is to be able to create a basis for retooling many of these agencies and many enterprises to meet the necessary minimum requirements to be able to move their businesses to the next level. Sir, I therefore want to give my support to this supplementary.

I am obliged to you, Sir.

Mr. D. St. E. KELLMAN: Mr. Chairman, I rise to speak on this supplementary. I want to say from the outset that no one can fault any Government in trying to provide additional money to help its productive sectors. One can question the way they go about setting aside these funds and then putting stipulations, Sir, that sometimes one really asks if these funds are only about figures or whether the Government is really serious in allowing the players to have a piece of the cake.

Sir, I have said on many occasions in this Assembly that the role of the Government must change. That is, previously people saw a Government as having certain agencies and the private sector buying into the Government. I honestly believe, Sir, now when one looks at what is going on in the world, that instead of the private sector buying over agencies belonging to the Government that the Government has to understand that it has to have a role that they also buy into the private sector, especially when the private sector has a product that has the capacity to be exported, and they do not have the capital to put that product on the international market due to lack of funds. Then, it is the role of the Government to provide the capital, because at the end of the day, Mr. Chairman, one has to understand that it is foreign exchange that runs the country. Therefore, we as a Government must recognise that we must provide the capacity to generate the foreign exchange to carry on the functioning of the Government.

For example, Sir, it does not make sense to have a company like Pine Hill Dairy that has a product which is

marketable on the international market but still, it does not have the capacity to export because the demand for the product is greater than the production.

How can I complain? In my opinion, if that is the problem and you have identified a particular industry where its capacity to produce is not as great as the demand for the product, then there must be a relationship between the private sector and Government to put the capacity to the level that it can then supply the product to the international market, without having to have a situation that you send a container this week but you cannot send another one.

We must be able to supply the demand because if we are going to be competitive in the world that is what is required. If the Government has the resources, then any sensible Government would understand the particular point that I am making and move towards that particular direction.

I know there will come a time when everybody will ask, how you can have that when you are talking about privatisation and the Government is privatising its own entities. We also have to understand that you can be doing both things at the same time.

I honestly believe that the Government's role can be also developmental. That is, there are going to be certain areas that the private sector would not want to take the risk, it is for the Government to step in, develop the particular product and when they recognise that they have the product to the capacity and deliverance for the market, they step out, get the capital and move on. Sir, that is what is important in this economy at this time. I keep making the point that you can have all the revenue you want but if you do not have the foreign exchange, you are going to find yourself with serious problems. In my opinion, the biggest problem facing us is the lack of capacity to provide foreign exchange to buy the goods and services we will need in the future.
4.55 p.m.

I am saying, Sir, that we need to take this to a different level and we need to understand what is going on in the marketplace. We have to understand that globalisation is not by accident and that it is here with us and it will be with us for a long time but as a people we have to find solutions to solve the problems that have been created by globalisation.

We have to understand, Mr. Speaker, that economic development cannot be seen now as how it used to be seen. We also have to understand that the role of the private sector as it relates to the economy today does not provide the impetus to generate the amount of foreign exchange we need. Therefore, Government is the one entity that is responsible for finding the foreign exchange to run this country. If the private sector has the potential but is not delivering the product, it is up to Government to step in and do that. We

cannot allow the Government to believe that they can come and offer \$5 million and do not give a good reason why they are offering it and at the end of the day when they deliver this \$5 million they cannot tell you what is going to be the increase in resources or the increase in the foreign reserves coming to the country.

I am saying, Sir, that we must understand what is happening in the marketplace. Trade liberalisation and globalisation is here and we cannot do anything about them. They are here and we have to find solutions and ways to get around them. So any enlightened Government will have to find policies and put them in place.

Sir, it is regrettable that the point made earlier could not be grasped by the Honourable Members on the Other Side. I will continue to make this point, Mr. Chairman, that the increase in foreign exchange is going to be the main thing for us as a people in this country because once we can increase our foreign exchange level, we can increase our revenue but it does not necessarily mean that because we increase our revenues that we can increase our foreign exchange. That does not tally but the reverse might be true, Sir. We have to understand that when we go shopping on the marketplace it is not Barbados dollars that we will go to shop with but foreign exchange. The problem facing this country is a lack of capacity to generate the foreign exchange to go on the marketplace. That is why we have been borrowing so heavily. Any country that has to depend on borrowing in order to shop in the marketplace, some day that country will have to stop and judge itself and when that is done it will not be in the interest of the masses of people of the country. So we have to be serious and we have to understand what is happening in the marketplace.

The people who sat down and formulated the World Trade Organisation rulings and those who implemented globalisation and trade liberalisation did not do it for us, they did it because the G7 countries knew what they wanted out of it. We must understand that globalisation and trade liberalisation is all about market share and political dominance and once we can appreciate that point then we have to find ways to fight it. That is why I said earlier today that previously we had individual Ministers of trade but now not even the Ministers of Finance have any clout within the Caribbean or within the smaller States anymore because they are now being dictated to.

There was a time, Mr. Chairman, when in this country we could as a Parliament and as a people decide what goods could be imported into this country. Previously, we could have used a licensing system to do that but now we are at a stage where we cannot even implement one licence and we cannot even block anything because we do not have control anymore. No Minister of Finance can come to this Parliament any longer and use the licence system to help

reduce the amount of foreign exchange going out through the system.

In light of that, the leaders within the Caribbean and the smaller States need to understand that they must find something counter to what the World Trade Organisation and all of the other groupings have been able to place on us and find a way to keep our foreign exchange within our system and at the same time increase our capacity to bring in foreign exchange. We must reduce the amount of foreign exchange being used and increase the amount of foreign exchange coming in. So what will we do? Will we continue to tell people that we have the best beer in the world called Banks beer but yet, the only way they can get it is when they come to Barbados, or will we as a Government find the foresight to recognise that if there is a problem by using the name Banks that we will have, in the interest of the country, to change the name from Banks to something else? If by doing that there is going to be tremendous cost to the particular company that is manufacturing and marketing the product then the Government must understand its role and provide the foreign exchange for the country but if Banks has the capacity to generate foreign exchange then we must exploit that capacity. I am serious about that.

It is the same thing with some of our other products. It is known that our pepper sauce has potential. It is known that our sea island cotton has potential. It is known also that "Sweet and Dandy" mauby has potential but "Sweet and Dandy" mauby cannot be exported at the same capacity that we are now producing it because one week you can go to New York and find it on the shelves in New York but the next week when you go back you cannot find it. When and wherever there is a demand, the supply must be there to match that demand and the company producing the product cannot be blamed for the lack of supply because it has created the demand. So the Government has to understand its role by providing the capacity for the company so that it can provide the supply to suit the demand that it has created. It does not make sense creating the demand if you do not have the supply. Even the Honourable Member for St. Philip South would agree with that particular point.
5.05 p.m.

Mr. Chairman, it is true that normally it is his role to lecture to people but today he is a student. He has been a good student and has been regularly bowing his head...

Asides.

Mr. D. St. E. KELLMAN: Because the logic I heard you with earlier as it relates to economics, you boggle the mind.

Asides.

