
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, May 29, 2007

Pursuant to the adjournment, the House of Assembly met at 10.15 a.m. on Tuesday, May 29, 2007.

PRESENT

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

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

Rt. Hon. O. S. ARTHUR, M.Sc.(Econ.) (Prime Minister, Minister of Finance)

Hon. Dame B. A. MILLER, D.A. B.C.H., (Senior Minister, and Minister of Foreign Affairs and Foreign Trade)

Hon. R. C. EASTMOND, B.A.(Hons.) Dip. Ed., LL.B.

(Hons.) (Lon.), LL.M. (Leic.), J.P. (Minister of Labour and the Civil Service)

Mr. R. D. MARSHALL (Chairman of Committees)

Hon. N. A. LYNCH, B.Sc., M.B.A. (Minister of Tourism and International Transport)

Hon. R. R. FARLEY, B.Sc., J.P., (Minister of Housing and Lands)

Hon. Miss C. Y. FORDE, J.P. (Minister of State, Ministry of Education, Youth Affairs and Sports)

Hon. Dr. J. X. WALCOTT, M.B., B.S., F.R.C.S. (Edin.), J.P. (Minister of Health)

Mr. H. F. LASHLEY

Mr. R. St. C. TOPPIN, LL.B. (Hons.)

Mr. D. St. E. KELLMAN

Hon. Miss M. A. MOTTLEY, Q.C., LL.B. (Minister of Economic Affairs and Development) (Leader of Government Business)

Hon. T. A. PRESCOD, B.A. (Minister of Social Transformation)

Hon. J. J. S. ATHERLEY, B.A., B.Sc., J.P. (Minister of State, Prime Minister's Office)

Dr. D. C. ESTWICK, B.Sc., M.B., B.S.

Hon. C. A. MASCOLL, B.Sc. (Econ.) (Hons.), M.A. (Public Finance)(Minister of State, Ministry of Finance)

Mr. M. A. LASHLEY, LL.B. (Hons.)

Dr. W. F. DUGUID, B.D.S. (Comm.), F.D.S., FDRCS., J.P.

Mr. R. L. SEALY, B.Sc., M.B.A.

Prayers were taken by Reverend Canon Ivan Harewood.

Mr. SPEAKER: The House is now in Session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, May 22, 2007.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, it is my understanding that the Minutes were circulated, and subject to any observations or corrections, I beg to move that these Minutes be confirmed.

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

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

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

MR. SPEAKER: I am in receipt of the Accounts and Statements for the month of January 2007, by the Accountant-General.

FIRST READING OF BILLS

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

1. The Severance Payment (Amendment) Bill, 2007.

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

ORDERS OF THE DAY

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 rest of this day's Sitting.

Hon. Dame BILLIE MILLER: I beg to second that, Sir.

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

GOVERNMENT BUSINESS

ORDER NO. 12 – SECOND READING OF THE COMPANIES (AMENDMENT) BILL, 2007.

Mr. SPEAKER: The Honourable Member for St. Michael North East.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this amendment which is before this Honourable House today, is a simple amendment but it is one that has the potential to have great implications for the accounting profession in Barbados. Indeed, this amendment is simply to allow accountants, while performing auditing services, to do so through the vehicle of a limited liability company.

In the past and as it now stands, accountants have been unable to exercise this function, other than through their individual capacity or in the context of a partnership. But there has been a recognition globally that there is a need, in order to be able to give greater flexibility to the accountants profession. Indeed, this need has become all the more evident in the post-2000 era, when there were, in fact, a series of corporate scandals that centred around the modalities of accounting; the most famous of which was Enron, which led to the impoverishment of tens of thousands of persons in the United States of America, in relation to their pensions and their retirement savings.

10.20 a.m.

Tuesday, May 29, 2007

Hon. Miss M.A. MOTTLEY: The Government of Barbados has adopted a policy that recognises that in the context of a services economy that we need to be able to create the appropriate legislative and regulatory frameworks that would allow particularly those persons, who practise or engage in the sale of services, to be able to do so on a basis that allows them to be competitive with other world-class entities. In the circumstances, we recognise, therefore, that we would have to amend the Companies Act in order to be able to enable accountants to

establish limited liability companies for the purposes of auditing services.

Mr. Speaker, it is very specific and, therefore, does not extend to general professional advice by accountants but only to auditing. Indeed, Sir, we would have already had examples of this development with those countries that are our competitors, in respect of the United Kingdom and Canada, where because of the framework that allows for large, global entities to control the accounting profession, we have serious and symbiotic linkages and, indeed, a number of those entities operate in Barbados.

Mr. Speaker, I would want to say that the Institute of Chartered Accountants of Barbados, otherwise known as ICAB, has in fact, been working with the Government on these amendments and is in full agreement although it would be fair to say that initially, when these matters were raised some years ago, because of the nature of the change and because of the fact that accountants, like lawyers, were known only to practise as sole practitioners or in the context of partnerships, there was hesitancy on the part of some, in relation to what this would mean for the profession.

Mr. Speaker, I think there has been an understanding that by narrowly focusing it on the scope of auditing services and by recognition of the fact that all of the other competing jurisdictions in services before us have gone in this direction that it is only inevitable that Barbados too, should seek to move in this way. As I have said before, it is consistent with the policy of the Government to place services at the centre of this economy and to have the export of services, which has been taking place naturally. I do want, Mr. Speaker, in a broader sense to signal one or two things because there has been a lot of movement in and out of this country in terms of the transfer of skills by global accounting firms. Sir, we have Ernst and Young, Peat Marwick, Deloitte & Touche and a number of others that, in the past, would have merged into the current entities and while we have had the transfer of skills and the ownership of the partnerships, the ownership of the practice has been in Barbadian hands for the most part since Independence. Mr. Speaker, there may well be those who are beginning to feel that they may need to change the complexion of some of these firms and I want to say without any fear whatsoever that this would be a completely unacceptable approach, simply because people feel that persons from overseas may have a better opportunity to be able to engage in a larger proportion of business.