Mr. D. St. E. KELLMAN: Mr. Chairman, we have to understand where we are going. We have to appreciate...

Asides.

Mr. D. St. E. KELLMAN: Mr. Chairman, I am now being told by the Honourable Member for St. Philip North that I have already made that point this morning. Sir, that point is very important because it means that these things are so tied that whatever I say relates from one thing to the other and makes economic sense, even for the Honourable Member of St. Philip North.

Mr. CHAIRMAN: The Honourable Member has got one minute.

Mr. D. St. E. KELLMAN: Mr. Chairman, we have to understand that even though this Debate is about \$5 million, the money is not important. What is important is the policy to which this money is to be placed because it does not make sense putting money if one does not understand what to expect on the returns of that money, therefore, I hope that we would see the results of this \$5 million. We would not hope that people would simply expand their operations but would make sure that it occurs.

Sir, the world is now the marketplace and once we create the demand, we could supply the world but we must have the capacity to do so. I thank you.

Hon. A. P. WOOD: Thank you, Mr. Chairman. I rise to make my contribution to the Debate of this Supplementary for \$5 million to the Industrial Investment and Employment Fund. I would like to start my first contribution to this Debate by allowing this Honourable House and, in particular, the Honourable Member for St. Lucy, to understand that this administration does not do things in a vacuum. Therefore, there is a clear objective for the establishment of this Fund, which sometime ago was stated by the Honourable Member for St. Peter and which I will repeat for the benefit of the Honourable Member of St. Lucy.

Sir, it is nothing short of a folly for the Honourable Member to give the impression, only to himself, that we are making the \$5 million available and that there was no objective in mind as to the use of the money and that we cannot look forward to any future returns.

Mr. Chairman, permit me to quote from the Honourable Minister's brief and to outline the objective of the establishment of this Fund. "It is set up to remove one of the main constraints to the structural transformation of the manufacturing sector." We are saying that such a transformation is an indispensable prerequisite if the sector is to accomplish its goal of international competitiveness,

which would allow it to establish a safe place in the global and domestic markets.

Mr. Chairman, the onset of globalisation and trade liberalisation has meant that certain sectors in this economy, namely agriculture and manufacturing, have taken a blow. Therefore, it is absolutely important that restructuring is done in these sectors and that we do it with much dispatch if we are to save the sectors.

Mr. Chairman, it was against this background that the Prime Minister was very clear when he made the point that for Barbados to compete, even at home and in the export markets, we needed to restructure the agricultural and manufacturing sectors in such a way that our efforts would allow us to hit at the core problems which are being experienced in these sectors.

Mr. Chairman, the expressed purpose for establishing these funds was to enhance competitiveness. We needed to improve the level of our operational and technical efficiencies in manufacturing and in agriculture so as to enhance the productive capacity of these sectors. Therefore, this is the reason why the Honourable Member for St. Peter saw it fit to make dedicated lines of financing for both the manufacturing and agricultural sectors.

Mr. Chairman, there is therefore, a clear and important objective for the intent of this Industrial and Employment Fund for the manufacturing sector in the same way that we have seen the establishment of the Agricultural Development Fund to perform a similar role in respect of moving the agricultural sector forward.

Mr. Chairman, the global trade and economic development has changed dramatically, especially in recent times. Much of this is related to the birth of the World Trade Organisation which has instituted guidelines for international trade. This trade is governed by a number of agreements and measures to which member countries must become compliant. Therefore, in order to become compliant, major restructuring, retooling and recapitalisation must take place in the various sectors.

Mr. Chairman, as was earlier said, it has to be done, not only for us to compete in the exports markets but because of the opening of the markets to international competition, it must be done in order to compete even more effectively at home.

Mr. Chairman, previous Speakers have made mention of the fact that there is a time lag between the announcement of the establishment of these wonderful initiatives and the actual operation of these funds to the point where there are actual draw-downs. Mr. Chairman, this is a worthwhile point as was made by the Honourable Member for St. John. Indeed we need to spend time analysing and understanding the

constraining factors which are accountable for this sometimes too long a time lag between the announcement of the initiatives and the operation of these funds.

Mr. Chairman, in the theory of economic policy, there is a view held by those monetarists who would want us to believe and those who think that as little intervention in the running of the economy is better for economic performance. Sir, one of the reasons they have advanced, for as little intervention and fine-tuning of the economy is the time it takes to understand what is causing the problems in the economy and the time that elapses between settling on a policy and making the announcement. What happens is that by the time that is done, the economy has already moved onto a different stage and the policies that would be implemented at that particular time then become displaced because of the slowness of Government's actions.

Mr. Chairman, the Opposition has used that analogy as a basis for arguing that, because of limited knowledge and things not being done in a timely fashion, the implementation of Government's policies creates more confusion than good towards the economy.

Sir, I only used that to draw an analogy to what the Honourable Member for St. John is saying. The Honourable Member's contention is that sometimes the lag between the announcement of a good policy and the implementation of that policy, so that the desired impact might be envisaged at the time the announcement was made, might not have materialised.
5.15 p.m.

Let us look at this in the context of the announcement about the establishment of this Industrial Investment and Employment Fund and even in the case of the Agricultural Development Fund and what contributes to this delay.

The Honourable Member for St. Michael South made mention of the fact that some of the private sector operators for whom these initiatives are directed find it extremely difficult in meeting the eligibility criteria in some cases. They are slow to act because of a lack of technical capacity to help them with the information gathering exercise and being able to use that information strategically to help them to formulate the project proposals to go before the fund managers in a timely manner.

We have also experienced this in the case of the Agricultural Development Fund. The fund was launched on December 19, 2001, and it was properly capitalised to the tune of \$28.5 million in April 2002 but the first serious proposal which went before the fund, administered by the Enterprise Growth Fund, was in August this year and, notwithstanding the fact that the fund was launched in

December and that there was a sustained marketing effort on the part of Enterprise Growth Fund Limited which started in March this year. Sir, the Honourable Member for St. Michael South is correct when he said that the lag could be explained by the slowness on the part of the private operators because of the lack of technical capacity.

Mr. Chairman, I would be hypocritical if I did not admit that part of the delay could be explained by the bureaucratic inertia and officers wanting to be perfectionists when dealing with these matters. This could also explain the gap between the announcement of a proper initiative and the actual operation of the fund at the point where draw-downs can be made.

Mr. CHAIRMAN: The Honourable Member has two more minutes.

Hon. A. P. WOOD: Mr. Chairman, notwithstanding the good efforts on the part of Government, there is still a level of hesitation on the part of the private operators in accessing these funds in the same way that there is a level of hesitation in private operators taking full advantage of the many concessions and rebates given by the Government for certain sectors.

Sir, I would like to spend some time on this matter when I come back a second time because it brings me to an important point which the Honourable Member for St. Lucy made in his contribution. The Honourable Member might not have realised that he made an important point but I like to give credit where credit is due. The Honourable Member for St. Lucy spoke to redefinition of the role of the State. He made mention of the fact that in the face of some uncertainty on the part of the private sector and notwithstanding the fact that there is still some measure of hesitation and skepticism on the part of the private operators despite the fact that there are great concessions and rebates and, in this case, the establishment of funds to provide financing at concessionary rates, that this would require the State to play a different role.