Mr. Speaker, there is nothing wrong with persons coming in to be able to engage in the transfer of skills and knowledge and expertise but, there is something fundamentally wrong when after 30 years or 40 years as an entity, to believe now that it needs foreign leadership in

order to gain a larger percentage of business within the single market operating out of Barbados. Sir, fortunately, it is not a widespread practice and fortunately, it may only be limited to one entity but I believe that a message from the Government is important in this context because that is not how we have planned our business and that is not what we are developing a services economy to be able to achieve in this country.

Sir, having said that, the Institute of Chartered Accountants of Barbados has been working with us and fully supports the proposed amendments to the Companies Act. The reality is that also in their bylaws, they have already provided for this eventuality, as well as any other vehicle, which the Government, through legislation allows for them to use to be able to practise their trade.

Mr. Speaker, there is no doubt that, in a very real sense, there must be a modernisation of the professions in Barbados to be able to meet the new demands of a services economy and, indeed, the Government is already in possession of a report on the reform of the Legal Profession Act and the Attorney-General, at the appropriate time will speak to those issues in relation to how that profession needs to position itself in order to be able to better serve the public.

Mr. Speaker, we are living in a world that is far more litigious than it was 20 years ago and in that context the question of professional negligence continues to be a major concern for persons. We feel strongly that the client base of each of the professions must be served well if not it would undermine the reputation of this country as a jurisdiction for high quality services in the building out of this economy. Sir, we feel that the accounting profession; the legal profession; the medical profession; the other consultancy profession; engineering and construction related professions have a duty to continue to engage in continuous education in the redevelopment of the policy framework within which they function and in finding bridges that allow them to partner with other services across the globe, without necessarily undermining the capacity of Barbadians to rise to the highest level of leadership in those services because we have an international business sector and an international financial services sector, more specifically, that is highly dependant on the ability to be able to garner business from outside of these shores. Mr. Speaker, if you are not going to provide the quality and level of advice to which persons are accustomed outside then they are not going to recognise Barbados as an attractive destination for investment.

Mr. Speaker, there is no doubt that the international business sector is critical to this economy. It is now contributing just over 60 per cent to the corporation tax of Barbados and this House would have the opportunity within the next few weeks to have a debate fully on the

sector. Sir, today is not the day I propose to do it because we have the International Business Strategic Plan that has already passed Cabinet for 2007 to 2012 and that would be laid in Parliament by next week for debate within two weeks to three weeks in this Chamber. I would not anticipate the debate which would come shortly in that respect.

Mr. Speaker, this particular instance would strengthen the capacity of the accounting profession in relation to its auditing services. It is significant that one of the major consequences of the corporate scandals in the early part of the century was the determination that there should be a separation between auditing functions and the general advice proffered by the accounting profession in relation to major investments and other activities. Sir, it is important to have accuracy in the numbers which are reflected such that the public can rely on them simply because so much capital is mobilised from the public in order to be able to invest in the expansion and the establishment of companies that engage in productive activity.

Mr. Speaker, in those circumstances, that separation is critical because people need to be able to respect the basis rules of natural justice, that no one is a judge in his own cause or no one has a reason to be able to elevate to a higher level, those things which ought not to be elevated because of partisan interest in which they are engaged.

H135/10:30

Sequence 2

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Hon. Miss M.A. MOTTLEY: It is also to note that the legislative response in the United States of America, in the post-Enron environment, may, in fact, be leading to a level of anti-competitiveness, in respect of the US as a choice jurisdiction for foreign investment, because the level of regulations, which must now be compiled, are so significant and burdensome, that people are choosing to locate and be domiciled in other jurisdictions, largely because, in a very real sense, Congress, perhaps, may have gone a little too far, in terms of striking a balance between the aversion of systemic risk and, indeed, the protection of the consumer, which are the two primary functions of regulation in relation to any investment climate and framework.

Sir, in our part of the world, because of the fact that the Securities Commission is still very limited in its volume of activity, we have not yet fully reached the point where the issue is as central to domestic economic activity as it might otherwise be, it is in that context that we may not feel the pangs as much. Sir, it is clear that over the next

few years, the consuming public who invest within the region, will rely more and more on the accuracy of the judgements passed by accountants, particularly in their auditing functions, to ensure that the judgements which they make as to where to place their money, are those made on the best and most timely advice, is available.

We hope that by creating the room for flexibility, in relation to the accounting profession - there is another Bill, to be presented very shortly, this morning, dealing with a slightly different matter - that we will be able to use this as part and parcel of the Government's efforts in the rebuilding and modernisation of this economy, an exercise in which we have been engaged for over the last seven years. We trust and appreciate, that apart from giving greater confidence, in relation to the quality of auditing services performed domestically and regionally, it would also allow Barbados, as I said, to have a certain degree of greater competitiveness, in relation to our international business sector and those of our competitors, who have already moved this way.

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

Hon. Dame Billie MILLER: I beg to second that, Sir.

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

Mr. D. St.E. KELLMAN: Mr. Speaker, it is quite obvious that with the coming of globalisation and the concept of mergers and takeovers, that this Bill is no surprise to the Opposition. It is clear that the market will be limited for these types of services. Sir, when you consider the number of businesses that will be merged, most likely, if you have two or three businesses merging, then there is no need for three different types of auditors, there is a need for only one auditor to do the job. This market will be limited.

Sir, we must be sure that we are not creating conditions or a climate for a 'too few' to operate, while limiting the ability of those persons who previously, were able to attain business because of the large numbers in the business sector. Mr. Speaker, if we are now going to limit the number of businesses, or anticipate that the number of businesses operating would now come together, reducing the total number of businesses, there would be an obvious affect on the number of auditing services provided within the country. Sir, there will be challenges for those small partnerships, which previously were providing services to other small companies, they merge, most likely will be at a disadvantage when the large company taking over, will bring their auditors, displacing the smaller partnerships.

Mr. Speaker, we have to ask ourselves today, if we are not now reacting to a climate we have created over the years. We have reacted to obligation. We have responded by saying that in order to fight globalisation, we must merge. What we have actually done, rather than expansion in the workplace, we are now contracting the workplace, creating problems, and responding by creating cliques.

Sir, we saw the Architect Bill, and now we have been presented with one for the accountants. There is one on the way for the lawyers, and soon you would hear, that there is probably one for the plumbers and refrigeration. We are now getting into a society of cliques. We are protecting a 'too few' in this society, while limiting the knowledge of persons within this country. I hope that this is not the case here today.

Sir, based on what I am hearing on the ground, every small group is asking Government to create an Act for them. Next, you will hear that there will be an Act called the Real Estate Act. You might even hear of one called the Shopkeepers Act, because there is now a little clique. Sir, you might even hear of one called the Contractors Act.

Sir, we have to be very careful how we are narrowing the base and limiting people with the ability. We have to be very careful, if this is the way we are responding to globalisation, we have to be very careful. If this is the way we are responding to mergers, there is no doubt that if four companies merge, then there is only need for one auditing company.

Mr. Speaker, we have to be realistic and recognise what is happening. We have to be very careful that the propositions coming from these groups, are not in their own self-interest, but just pretending that they are doing it for the wider interest of Barbados, when in truth and in fact, they are just protecting their market share.

Sir, it may sound alarming, but we have to be realistic. As the market narrows, those persons governing the particular professions, will ensure that they are able to command the amount of work in that particular area, and will do everything in their power to limit the number of persons who can have independence. They will try to create an atmosphere where persons will continue to be employees and not necessarily owners of businesses. We have to be very careful, less you have to apply to them for permission to do certain things.

Mr. Speaker, it is also interesting at this stage, that the accounting profession has asked for it from the auditing side. Previously, there was a clique in another profession, who gave the impression that they were special boys in a particular area. They have now moved away from this particular clique, and have shifted to auditing, which tells me that they are anticipating, a shift in policy from the

various Governments within the Caribbean, and the emphasis has changed, making way for a new trend. This new trend will provide protection for them within the marketplace.

Sir, the truth is, if we are to expand the economy of Barbados, what we are seeing here today, will not create any expansion within the economy of Barbados. We need, not only, to protect the interest of the current investors, but to create a climate that will encourage new investors.

Sir, in the world today, in certain countries, people who were investors previously, are now being diluted to savers. The countries that are not creating a new economic climate could take the money, which they received from their previous investments, for the purchase of new investments. You are actually seeing large countries diluting the investment of smaller countries, while the small countries are not responding by the creation of new investment, to allow those persons who previously invested, to use their cash to buy back into investment.

10.40 a.m.

Sequence 3

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House 135, Sequence 04, 10.40 a.m.

- Mr. D. St.E. KELLMAN: Sir, we are seeing in Barbados now is that people who previously were investors, are now becoming a nation of savers. Everybody who understands anything about economics would tell you that this is not a good lead. Sir, if we are diluting our investment climate to outsiders, we need to create a new investment climate, so that those persons who already have an interest in investment, can continue to invest.

Mr. Speaker, if the persons you are depending on to fuel your economy are being diluted, then clearly, you will not be able to attract new investors from within. The new investors that are being created, Sir, are the ones from outside and this should be changed. We need to see an economic climate in Barbados that we can convert some savers into investors.

Mr. Speaker, as it stands right now, we are doing the reverse, and it does not speak well for Barbados. We need to do something about it quickly, because all the major companies in Barbados who had local investors, will be diluted, the money will be in the bank and our interest in the companies in Barbados would be held elsewhere. In other words, the decisions taken in Barbados will be taken outside of Barbados and not inside of Barbados.

Therefore, what any enlightened Government would do, is to ensure that they create some economic project and issue shares quickly, to ensure that cash does not remain within the banking system, but at least there are instruments that people can invest in this country.

I am saying, Mr. Speaker, that we have to be very careful how we see institutions trying to look after their own beds. Sir, we saw it with the architects and now we see it with the accountants. We heard that it has been happening in the legal profession and it is clear this is only a beginning of the chain link. The word on the ground is that this is only the beginning and there are many more that would be coming before this Parliament. Sir, I will stand by and watch what is happening with these organisations, trying to look after their own beds.

I thank you, Sir.

Mr. SPEAKER: The Honourable Member for St. Michael North West.

Mr. C.A. MASCOLL: Mr. Speaker, I join this debate because it is crucial. If we are to move towards developing country status, the question of institutional arrangement is going to be as important as the policy framework that we put in place to enhance wealth creation.

Mr. Speaker, at the heart of the future of Barbados is our capacity to create wealth, because there is no way in which we can assist the poor and the vulnerable, unless we have excess. Truly, for us to be able to deliver on the social side of the equation, to help the elderly and the poor people in this country in terms of provision of housing, health and education, we must be able to create an economy that generates wealth and creates wealth.