In accordance with what the Honourable Member for St. Lucy is saying, in certain areas where the investment risk is high, where the returns are not high but where the activity is highly desired and can serve to maintain and increase employment, where we can generate foreign exchange and deal with massive imports like in agriculture, where there is a high import food bill, it mandates the State to play an important role which goes beyond the provision of concessions, rebates and establishment of the fund and also plays a catalytic production function.

Mr. CHAIRMAN: At this point, I would ask the Honourable Member to conclude.

Hon. A. P. WOOD: Mr. Chairman, I conclude at this point but I will return and expand further on the point.

Mr. D. T. GILL: Mr. Chairman, there has been a lot of talk in recent times about manufacturing, whether Government is doing enough for it and what can be done in this regard.

I have said on several occasions that manufacturing is intrinsically dependent on energy and so, the return will always be marginal in Barbados. I heard the Other Side compare Barbados with Trinidad but when we seek to do this, we are at a disadvantage with respect to energy.

Sir, Jamaica and Trinidad have the ability to provide cheap bauxite and this is why big manufacturers like Nestle, Milo and other big companies gravitated to these islands for the obvious reason of cheap energy.

We in Barbados held onto the sugar industry for years because it depends on cheap energy and once the furnace is lit up the process can continue unabated until the end of the crop.

It is unfair to constantly compare ourselves with Trinidad and Jamaica with respect to the input of energy. Sir, jams, jellies and preserves are the only other items for which we can supply our own raw materials but if we have to import raw materials we cannot compare ourselves with countries which have raw materials as natural products. Sir, even if we try bringing it in a semi-finished state, the final cost can in no way be near what those countries which have the product as a natural indigenous product could put out the finished product for export.
5.25 p.m.

Sir, when it comes to the textile industry we cannot compete with those countries. Agro-processed foods is another area where it is difficult for us to compete. For example there are countries where thousands of acres are grown in one crop and that product cannot be consumed in the local market. It has to be exported.

Sir, I remember years ago, when I was in the pharmaceutical industry, asking one of my principals in France why he was bothering to export a product when he claimed that he had a very good market at home. He told me that there are times when the product was in low demand locally but it was in high demand in that island. Whenever a product is being manufactured, they not only think of their local market but of the export market. We are dealing with an economy of scale and this is another important point which has to be factored in to the profitability of manufacturing.

Sir, we know only too well what happened some time ago with the export of our furniture. It must be stated that Barbados has some of the best furniture manufacturers in the world. We only have to look around in this Honourable

Chamber and you would see what I am talking about. The problem that our furniture manufacturers had was our inability to prevent the moisture being produced from within the furniture. So, when it was exported, the joints would come apart and mildew would appear on the furniture. In some cases it only had to rain for a few days and with the windows kept closed, and in a short period of time mildew would start to build up on the furniture. Sir, when we got the kiln it was too late to satisfy the market.

Mr. Chairman, when we talk about the fishing industry we do not have the necessary equipment for the canning of fish. In the countries where fish is being canned for the export market there are stipulations as to when fish should be harvested, the quantities to be harvested and there are fish farms to supplement the fishing industry.

Recently, I have been buying dolphin and I am sure that the dolphin must be coming from a fish farm.

Asides.

Mr. D. T. GILL: There are problems from the word go, the inability to package, and containerise and the economies of scales. Finally, there is the labour component that has to be factored in. That is why a lot of the manufacturers have shifted from the northern hemisphere to the southern hemisphere because of the strength of the United States dollar.

The Honourable Member for St. Lucy spoke about "Sweet and Dandy" mauby syrup. Another thing we have to understand is that anything that is grown natural can almost be prepared synthetically. We can talk about having ginger beer or mauby...

Asides.

Mr. D. T. GILL: Sir, when someone is shopping and he wants to pay US\$2 for a bottle of mauby, he is going to pay the US\$2. Sir, there is a fruit, I think it is the African blueberry, which is used for the manufacture of sugar. It is just a matter of getting the correct bacteria to work on the blueberry and you produce syrup thousands of times sweeter than our sugar cane.

Asides.

Mr. D. T. GILL: Sir, a time is going to come when someone is going to say that he does not want the sweetener from Barbados or anywhere in the Caribbean, if he could get it at one cent per litre he is going to buy it because first his cost would be cheaper. Another scenario is the footwear that children wear, Nike, Puma and Reebok. These shoes are first manufactured in the North, then they are assembled in the South and then sent back to the North at a cheaper cost

because of the labour cost and the strength of the United States dollar. Whether these shoes are made in Mexico and then sent back to France, the fact remains that it is the labour cost that will put that finished product at a great disparity as far as the selling price is concerned.

Sir, two things are happening now with respect to manufacturing. The old trade barriers have been broken down and the flood gates have been opened and at the same time standards are being demanded. Therefore, Barbados has to compete at both ends. We cannot lie down and play dead. We have to have the correct resources to make sure that our standards equate with those from the developed countries otherwise we will be left behind.

The Honourable Member for Christ Church East spoke about the improvement in our packaging, labelling and presentations. All of these things call for increased resources and these will eventually push up the price of the finished product.

5.35 p.m.

Sir, I have a great fear, that is, if we are constantly monitoring what is coming into our country. We want to compete with, and have standards as good as Canada, Germany and France when we are exporting. Those countries are rigorous and diligent about what their people consume, but are we doing the same and, Sir, something tells me, no.

Sir, I hate plastic containers with a passion.

Mr. CHAIRMAN: The Honourable Member has one minute.

Mr. D. T. GILL: Thank you, Sir.

Sir, not only because of the environmental damage...

Aside.

Mr. D. T. GILL: No. You cannot bring any trivia like plastic bags across my path. I am talking about plastic containers.

Sir, I am a little concerned about some of these plastic containers which come to our shores. We do not know how chemically clean they are but we take sheets of plastic which come off the production belt and are moulded and sent out, and we consume everything out of them, whether they are preserves, juices or we microwave in them...

Aside.

Mr. D. T. GILL: Medication, you name it and we do not know if they are chemically clean. Some time ago, there

was much talk about the chemical cleanliness of even the tyres that we use in our motor vehicles.

Sir, in the process of manufacturing and making these containers more resistant and less fragile where we could recycle them, I fear that these containers are not chemically clean and are introducing foreign elements in our systems when we consume, store and microwave in them.

Sir, I see you are nodding and it tells me that I have come to my limit for this Resolution and I am prepared to stop.

Mr. CHAIRMAN: Yes, your time is up.

I thank you, Sir.

Mr. D. St. E. KELLMAN: Mr. Chairman, I must admit that I like the progress of this particular debate but I want to go back to something I spoke about last year in my brief Budget presentation, that is, I questioned whether or not we were making the right decision in reducing the capacity of our sugar industry.

Sir, after listening to Honourable Members on the Other Side, I am convinced that the argument presented last year by me is one that should be revisited, if we make the point that foreign exchange is going to be the main thing, then it is important for us to recognise, if there is one industry which allows us to have a large sum of foreign exchange without necessarily incurring a large sum going out, and that is, a large sum coming in without the matching amount going out, then we must understand, Sir, that this is an industry that we need to have a second look at, for the simple reason, Sir, we have to realise that once we have a foreign exchange gain that is going to become the most important thing.