Mr. Speaker, from that standpoint, the creation of wealth is very much centered around the capacity of persons to invest. I just want to make the connection that in an environment where we are now asking for greater economic enfranchisement, when we are asking ordinary people to participate in equity provision for companies that have long existed, the question of knowing the true health of a company will, in fact, determine whether or not there is that desire for investments to be put in place by ordinary Barbadians.

Sir, investment encourages risks, and to the extent that you can encourage an individual to move away from the safety of providing or putting money in a commercial bank, and put it as equity in a company, will really depend on whether or not that person has faith and a commitment to the company, or has knowledge of the company's true financial provision.

Sir, to that extent, it is absolutely essential that we are in a position not to perceive whether or not a company is performing, but to be able to say exactly if a company is performing, and that can only be done by way of proper auditing.

Mr. Speaker, I therefore think I have an appreciation of what the future is really going to be like, in terms of us being able to move from our current stage, to a state in which there is a level of confidence on behalf the average Barbadian to wish to invest, or to provide equity for a company. Sir, as I said at the start, wealth creation is an absolute must.

Mr. Speaker, let me get to the question of mergers, which appears to be causing some difficulty on the other side. I can see how in today's world, especially if we are committed, as we should be to CSME, especially if both parties, as I understood it from early, appeared to be in bed on this question of CSME, given the signing at Grande Anse by the former Prime Minister in 1989, then we would understand that the merger principle would be invoked across the region.

Sir, it is really the adoption of a very basic tenet of economics, which says that you do what you do best and if it is that in today's world, it is going to require companies within the Caribbean to merge in order to compete globally, and by extension to be able to create great wealth for the people of the region, then I cannot see why there is this objection to mergers.

In fact, Mr. Speaker, it has little or no impact, if we are honest, on whether or not an ordinary Barbadian would have access to shares at BS&T or any other company. The fact that the company merges with another company in Trinidad and Tobago, in this current environment would have no such impact. I think we all agree that until we change the psyche of the Barbadian into understanding the need to invest in companies in the first place, and to believe that equity is as safe an investment as a deposit at a commercial bank, then we should not worry at this point about the composition of BS&T. Sir, a merger would not impact one way or the other, on whether or not an individual would see BS&T as a likely investment.

Therefore, do not confuse the two issues. One is of confidence in whether or not an individual feels that he or she can safely invest and get an adequate rate of return, and the other has to do with trying to meet the global demand of competition, that is, to the extent that you expand and increase your economies of scale, Mr. Speaker, it gives you greater opportunity to be able to compete.

Consequently, even to have a merger of the magnitude that is proposed, is going to require adequate and appropriate auditing. In fact, only recently in the

proposed move towards the Caribbean Star and LIAT, we had to be careful to ensure that what was being proposed by Caribbean Star, with respect to its asset base, was, in fact, an asset base that we can trust.

Sir, only after an adequate audit was done, we were able to determine the true state of Caribbean Star, and to determine whether or not, the merger between LIAT and Caribbean Star, was going to be legitimate, in terms of what both companies would be bringing to the Table.

We are aware, Mr. Speaker, that several private individuals have found ways to lease assets or to rent assets, not really to own assets. Therefore, you may see a Caribbean Star in existence with a fleet of aircraft, but in actual fact, when you check the reality, that company is not in ownership of any of the aircraft. That company simply is now leasing aircraft from some international organisation.

House 135, Sequence 04, 10:50:14

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Hon. C. A. MASCOLL: Mr. Speaker, when you check around the region and look at the facilities that have been provided for staff members, you would find that the company does not own any of the buildings or any of the equipment. Therefore, when you come to determine a merger between LIAT and Caribbean Star, you would find that LIAT has substantial assets, but Caribbean Star really does not have any substantial assets because Caribbean Star never thought it fit or never thought it a requirement to own assets to be able to operate an airline, rather they were leasing the aircraft and leasing all of the other assets that they require.

Mr. Speaker, in the absence of adequate auditing, you may believe or you may perceive that Caribbean Star was in fact in a better financial position than LIAT.

Mr. SPEAKER: I hope that you are only using that as an example.

Hon. C. A. MASCOLL: As an example of the requirements for audits.

Mr. SPEAKER: Okay.

Hon. C. A. MASCOLL: Mr. Speaker, I am demonstrating why it is so important and crucial for us to have adequate auditing systems in place if we are going to encourage average Caribbean people to invest in companies. Mr. Speaker, this can only happen if there is adequate financial data upon which to make such a decision. Mr. Speaker, I have used that as an example deliberately to demonstrate that while you may perceive

something to be so, in reality it may not be. Mr. Speaker, that is an important point that has to be made.

Mr. Speaker, with respect to the environment that we are seeing throughout the Caribbean, I am suggesting that it is extremely timely that we permit and allow for accounting companies not to feel liable in an event where they would do and engage in audits and find certain difficulties occurring and may not then feel that they have to be responsible for any liability that might have occurred as a result of an inappropriate or inadequate audit.

From that standpoint, therefore, Mr. Speaker, the future of the region really does rest around institutional change. It would require institutional change even in the way we do our legal business. No longer can we continue, I heard the Deputy Prime Minister referring to this this morning in her speech, to do it the old way.

Sir, no longer can we believe that we should not be able to establish and seek to establish more law firms, rather than allow individual lawyers to believe that they have to be sole traders, and not understand that even in Barbados when we look at the legal profession and at the colour of the legal profession that several companies in the legal profession are in fact either white, Indian or some other colour. Mr. Speaker, blacks have not been able, despite their superior knowledge, to establish legal companies that would be sustained into the future and would allow others to participate.

Mr. Speaker, if we do not understand therefore that in this new world where you have to specialise in skills and where even though you might be a lawyer, you might not be a criminal lawyer, a corporate lawyer and an international business lawyer at the same time, that it would be in your interest to form mergers that could create an environment that gives a company of lawyers a set of skills that otherwise it would not have. To that extent therefore there is going to be need for institutional change, as I said, even within the legal profession.

Mr. Speaker, it could get ever deeper than this. We have now been able to see investments in construction, not simply as a fellow building a building, but genuine investment in terms of providing infrastructure for the future base upon which the economy would grow and the creation of wealth would be sustained. Sir, investment in a house or a building is no longer regarded simply as something that uses foreign exchange, it is now more an investment of a future that has a capacity to generate future income and future earnings.

Mr. Speaker, I said that because sooner rather than later, it may be the case that architects, contractors and others would see it as critical to come together and form larger entities that would build not only the larger buildings

but could build several homes or houses for the Urban Development Commission, the Rural Development Commission and the like. Sir, it is really the institutional changes that you have to put in place to deliver on wealth creation that is going to be the critical fulcrum upon which this economy and any other economy in the region would have to rotate and gravitate.

Mr. Speaker, I thought I would just join in this debate because these apparently very innocent amendments to legislation do not seem to excite the level of debate that they should because they are not the sexiest pieces of debate or legislation that we would get in this Chamber, but the actual implications that they have for the future governance and the future growth and efficiency of this economy cannot be denied. In this regard therefore, I feel that in light of what is required, that this is a move in the absolutely correct direction for the accounting profession.

Mr. Speaker, I want to end by making this point, because I said it repeatedly, that a poor man, in many instances, does not have access to what a rich man has access to, because he does not have the necessary resources, but whatever you could do for a poor man, a rich man, if he wants to, could access it. It therefore means, Mr. Speaker, that in every respect it is the duty of Government to look out for those persons who are vulnerable and those persons who cannot compete or participate in the market.

Mr. Speaker, the market is not a bad thing. I am not against the market. I understand the need for markets to allocate and to be efficient. I understand the need for persons to make profits because in the absence of profit there would be no new investments. Mr. Speaker, I understand all of that.

Mr. Speaker, what I equally understand is that whenever the market does not deliver for a certain class of individuals, then it is the Government's duty to deliver for that class of individuals. In every respect therefore, Mr. Speaker, it is up to us, whether it is in the provision of housing, in the provision of health care or in the provision of education, to understand that Government would have to intervene when it is necessary to protect those persons who cannot effectively compete and perform within a certain market space. That is the classical case for Government's intervention.

Mr. Speaker, that does not however means that Government would be able to subsidise each and every individual who wants access. That is why it is so important, Mr. Speaker, for these kinds of amendments to be made. Mr. Speaker, we must reach a stage in this country and in the region where persons who can afford and where persons who have the means by which they can afford to invest would make investments not only in economic

goods but in social goods as well. That is, they have to be given choice.

Mr. Speaker, individuals have to be given choice as to whether or not they want to access health care at the Queen Elizabeth Hospital or health care somewhere else in the system. Individuals have to be given choice as to whether or not they want to access education at the University of the West Indies or elsewhere. It is in that regard therefore, that Government would be in a position to give incentives and to create an environment in which those individuals who can afford will then be able to take their own resources and make the choices that they wish to make given the market conditions that would prevail.

Therefore, if we create an environment in which people have that degree of certainty that they could invest safely in a company or in some entity that is providing some kind of economic or social goods, what we are going to do is to relieve the Government of the pressure of having to provide for each and every individual who otherwise would be able to invest in his or her own economic or social space.

I am therefore suggesting that the future of Barbados must rest with whether or not we are going to be able to provide that environment, because it would not be the case, I do not care who is in charge, that we would continue or could continue to deliver provisions for each and every individual.

House 135 Sequence 5

11.00 a.m.

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Hon. C. A. MASCOLL: Mr. Speaker, individuals, who have resources, must feel that they have a certain sense of security, to be able to invest in goods that the Government and public sector may be providing for others but which they do not necessarily have to access through Government. That is futuristic, you may say, but it is the only path that could be followed. Therefore, to that extent, if we are going to ask people to go outside the safety and comfort of accessing a good provided by Government, we must create an environment in which those persons must feel that the money which they would be investing would be safely invested.

Sir, it could only be done if we truly give them an opportunity to adequately and safely assess the performance of a business. Furthermore, that could only be done if there is an audit stream that has an authenticity about it, that has clarity about it, that does not seek to pull wool over the eyes of the public and potential investors. Therefore, this simple amendment has as much

implications for the future governance of Barbados as maybe a major piece of fiscal policy. What this would do, would be to further provide a sense of confidence, not in an economy as a whole but a sense of confidence at a micro level in companies that have excess, to provide for us the opportunity to be able to invest.

Sir, I feel I see it clearly and we have to be upright and centre with the people of Barbados. We have to let them know the reality. We have to let them understand that it cannot be if Government is required, in each and every case to provide, then the people are going to provide more taxes than they are already paying. Are they going to be willing to pay those taxes?

Mr. Speaker, what we are seeing here is an environment that secures the participation of the middle class and upper middle class Barbadians, in the provision of goods and services in this country. Sir, that is economic enfranchisement, if ever there was. Therefore, economic enfranchisement is not old talk. It is not small talk. It is not about whether or not certain companies - small fellows - have a piece of the action at Cricket World Cup. That is political rubbish because that is far from reality. Sir, there were a number of small people who got assistance during that period. Sir, that is the level at which certain people are at, that is what certain people expect to bring to bear on the political environment.

Sir, every time there is a major event, there is talk about the small man and about small business, when they do not know what small is because they have never experienced it. They have never experienced living in a house with 26 people. They never had to sleep on the floor; they never had to walk to school without shoes; they never had to use butter and lard oil on their food; but all of a sudden, they are talking about 'small' because it is in their interest.