The losses incurred by the sugar industry can be associated with local costs and not external costs, so the opportunity cost in producing additional sugar must be considered favourably, so that is why I would like to ask the Minister of Agriculture to have a second look at the total production of the sugar industry. Sir, instead of reducing the production of sugar, we would be better served if we increased the production of sugar.

Sir, we must also understand that in looking at that, we must ask ourselves whether or not we made a good decision when we tried to mechanise the industry, instead of trying to get foreign labour to come in and reap the sugar crop. I will tell you why. It is known that the ratooning habits have changed since we used mechanisation and the number of crops that you get from a particular planting is not as great now, as when there were hand-planting and hand-reaping.

I am saying, Sir, we also have to look at it from another side. When we provide spare parts and fuel for machinery,

who are we supporting? When we provide money to employ people to reap the sugar cane, at least those same people have to spend that money inside of Barbados to find some place to live and find something to eat. Sir, when we spend that same amount of money on a particular piece of equipment, all we are doing is sending the money out of the country.

I am saying, Sir, that we have to look at the opportunity cost of mechanisation and we have to look at the opportunity cost of manual labour. When one takes the two into consideration and carry out a study on both, one would recognise that it would have been more beneficial to continue to import labour to reap our sugar cane, than to go to mechanisation.

Asides.

Mr. D. St. E. KELLMAN: That is a fact and one must understand, Sir, that in this globalised world, we must look at the opportunity cost of everything that we are going to do. We must also be very careful because sometimes when we think that we are reducing costs, in truth and in fact at first value it looks so, but when you really carry out an opportunity cost, you are not really reducing costs.

Sir, that is exactly what has occurred within the sugar industry. We had to look for large sums of money to buy equipment which the sugar industry could not afford in the first place and the Government had to supply, without recognising that those large sums of money needed to buy the equipment to move towards mechanisation, had a foreign cost attached, whereas, if you were importing labour, the cost would not have been so great.

Sir, do not tell me that you could keep the equipment for a number of years, because those of us who had the opportunity to be involved in the sugar industry could tell you the high repair costs off the top and the cost of all those other pieces of equipment.

Sir, we have to be very careful when we are making changes and of the people who are selling us the equipment. We should also be prepared to look at the counter-argument and there is an opportunity cost for our judgment and the decision that we want to make. Sir, it is one thing for a salesman to tell you something, but it is another thing for you to feel the impact of his sweet talk in your pocket.

I am saying, Sir, that mechanism has not worked for the sugar industry. It might have worked in the sugar factory but it did not work in the fields and that is a fact because, if we had brought in people from Guyana or wherever, they had to eat. They had to look for some place to live and we would have been retaining a lot more of that money within the country. Whenever you spend that

money on a piece of equipment, the money you are spending is going back out in foreign exchange. These are things that when we make decisions, we tend not to look at, not only that, we also have to recognise that when the people come here to work, there is a possibility that the tourism industry might have a spin-off from this activity.
5.45 p.m.

One would understand that, especially if one lives in a constituency like St. Lucy, which has the Naval Base, because the families of the people working at the Naval Base would come in to visit them for short periods of time which increased the earnings in the tourism industry. The same thing would happen when the cane cutters come to work here provided the sugar cane season is lengthened. That is why it is important to make sure that our sugar cane production increases to such a capacity that we can have a longer sugar cane season so that we can marry the sugar industry with the tourism industry. We have to understand that this is a different world. Things are changing and if we want to be significant we have to do the things that are important. It pains me to have to come here to this House of Assembly Tuesday after Tuesday to try to convince people of these particular matters.

Asides.

Mr. D. St. E. KELLMAN: It is important for me to put not only a voice for them but for the country on the whole because the people of St. Lucy have never been selfish with their ideas. They have always shared their ideas even though they have not gained from sharing all of these wonderful ideas with the people of Barbados but one day people will acknowledge it and will deliver to them what is truly theirs.

I am saying that we have to rethink that reduction of 10 000 tonnes. We must understand that the capacity to earn foreign exchange is important and instead of reducing the 10 000 tonnes we need to increase it by another 10 000 tonnes because foreign exchange is what we need to shop with. We cannot shop on the international market with Barbadian dollars. It does not make sense to claim that we are making money and are spending more money to repair machinery when you could have been saving by using some of your comrades from the neighbouring countries. Because Barbadians do not want to do certain types of work, the country cannot stop producing just to please its people.

If cotton is the crop that is important to Barbados and Bajans do not want to reap the cotton, the Government has to find the people and bring them here to reap the cotton because that is what would enhance the lives of Barbadians and no Barbadian would fault Government for that because once we have the cotton and we reap it and generate the foreign exchange, it would better the lives of Barbadians. So I do not want to hear any longer that we have a cotton crop

and the crop cannot be reaped because we do not have anybody to reap the crop. I cannot support that policy because my first interest is Barbados.

There are people in the world who would like to come to Barbados to reap the cotton. I have said this in this Parliament already from as far back as 1994 where you will see statements from me that cotton is to Barbados what oil is to the Arabs. We have to understand that and we have to exploit it. There is potential in cotton and we need to produce it. We are privileged to be able to produce a type of cotton that is unique and we have to bleed everything out of it.

This is Barbados, Sir, the place where my children and all the other young children will have to live and it is in my interest to make sure that this country is run a particular way. That is why, Sir, I am not worried about sharing my ideas because for me Barbados comes first. The only problem I have is that when someone has ideas that come from the heart and people who generally do not understand them, try to implement them, they always implement them wrong. However, when someone tries to implement them and they implement them wrong, you are still there to implement them right but you must get the opportunity to implement them.

I thank you, Sir.

Hon. A. P. WOOD: Mr. Chairman, I rise to continue on the point I was making about the five roles of the State in the current environment. This environment is very much conditioned and shaped by what is happening in the regional, international and economic trade environment.

Mr. Chairman, I was at the point where I was saying that in the current scheme of things, this Government in recognising the need to respond in an affirmative fashion to the impact of trade liberalisation and globalisation, and certain key sectors of the economy, it has been making available quite generous concessions and rebates and has also been trying to establish a number of funds geared towards retooling, recapitalising and restructuring those key productive sectors. From experience, we have seen that there is still some level of scepticism and hesitation on the part of some members of the private sector. We are saying that the State must think seriously of going beyond the provision of these things and get involved in productive activity by playing a catalytic production role.

In recognising that there may be significant development costs in order to transform certain sectors and to make certain activities in some sectors come to the fore, the Government should think seriously about engaging in more joint venture projects both in the manufacturing and the agricultural sector. Let me explain what I am trying to say, Mr. Chairman, and let me use agriculture as a simple

example by making this salient point. We start on the premise, Mr. Chairman, that it is vitally important for us to maintain commercial agriculture. I do not have to remind you of the calls that came in the aftermath of the September 11, 2001 event. We must also understand that the sector is coming under a fair amount of stress at this point in time. That is a fact. Both sugar and non-sugar agriculture is coming under stress and we have to fight it.

The Government has established the Agricultural Development Fund. The Government has made available a raft of concessions and rebates. The Prime Minister came in here on August 8, 2001 and detailed the Government's assistance to the agricultural sector by way of a revision for the incentives of the incentive regime. But we still see that the private operators in the agricultural sector are not accessing these concessions and rebates at a pace that was anticipated, that we sought on the premise that commercial agriculture should be maintained in Barbados. Given the fact as well that the private sector has not been accessing these rebates and concessions at a fast enough pace we have to ask ourselves what else can the Government do in order to send the correct signals to the private operators in the sector that they should continue. That is the point I am trying to make.

5.55 p.m.

Mr. Chairman, in recognising what is required to turn the agricultural sector around might be fairly costly by way of investment in the sector, Sir, too the returns might not be as high as in the case of tourism and a number of other sectors but we had to take the bull by the horn, so to speak.

Mr. Chairman, we had to be prepared to engage in direct risk-sharing with the private sector. The Government's direct contribution should be related to the development cost of these activities that is, there is a certain amount of product development that must take place in the sector, that the Government must see itself as having to play a very strategic role in the partnership with the private sector in helping with the product development and the other components of the development cost of certain activities.

Mr. Chairman, in trying to encourage innovation in this sector, the Government must lead by example and, therefore, it would not be that Government would become involved in production in the old traditional way but that Government becomes involved in a catalytic production function by using innovative techniques as a way of pointing out to the private sector that this is an opportunity and is the way in which they should be going. What we are saying is that left alone, the private sector has not been rising to the challenge fast enough, to allow them to access the raft of concessions, rebates, draw-downs on the various funds, introducing new technology, introducing more modern management practices, which would allow them to transform their businesses and

would make them more competitive, operationally and technically efficient as well. Mr. Chairman, I am certain that, at an assumed date, the Prime Minister will speak to this in a more exhaustive fashion.

Mr. Chairman, in the context of agriculture as a way of redefining the role of the State, there is an institution called the Barbados Agricultural Development and Marketing Corporation which would have to be restructured, to allow the Government to get closer to the private sector at the operational level in forging this strategic working relationship which would see the Government becoming more engaged in the productive activities in these sectors.

Asides.

Hon. A. P. WOOD: I am not saying that the Government would stay in it forever. What I am saying is that we need to do more hand-holding with the private sector as a way of getting them to understand it is absolutely important that they approach the business in a slightly different way, that we could get a total enterprise culture inculcated in the minds of the private operators, so that at a later date, if the Government has to gradually withdraw from the production aspects of the joint venture operation, it would be done at a time when we are absolutely certain the private sector is strong enough, fit enough and willing enough to stand on its own.

Mr. Chairman, the other area on which I would wish to spend time is that of enhancing competitiveness. Ultimately, the establishment of the Industrial Investment and Employment Fund is to drive competitiveness in the manufacturing sector. In the same way that the Agricultural Development Fund has been established to allow those activities in the sector which have the potential to compete in an era of greater globalisation and trade liberalisation, this is the motivating factor for the Industrial Investment and Employment Fund as it relates to manufacture. It is about enhancing the competitiveness and gaining greater operation and technical efficiencies in these businesses.

Mr. Chairman, as a serious group on this Side, we would want to engage the Honourable Members on the Other Side. We came to Parliament and had serious discussions on the business of enhancing competitiveness. If it is not done, the country would be no wiser. It now has to be a household word, enhancing competitiveness.

Mr. Chairman, how do we approach this issue of enhancing competitiveness across the various productive sectors? One of the first things we have to appreciate is that it is not only the business of Government or the private sector but through a joint partnership, that we would gain a better appreciation and understanding of the ways in which we could enhance competitiveness in this economy.

Mr. Chairman, this administration which has been ably led by the Honourable Member for St. Peter, appreciates the importance of that and we would be working assiduously in a very structured and organised fashion, to achieve enhanced levels of competitiveness.

Mr. Chairman, I share the view of the Honourable Member for St. Michael South that there must be a better understanding of what is required in the international trading arena. I would not go so far as the Honourable Member for St. Michael South to say that some members of the private sector do not have a clue as to what is required of them in the new global trade and economic environment. What I would say is that they are not sufficiently well-informed, which would have allowed them to better appreciate the pace at which they need to move and the things they have to do in order for them to continue to compete, even in the domestic environment.

Mr. Chairman, in the case of agriculture, the private operators, along with the help from the Ministry's officials, would have to understand better and appreciate the implication of a movement from a non-tariff regime to that of a tariff-only regime for trading agricultural commodities or the removal of a restricted licensing regime for agricultural commodities and being replaced by a tariff-only regime in which the appropriate bound rates of duties would be the only barrier to trade.

Mr. Chairman, a lot has been said about this but not enough has been understood about it. On April 1, 2000, we saw a shift from the restrictive licensing regime over to the tariff-only regime, and we know the consequence of that.

Mr. Chairman, there is an important measure in the agreement of agriculture that guides, not only the discussion but trade in agriculture on an international scale. It is the sanitary and phytosanitary measures. These measures set out the rules for food safety as well as for animal and plant health standards as they relate to international trade.

Mr. Chairman, we are at the point where, as the Honourable Member for St. Michael South Central has alluded to, we need to pay more attention to standards. For example, within the context of the SPS Agreement, there are measures relating to production, testing, inspection, certification, quarantine treatment, packaging and labelling requirements, which are all directly related to food safety. 6.05 p.m.

Mr. CHAIRMAN: The Honourable Member has two more minutes.

Hon. A. P. WOOD: Mr. Chairman, in respect of food safety, one of the internationally accepted norms now is the need for the introduction of Hazard Analysis Critical Control

Point (HACCP) in the same way that the Manufacturing Operations National Accreditation Bill mandates that companies meet ISO 9000 and ISO 9002 certification.

Sir, HACCP identifies the points along the food chain where contamination can occur and hence allows persons to put various control measures at these points. In other words, if we want to compete effectively in the international markets a number of things will be demanded of us. If you want to assure persons that the food we export is safe and our domestic economy is safe, the producers of the food will have to abide with HACCP.

Mr. Chairman, I will end on an informative point. Notwithstanding the need for us to achieve compliance with certain measures enshrined in the agreement on agriculture, 80 per cent of food producers and processors in the region are not yet HACCP compliant. Sir, this 80 per cent extends through the entire food chain from the farmer who fails to record when and what they spray foods with, the processor whose facilities may be deficient due to poor drainage, pest control failure and even the manner in which workers are dressed.

Mr. Chairman, this is a serious matter and it is absolutely necessary for us in the Caribbean to modernise our agriculture health system if our agriculture sector is to survive in the global arena. In the recently restructured package for the sector, emphasis has been placed on the implementation of quality assurance schemes like HACCP.

Sir, we need to put in a proper context, funds like the Industrial Investment and Employment Fund and the Agricultural Development Fund. These funds are designed to help us raise the bar to ensure that we are utilising technology methods, management and marketing practices in such a way that we can increase our competitiveness and maintain our rightful place in the regional and international markets.