Mr. Speaker, I am saying that if we do not accept and understand that in order to truly transform this society and economy that we have to do these kinds of things, to let Barbadians, who are pretty wealthy... Sir, I just passed the west coast and saw a number of construction sites but I do not mind the number of construction sites there is, what I was interested in was a whole set of vehicles parked around these sites.

Mr. Speaker, when I was a boy, my first job was to be that of a trainee carpenter, where I never got paid. I learned how to cut wood and how to use a chisel. Sir, during my early times, I have been around a number of construction sites but I have never seen so many cars as I am now seeing. The carpenters in my area used to ride to construction sites with saws and hammers, while the masons would either ride or walk. Sir, there are now

masons and carpenters on construction sites all across this country, who now own several cars.

Asides.

Hon. C. A. MASCOLL: Of course. In fact, it is now causing some congestion on the west coast. Sir, what I am saying is that in relative terms, a carpenter and a mason in Barbados are not down the lower end of the income token poll. Furthermore, given the fact that this construction boom is going to be sustain...The other thing going for them is that they can build their own homes. They can get their friends to come and help them, so they are no longer at the lower end of the income token poll.

Asides.

Hon. C. A. MASCOLL: Mr. Speaker, they are the ones that I would love to target but if we could create an environment in which those artisans feel as though they could invest in a company, which they own, and do so safely, then I think that we would have truly transformed the construction sector.

Mr. Speaker, this is how it works: a number of persons of a certain ilk would create a company successfully and then rely totally on Barbadian masons, carpenters, steel benders and the like. Therefore, why is it that these very persons could not be brought together, understanding a business environment and make the investments in similar vein?

Asides.

Hon. C. A. MASCOLL: When that happens, the two of us would be very happy because I think we know very well what it is to come from below.

Asides.

Hon. C. A. MASCOLL: I do not mind the others across that side, they are pretending. It is one thing to pretend that you are a small man, it is another thing to behave in the sort of way of that they behave against the small man.

Asides.

Hon. C. A. MASCOLL: Mr. Speaker, until these persons bring something to the table as to where they truly want to take this country...

Asides.

Hon. C. A. MASCOLL: Having 40 buses at a picnic cannot help because John Brown usually has 30 buses at a picnic.

Asides.

Hon. C. A. MASCOLL: Mr. Speaker, at the end, it is about creating wealth. An economy can only be sustained if there is wealth creation. Sir, only persons who have surplus can invest. A poor man does not have any money to invest in anything, therefore, it is Government's duty to take care of those at the lower end. When people have reached the point where they have surpluses, an environment should be created for them to invest but they would only do so, if they feel a certain degree of certainty, comfort and confidence, in the thing in which they would be investing.

Mr. Speaker, this, therefore, to my mind, is a wonderful legislation. It seems very simple but it creates the foundation upon which there will be true economic enfranchisement, and upon which Barbados can continue to sustain its wealth creation and by extension, can continue to solve the problems that impact upon the 'small' man, especially those problems that are of a social nature.

It cannot be done with rhetoric, it could only be done through skillful framing of policies that allow us to transmit the right messages to those who are critical to the process, not only in helping them to solve their problems but in securing that those who have now been able to become surplus traders, can now transform that surplus into investment, in the interest of this country.

Asides.

Hon. C. A. MASCOLL: It is the way forward. It is not about white man and black man talk any longer, it is about creating an environment, to let us now feel that, for the first time, we are truly ascending the heights of the income ladder in Barbados but that it can only be done through adequate investments in companies and businesses across this country.

Mr. Speaker, I thank you.

11.10 a.m.

Tuesday, May 29, 2007

Mr. C.A. MASCOLL: . . .

Mr. SPEAKER: The Honourable Member for St. Philip West.

Dr.D.C. ESTWICK: Mr. Speaker, I just want to make a short intervention because, on the face of it, I agree with the Honourable Member for St. Michael North West that this amendment seems somewhat trivial but it really speaks to a more fundamental problem that has to be addressed through creating not only greater avenues and opportunities for real-time information about the

performance of companies, but also speaks to looking at addressing a more fundamental problem of oligopoly within our capital markets.

When I heard the Honourable Member spoke to this matter, I thought that if we are going to be looking seriously at a series of savings and investment in Barbados, therefore, we have to be prepared to deal with them in a comprehensive manner that not only encompasses banking spread in Barbados and aspects of financial intermediaries in Barbados, as they have implications not only for the national savings rate but also for investments. If the Honourable Member for St. Michael North West is going to raise these elements in a debate, it is where I think the debate really needs to do.

Sir, you can audit 'from now until the cows come home', ultimately, you are going to provide a potential investor with information so as to make a credible decision as to whether to investment in A or not to invest in A. Therefore, if information is going to be provided in such a way where a company can now function effectively as an individual company, I have no fundamental problem with that. Mr. Speaker, what I would say is that at this particular point in time is that something needs to be done in Barbados because when I look at the world economic database, we had private investment rate in Barbados in 1994 at the level of 16 per cent of GDP and now in 2006, it is at a paltry level of 9.4 per cent and, therefore, something needs to happen.

When I look at the significant increase in banking spreads in Barbados and the reduction in financial intermediation that has occurred over the last 10 years, something needs to be done in Barbados in order to promote private investigation. Sir, that also correlates fundamentally well with information provided from the world economic database and also information provided by Professor Wint, Head of International Business at Mona and correlated by several studies done in the region, that in Barbados, we had a national savings rate in 1994 that was 18.6 and by 2005/2006, it had dropped to 7.6. Sir, something is definitely going wrong with respect to savings and investment in Barbados and, therefore, anything that could be done that would attempt to deal with this fundamental spiral downwards, I am all for it.