Mr. Chairman, I thank you for your latitude and I am obliged to you.

Hon. R. R. FARLEY: Mr. Chairman, I rise to wrap up the debate on this supplementary and thank Honourable Members for their contribution and interest in the manufacturing sector and its competitiveness.

I want to remind Honourable Members that the fund is intended to make finances available on a concessionary basis in respect to the rate of interest as well with respect to the time period available because part of the challenge has been that even when firms have finances available, it is usually not on long enough terms as would allow for easy repayment periods. Additionally, provision can be made with respect to providing a moratorium on repayment.

It is intended to focus on enhancing the productive capacity of the manufacturing sector particularly through the acquisition of equipment, refurbishment, rehabilitation, renovation and relocation of industrial enterprise, the construction of new equipment as well as the provision of working capital. The fund comes as one of a series of interventions to provide technical assistance, and direction for the growth and development of the manufacturing sector.

I want to answer a query made by the Honourable Member for St. John concerning his interest in wanting to know about some of the work already done. I want to say to him that firms which are involved in a range of things from making specialised pastry, roofing tiles, solar water heaters, biscuits, margarine, meat products, milk, juices, pepper sauces and related matters have benefited from the technical assistance.

Sir, in relation to companies that had approval for financing, I want to say that a furniture manufacturer, a solar water heating company and a snack food manufacturer have had their applications approved so far.

Mr. Chairman, I am satisfied with the support for the establishment of the Industrial Investment and Employment Fund that the resources are appropriate to meet the needs of the sectors and that they will go a long way in helping the sector.

Sir, I look forward to the day when we are able to fully capitalise it to the tune of \$25 million. We are in the second year of a three-year programme of technical assistance of \$5 million per year and over three years we will have to make a total of \$40 million to the manufacturing sector for technical assistance, retooling, loan financing, reequipping and things of that nature.

Sir, I commend this Resolution to the House.

I beg to move that Head 22 stand part and that the notes to Head 22 be amended as set out in Schedule 2.

Hon. A. P. WOOD: I beg to second that.

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

On the motion of Hon. R. R. FARLEY, seconded by Hon. A. P. WOOD, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one money Resolution in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. R. R. FARLEY, seconded by Hon. R. N. GREENIDGE, the Bill was read a second and third time and agreed to.

ORDER NO. 8 – THE REPATRIATION OF PRISONERS BILL, 2002

Hon. Miss M. A. MOTTLEY: Mr. Speaker, the matter which is before the House is a very simple matter. The Government of Barbados determined earlier this year that we would wish to pursue a policy that would facilitate the exchange of prisoners between Barbados and certain jurisdictions and accordingly, we signed agreements with the United Kingdom and initialled one with Canada which is to be concluded by formal signature in the near future.

Sir, the reality is, of the approximate 900 prisoners at Glendairy Prisons, more than 105 of them are from other jurisdictions. It is felt that where persons are serving sentences longer than one year, very often it is more difficult to seek to rehabilitate persons who are not in their country of residence or origin because they do not have the kind of support that will allow them to be able to make that very difficult passage mentally as well as to do the things which are necessary for their effective reintegration into society.

Therefore, we, like many other countries across the world, felt that the adoption of a policy which would facilitate the transfer of prisoners, so long as the prisoner consented and the receiving State consented and the sending state consented, would seek to deal with the issue of a more effective rehabilitation of persons who had been sent to prison and also to begin, in our particular circumstances in Barbados, to deal with the issue of overcrowding at Her Majesty's Prison.

Sir, suffice it to say, this issue has been discussed extensively over the last twelve months and I am happy that there has been a reasonable return to order and discipline in respect to Glendairy Prisons. The truth is, the Prison which was built in 1855 to accommodate 250 prisoners has long surpassed its capacity. Contrary to what many people may think, the conditions there are far from acceptable in respect to what we would love to be able to produce, even though we recognise that the persons are in fact being punished by society.

This Government has announced an intention to have a new maximum security prison built and to have that done by way of a public/private sector partnership and the planning for that is proceeding apace. We have also indicated that we are in the process of working on other measures ranging from the establishment of a Department of Corrections which will have responsibility for punishment, rehabilitation, and which will integrate issues of probation and community service with new concepts of parole and conditional day release. We are also looking at the establishment of a more permanent prison farm which will treat to the issue of providing for our prisoners on a more sustainable basis in terms of vegetable and animal

production. In addition, we are also looking at introducing programmes that more effectively provide for the rehabilitation of persons while they are at Glendairy.

Mr. Speaker, we do believe that all of these policies fit well with the policy to seek to transfer persons who are from foreign jurisdictions in respect of their incarceration in Barbados, so long as those persons agree, the sending State agrees and the receiving State agrees.

Therefore, this Bill seeks to provide the legislative framework that will empower the Government of Barbados to fulfill its obligations under those agreements, it will give the Attorney-General the power to certify that the transfer is in order such that the Superintendent of the Prisons may either release or receive persons, depending on whether it is a transfer out or in. Those who worry that such an agreement may lead to an influx of Barbadians from overseas need only to remember that unless the consent of all three parties is available, there shall be no transfer of any prisoner. Therefore, we are always in a position to determine what we can effectively accommodate.

Sir, this also ensures that we have a situation where the procedures which would attach to the transfer of a person are clear, such that there is no doubt as to the conditions under which they are being transferred and what is to happen. Also, to ensure that they are apprised at an early stage of their rights to such transfer, to ensure that the court has certain powers because in every jurisdiction you do not always have the exact offence but you may have the same crime, but it is called something else with different penalties. What we have done is to put into the legislation provision for the High Court of Barbados to give an order that the sentence be adapted to a sentence which is prescribed by the laws of Barbados if those facts and circumstances arise in respect of a similar offence for which the person has been convicted. Therefore, it is a very technical Bill that seeks to protect, in all instances, how the transfer should happen, how we should deal with the issue of a discrepancy of there not being an exact point to point comparison, in relation to the particular offence.

6.25 p.m.

Sir, I believe that once this Bill has passed, this will enable us not only to operationalise our agreement with the United Kingdom and ultimately with Canada, but allows us to seek to move now towards the issue of a CARICOM wide arrangement, which we have really to discuss urgently, particularly with the coming into force of the Caribbean Single Market and Economy and with the freedom of movement of persons.

There has to be a common policy developed by CARICOM countries in respect of how we treat the persons who have been convicted and sent to prison, both in terms of

their freedom of movement after release from prison, and in terms of whether they can be a common transfer agreement so that persons can be supported by their families within the particular islands.

This issue is one that must engage the attention of CARICOM Ministers, if we are to complete the process effectively, given that more than 50 per cent of the prisoners at Glendairy Prisons are, in fact, from the Caribbean region.

The practise now is, that once a person is released from prison, they are immediately deported from Barbados and deportation, of course, bars re-entry. Obviously, in a situation of the Single Market and Economy where we extend more favourable conditions in respect of the movement of people, capital and goods, there has to be a determination as to what level we should set the issue of persons who have been convicted, and, if CARICOM citizens should be eligible to our own legislation ultimately, which seeks to cause convictions to be spent in certain circumstances after a certain period of time, so long as people do not become involved with the law in a negative way.

These are some of the issues that will come to fruition in the near future but this Bill at this stage, seeks to provide the effective framework for the transfer of prisoners. The issues as they pertain to warrants, the consent, the powers of the High Court, the transfers in and out, and essentially, the exercise of the prerogative of mercy by the Governor-General is preserved and therefore the Bill operates without prejudice to that issue.

It also sets out in the schedule, Sir, the various forms that will operate. The first schedule speaks to the countries with whom we have agreements. The second schedule speaks to the issue of the forms for the warrants, *et cetera*, so that all of the administrative mechanisms can now be cleared and we can proceed, once the Bill is ultimately proclaimed, should it pass this Honourable Chamber and the Other Place and be assented to by His Excellency, the Governor-General, then we should proceed to operationalise the matter.

With these words, Mr. Speaker, I thank you.

Mr. D. St. E. KELLMAN: Mr. Speaker, I rise to speak on this particular Bill and to say that one can understand wanting one's culture and getting rid of another's culture but we also have to understand that we have to be very careful about the type of people we are bringing back to our shores because of the exposure that those persons would have had. We also have to be very careful, Sir, that we have prison officers with the necessary training, in order to deal with these persons that we are now seeking to have back on our shores.

Sir, it is not easy to be working in an environment with the type of persons with whom they will now have to work. We must also be very careful that the officers who have to deal with those persons, sometimes believe that it would be better to ignore their duties instead of carrying them out.

Sir, I hope that we appreciate that particular point and that the interest of the officers would also be looked after. We also have to understand that the work carried out by the officers at the prison is very important and they will be compensated for their work.

I am obliged to you, Sir.

Hon. R. N. GREENIDGE: Mr. Speaker, while the Honourable Member for St. Michael North East was speaking, I found myself following her and making a few notes. The truth of the matter is that I did not know that there were some 500 prisoners at Glendairy who are non-Barbadian.

Asides.

Hon. R. N. GREENIDGE: Oh, I am happy to hear the number of 105 persons who are not Barbadians. Sir, 50 per cent of that 105 is still high and they would be from the Caribbean. Then, we have another 50 per cent and the majority of them would come from, I believe, Europe, USA, Latin America and so on.

Mr. Speaker, those numbers are still high, nevertheless, and indeed, Sir, I have now been given the actual breakdown and even though I would not want to go through it country by country, it would appear that there are quite a few from Europe, some from Jamaica and so on and also from Guyana.

Mr. Speaker, there is a school of thought which suggests that a prisoner surrenders his rights, once he is incarcerated and that he cannot have any point of view whatsoever. I want to disagree with that point fundamentally. I am encouraged, Mr. Speaker, by the fact that you reach a consensual agreement, that the prisoner himself becomes part and parcel of the whole arrangement, and it is not just the country to country that makes the decision but the prisoner also has some say as to whether or not this particular transfer would take place.

In the case of murder, Mr. Speaker, I would respectfully ask that murder is treated as a strictly domestic matter. Indeed, I would go as far as to say that in cases where it is a manslaughter decision, I would want that to, once it has to do with actually killing a Barbadian and so on, and Mr. Speaker, this is my personal opinion, that you treat it as a domestic matter and if it is life imprisonment or whatever for that prisoner, it should be done in the country where that particular offence is committed.

6.35 p.m.

Mr. Speaker, I believe that there is a lot of advantage in the prisoner serving his sentence – that point was made by the Honourable Member for St. Michael North East – in the jurisdiction he knows. There is a more constructive argument for his serving time in the country of his citizenship. Mr. Speaker, can we truthfully rehabilitate a person, let us say someone from Switzerland who is serving time in jail in a country like ours which is so culturally different, because the conditions under which you are incarcerated will reflect the culture of the people where the prison is sited. I know that someone from Switzerland will have a very difficult time being rehabilitated in a Barbadian prison. For instance, Mr. Speaker, there will be no family connection, no family visits and no additional support to guide that particular prisoner through this very trying period.

Mr. Speaker, the State is saying, yes, we are going to punish you but at the same time we want to rehabilitate you as well. The point has to be made, Mr. Speaker, that incarceration has more purpose to it than just being punitive. Far too often we see the punishment only and this only blurs our intention to reform. So I do believe that wherever possible you should allow the prisoner to serve his time in the jurisdiction to which he belongs.

The State, as I said, wants to make the person a better person but the big question is why should we take up our taxpayers money and why should we have all of these programmes to reform you to make you a model citizen not for our society but for you to return later on to another society? Perhaps we may want to argue that citizenship is something international and it is not domestic and that we have a global community and all of that. However, Mr. Speaker, I still believe that the prisoner will be better served in an institution to which the attitudes and so on are those to which he is accustomed.

The final point, I want to make, Mr. Speaker, relates to the culture in the penal institution. Let us take a situation where the same Swiss prisoner had raped a Barbadian girl. You may get a situation where because you have other Barbadians there that they may actually want to pounce upon him and may want to harm him because believe it or not, Sir, prisoners have a very warped sense of justice. A lot of it happens, not so much here but, in jails in Jamaica and other places. Even in villages in Jamaica there is this warped sense of justice that once you have done something wrong to someone that they know and perhaps you do not belong to that country, they will honestly pounce on you and do some injury to you. I believe this would make an excellent study if we were to find out how many such instances we have had not only in the Caribbean but in other parts of the world as well. I am sure that if that same prisoner had to go back to Switzerland he would not be faced with that same type of behaviour because he would be going back to a place he knows where that kind of hatred and that kind of spite for him would not be there.

Mr. Speaker, one may want to say that we are just using this piece of legislation for convenience in terms of the numbers and so on but at the same time I think it is being done with a human touch.

I am obliged to you.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I am obliged to the Honourable Members who have spoken. For the sake of the House, I just want to clarify that there shall be no transfer of any prisoner in circumstances where a person was convicted of murder because the penalty for murder under the laws of Barbados is death. I do, however, happen to share the views of the Honourable Member for St. Philip North that where a person is convicted of manslaughter that we should be very slow in agreeing to any such transfer and that the circumstances ought to be exceptional if we were to agree. Suffice it to say as I said earlier, all three parties, the two States as well as the prisoner, must consent.

May I say that a transfer can only happen if at the time of the receipt of the request for the transfer the prisoner has a further six months to serve. So anyone who is sentenced to one month, two months, three months or six months would not benefit from this agreement and this legislation. Equally, all of the appeal procedures must be completed. So you cannot have a person seeking to be transferred but by the same token is waiting for an appeal to come up in the Court of Appeal.

Mr. Speaker, where the offence is an offence in both countries even if it is known by different terms, for example, there may be some acts which we may call indecent assault here which other countries call sexual abuse but the reality is that it is the same act, which is punishable by terms of imprisonment in both jurisdictions, the Attorney-General has the power to apply to the High Court to prepare the sentence.