Mr. Speaker, there is another real reason for the falloff in private investments in Barbados and this precipitous decline in the national savings rate and also in private investment rate and it has to do with the instability in the economy. Sir, the underlying problem is that if you have a macroeconomic framework, where there is extremely high inflation of 8 per cent, then you have a problem because all you are doing is creating significant problems with respect to financial intermediation and on long-term investment over time.

Mr. Speaker, I simply wanted to enter this debate to say that at present, seven companies own more than 50 per cent of the shares in the Barbados Stock Exchange and that we are engaging in a situation thumping mergers that may very well create greater oligopolistic problems within our own domestic capital market space. I think we have to be very careful with these mergers or takeovers, as they may look glossy on the surface but one has to look more fundamentally at how they impact our capital markets structure. Sir, why that becomes important is that I recall the Honourable Member for St. Peter indicating that we are supposed to be going into liberalisation of the capital accounts with respect to CARICOM. Sir, that has fundamental implications with respect to any movement towards liberalisation of capital accounts, if you have oligopolies and movement towards monopolies within your capital market.

Mr. Speaker, any audit function that moves towards the position of giving Barbadians their opportunities for investment by giving them real time information on how well a company is doing and so on, will only have an impact on promoting economic growth and development in Barbados if it counters those fundamental problems that I have just addressed otherwise, we are going to end up creating more problems for ourselves down the line. Sir, I just wanted to raise those particular concerns because, ultimately, the Honourable Member for St. Michael North West knows quite well that there is a delinking between savings and investment in open liberalised markets. The Honourable Member knows quite well that the evidence has shown in markets that are not fully liberalised that what you really have is a linking that one has to be very concerned about. In fact, the evidence also suggests that irrespective of how much information you give a particular individual about a company or not, the rate of return on that investment becomes critical. Sir, the rich person in Barbados does not need to get money from a bank to invest. Therefore, when we talk about broad-based investment and so on, we are talking about the environment present in Barbados from the banking perspective that allows banks to lend at a rate necessary that people can take in Barbados and reinvest and develop the economic base of Barbados. Sir, that is not the case based on the evidence that has been provided by many persons, who have studied this particular area.

Mr. Speaker, this debate really should be looking at the impact of high banking spreads in Barbados. It needs to go to the impact of that on the diminishing financial intermediation which is going on in Barbados. It also needs to go the fact, that this undermines national savings and investment, and by extension, it undermines economic growth and development. Sir, any piece of legislation that comes to this Parliament that gives Barbadians information about a company, its performances, whether that company will give them an excellent rate of return on their

investment or not and the individual can have the information to make a decision to invest in that company or not, I will support that. Sir, I was hoping that there would be a broader basis for us to take this debate where it really needs to go in the light of the oligopolies within our capital markets and the potential worsening of that reality with respect to the so-called mergers that are taking place in Barbados.

H135/11:20

Sequence 7

Tuesday, May 29, 2007

Dr. D.C. ESTWICK: . They are forming these large conglomerates, as they say, in the face of globalisation, all that is happening is that we have declining competition, when globalisation should provide an enhancement of competition, an enhancement of savings and an opportunity for a cheaper product. It should provide all of those things, but what we are getting in the region are the reversed. We are getting a lot of camouflage. Sir, individuals are telling us about these so-called events, but, in fact, we are experiencing declining competition. I will rest there, because the debate will come at some point in time, and I will wait for that debate.

I thank you very much.

Mr. SPEAKER: The Honourable Member for Christ Church East.

Hon. R.R. FARLEY: Mr. Speaker, I rise to support this amendment to the Companies Act. I am glad that the Honourable Member for St. Philip West, said that he has to wait for the debate, because the debate was not about that and, therefore, if he wants to discuss those matters, he has to wait for a suitable time and a suitable debate to make that contribution.

Asides.

Hon. R.R. FARLEY: I join him in anticipation of that debate.

Sir, this amendment to the Companies Act is one of several amendments, which will come from time to time. Indeed, the formation of companies has been at the very core of modern business. It was, perhaps, one of the most fundamental changes in the business world where persons were able either to separate, in the case of Directors of single owned companies, their personal assets from the companies' assets, and to safely join in multiple partnerships, but with limited liability.

Sir, in relation to the way that the legislation speaks to persons providing auditing services, it has hitherto prevented those individuals offering those services in the corporate world, from being able to do so under the very umbrella of a limited liability company, which is available to everyone. Sir, the very wording of the legislation, as narrowly interpreted - as you are aware, this part of the legislation speaks to provision for public companies, where the Companies Act seeks, as in many cases, the only framework for administration of business - it sought to separate the responsibilities of companies which were privately held, and those which were offering their shares to the wider public.

Mr. Speaker, the Companies Act sets out certain basic provisions concerning shareholder rights, especially those of minority shareholders, and established a lead for companies which are publicly trading in shares, to be audited by a competent auditor, meeting the qualification as set out under the law. Sir, that auditor had to act only in his individual capacity.

Sir, indeed, the reality is, the nature of the auditing profession is today, and in the wider accounting profession, such that auditors are not only providing services for the businesses on Broad Street, Swan Street and Roebuck Street, as they would have been years ago, in colonial Barbados, the auditors in Barbados are providing those services for a range of local, regional and international businesses.

Indeed, part of what we are seeking to do is, to further deepen the contribution which the international business sector makes to Barbados, by way of enhancing the competitiveness, while opening opportunities for Barbadians to provide services to our international clients.