Equally, in respect of Barbados, we have not only extended this benefit to citizens but also to permanent residents of Barbados because there are situations where persons may have been living here from the time they were two or three years old, who have had no other residence and for all intents and purposes the reality for them is that Barbados is their country. As long as that person is a permanent resident within the meaning of the Immigration Act, they would benefit from the same rights as a citizen under this legislation. We felt that it was necessary to do that to contrast against those countries who feel that it is appropriate to just take up people and unilaterally send them back to countries in spite of the fact that they may not have lived in those countries from the time they were babes in arms.

Finally, Mr. Speaker, I want to just clarify for the benefit of the Honourable Chamber, that the High Court in

adapting any sentence does not have the power to convert a sanction involving a deprivation of liberty into a pecuniary sanction. Mr. Speaker, in other words a term of imprisonment cannot be converted into a fine. That is protected for on both our side and the other State with whom we have entered into an agreement.

6.45 p.m.

Mr. Speaker, I have noted the comments made by the Honourable Member for St. Lucy. Suffice it to say, I wish to congratulate, not just the Superintendent but the Assistant Superintendent and all prison officers who, in the last year, have worked assiduously in ensuring that the temperature at the prison has decreased substantially. The personnel at the prison have brought a sense of discipline and order. I know that it was not easy and that the working conditions were not always the best but I also know that there are matters which are engaging the attention of Government and in the same way that we were able to respond to the flexibility allowance which, I believe, was welcome when given, we have also tried to respond by increasing the opportunities for available training.

Sir, the majority of people who go into the service as prison officers have not benefited from training while being there and, therefore, in respect to that, we have made a change where there have been meetings taking place between the Prison Service and the Barbados Community College. In respect of middle-management training, we have met with the Canadians and the British who are providing assistance to us. We have also insisted that no person enters the prison as an officer, temporary or otherwise, without having gone through a period of eight to ten weeks of rigorous training, which is similar to that offered to persons who want to become police officers.

Mr. Speaker, I want to thank these persons and to say that I know their task is not an easy one. I know that very often they go beyond the call of duty in doing what they have to do but the nature of a disciplinary institution is that it must, itself, adhere to the highest standards of discipline and transparency. If we could keep on the straight and narrow path with what they have been doing for the past year, I believe that with the other changes that would come with the Corrections Department and the new maximum security area, that within three years, we would see an entirely different penal system before us that would seek to complement the Penal Reform Act, which was passed by this Government in 1998. At some point in the next few months, we would be introducing a review of the Penal Policy in respect to juveniles.

With those words, I beg to move that this Bill be now read a second time.

Hon. R. N. GREENIDGE: I beg to second that, Sir.

On the separate motions of Hon. Miss M. A. MOTTLEY, seconded by Hon. R. N. GREENIDGE the House resolved itself into Committee of Supply, Mr. D. CARTER in the Chair.

COMMITTEE OF SUPPLY

Clauses 1 – 16 were called and passed.

First Schedule was called and passed.

Second Schedule was called and passed.

Third Schedule was called and passed.

On the separate motions of Hon. Miss M. A. MOTTLEY and Hon. R. N. GREENIDGE, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. Miss M. A. MOTTLEY seconded by Hon. R. N. GREENIDGE, the Bill was read a third time passed and cited as the Prisoners Repatriation Act, 2002.

ADJOURNMENT

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this brings us to the end of Government Business for today's Sitting.

It would be remiss of me if, as Leader of the House, I did not inform this Honourable House that the Right Honourable Prime Minister and Minister of Finance has indicated to me that the Honourable Prime Minister proposes to present his Annual Economic Statement and Budgetary Proposals to this Honourable House on Tuesday, 22nd October, at 4.00 p.m. and accordingly, it is proposed that the Debate will continue on Wednesday at 4.00 p.m. with the Leader of the Opposition or the person speaking on behalf of the Opposition, responding. All other Honourable Members speaking thereafter, will speak into Wednesday and Thursday nights, so that we will have three full daysittings. Mr. Speaker, in those circumstances, we would not meet on Tuesday morning but at 4.00 p.m.

I, therefore, beg that this Honourable House do now adjourn to Tuesday, 22nd October, 2002, at 3.30 p.m.

The question that the Honourable House be now adjourned until Tuesday, 22nd October, 2002, at 3.30 p.m. was put and agreed to in the affirmative without division and Mr. SPEAKER adjourned the Honourable House accordingly.
6.57 p.m.

CONTENTS

MINUTES

Hon. Miss M. A. MOTTLEY 1

Confirmation of Minutes of the Meetings of
Tuesday, 8th October, 2002.

PAPERS

Hon. Miss M. A. MOTTLEY 1

(II) Value Added Tax (Refund) (Barbados
Cancer Society) Order, 2002.

(III) Value Added Tax (Refund) (West Coast
Construction Limited) Order, 2002.

SUSPENSION OF STANDING ORDERS

Hon. Miss M. A. MOTTLEY 2

Standing Orders Nos. 6, 16, 18, 20, 42(2), 43
and 44 were suspended for the remainder of the
Sitting.

GOVERNMENT BUSINESS

ORDER NO. 7 – BILL ENTITLED AN ACT TO
AMEND THE INCOME TAX ACT, CAP. 73 ... 2

Hon. R. R. Farley, 2, 22, 24; Mr. D. J. H.
Thompson, 4; Hon. R. D. Marshall, 6; Mr. D. St.
E. Kellman, 7; Hon. Sir Henry Forde, 11, 14;
Hon. R. N. Greenidge, 17; Hon. A. P. Wood, 19;
Hon. Miss M. A. Mottley, 24.

ORDER NO. 10 – THE GRANT OF THE SUM OF
MONEY FROM THE CONSOLIDATED
FUND TO SUPPLEMENT THE ESTIMATES
2002-2003 – \$5,000,000 24

HEAD 22 – MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS – \$5,000,000 25

Hon. R. R. Farley, 2, 41; Mr. D. J. H. Thompson,
29; Hon. N. A. Lynch, 30; Mr. D. St. E. Kellman,
32, 38; Hon. A. P. Wood, 34, 39; Mr. D. T. Gill,
36.

ORDER NO. 8 – THE REPATRIATION OF
PRISONERS BILL, 2002 24

Hon. Miss M. A. Mottley, 42, 45; Hon. R. N.
Greenidge, 44; Mr. D. St. E. Kellman, 43.

SUSPENSION 13

ADJOURNMENT 46

Hon. Miss M. A. Mottley, 46.

SPEAKERS IN THIS ISSUE

FARLEY, Hon. R. R. Farley (Christ Church East)
FORDE, Sir Henry (Christ Church West)
GILL, Mr. D. T. (St. Michael South Central)
GREENIDGE, Hon. R. N. (St. Philip North)
KELLMAN, Mr. D. St. E. (St. Lucy)
MARSHALL, Hon. R. D. (St. Michael West Central)
LYNCH, Hon. N. A. (St. Michael South)
MILLER, Hon. Miss B. A. (City of Bridgetown)
MOTTLEY, Hon. Miss M. A. (St. Michael North East)
ROETT, His Honour I. A. (St. Michael Central)
THOMPSON, Mr. D. J. H. (St. John)
WOOD, Hon. A. P. (St. Philip South)