Sir, clearly, there is a vast difference between the liability, that one would face in performing an audit for a local company with \$5, \$10, \$15 or \$30 million in business a year, and one with sales of US\$20 billion a year on the international stage. Therefore, it was recognised by the profession, and accepted by Government, that the requirement in our law for auditors to be acting as natural individuals, as opposed to corporate individuals, really represented a level of exposure to them which was unfair, and, perhaps, unconscionable, and that would have caused them to think long and hard, about offering their services in the wider international sphere.

Sir, what is going on within this profession, relating directly to the operation of companies is that international accounting standards have changed. Indeed, even in the United States of America, which attempted to set its own rules-based system, of generally accepted accounting principles to the international accounting standards, which

were more European base, that is on principles, that has changed the nature of the work which is required.

Sir, the level of confidence which shareholders have been able to place in companies, has come under severe pressure, with all the corporate accounting scandals and other things around the world. Here in Barbados we were not immune. The Bank of Credit and Commerce International (BCCI), affected Barbadians. They had their auditors and accounting systems, yet, no one seemed to have been able to discover before the fact, that there were holes in the bottom of the bucket, until the whole bottom of the bucket dropped out.

Sir, therefore, amendments such as this are part of a wider framework, of not only strengthening the management of companies, through the Companies Act, but it is has been the task of this administration to implement other measures of financial reform, which go hand in hand. Sir, many years ago, the Companies Act was the only framework for administering companies. Companies operating in this modern age, and their auditors are mandated to operate taking cognizance of the fact, for example, that public companies, are required to have an audit. There is now a Securities Commission, there was none before.

The matter of trading in shares, mergers and acquisitions, was a matter that was discussed in the Bridgetown Club, between a few knowledgeable persons in the marketplace. Today, you cannot engage as a public trading company, in matters of takeovers and acquisitions involving more than 20 per cent of the shares, without the approval of the Securities Commission.

Indeed, when the Securities Exchange of Barbados, as it was called then, now the Barbados Stock Exchange, was established in the previous Barbados Labour Party administration, they administered themselves. They set their own rules and did their trading. It fell to this term of the Barbados Labour Party administration to separate that, where a separate Securities Commission looks after the regulatory framework, and the Stock Exchange is mainly for trading. Again, as an effort to inspire confidence of ordinary shareholders in the corporate world.

Sir, if there is one fundamental responsibility of a Government, with respect to companies' administration, it is to look after the interest of the minority. Indeed, companies' legislation, not only in Barbados, but in Canada, United States of America and around the world, tends to focus on what measures can be put in place, that those who are partners in this enterprise, the shareholders, cannot be disadvantaged by the larger and majority partners. Therefore, having strong systems of auditing is also important.

Sir, you will also recall that the auditing profession today, and companies generally, have had the benefit of the new Insolvency Act. Sir, company reorganisation, in the event of financial or other distress, or simply to make a fresh start, were things which were not part of the arrangements in the past. The Companies Act was 'bare bones', without legislation, and it dealt only with the formation of companies and some limited regulation.

Sir, I think that, one of the most fundamental and far-reaching impacts on business and one certainly which the auditing and accounting profession here, will face increasingly, as they have faced in the United Kingdom, for example, is the whole business of Fair Competition legislation.

11.30 a.m.

Sequence 8

Tuesday, May 29, 2007

House 135, Sequence 09, 11.30 a.m.

Hon. R.R. FARLEY: The formation by this administration on the Fair Trading Commission, the passing in this Parliament of the Fair Competition Act, the Consumer Protection Act and other measures, had a fundamental impact on the way that companies operate.

Indeed, Sir, you would be aware that British Airways had to set aside £627 million in their account as a contingency, in case the investigation of the Fair Competition Commission in the U.K. and the EU finds them guilty of collusion and price fixing. Sir, this is based on a simple conversation, where one of their senior executives happened to mention their proposals for fixing the fuel price levy on air tickets, with the manager of another airline.

Sir, you would know that many years ago, before these modern days of more strict corporate governance, that it was usual for Corporations to sit around, whether at the club or wherever and have conversations such as these. Sir, that conversation, has caused British Airways to set aside a contingent liability in their accounts, of £627 million.

I am making the point that as simple is this amendment is, its impact is more far-reaching and fundamental. Sir, at the heart of the ability of companies around the world to function - and more especially of concern to us here would be in Barbados - and to be aware of what to do right, what to do wrong, and what are the rules of engagement. Sir, all this relates to auditors performing, not only the retrospective glances of the operations, but providing advice and guidance, in terms of

making sure companies stay within the rules of their respective countries, and their respective industries.

Sir, I am pleased, certainly from a personal point of view that the face of auditing in Barbados has changed over the years. Sir, you would recall that many years ago, when one looked at the auditors who met the qualifications to audit public companies under the Companies Act, who had to be members of the appropriate accounting body, that they tended to be over 40. Sir, many years ago, they were not even Barbadian and if they were Barbadians, they would be Barbadians of fairer complexion, or high socio-economic origin.

Sir, in a very quiet way, this Accounting profession has provided opportunities for bright but poor Barbadians, to rise to the very top of their profession. It has been one of those areas in which the opportunity for entry, by way of study has been opened. Indeed, Sir, the numbers of persons pursuing Bachelor's degrees in Accounting qualification at the University of the West Indies is high. It is one of the subjects in the social science faculty, in which you have to stand in a long queue.

More fundamentally, Sir, the persons are able to continue to work while pursuing the CGA and the ACCA and some are even doing the CPA out of the United States of America. In fact, if you look at the newspapers from time to time, you see the bright young eager faces in the quarter page ads with their photos of congratulations for achieving those qualifications. They get good experience, by way of working in this Auditing profession.

Sir, it is also interesting that in terms of the future of Barbadian companies and the future of the corporate sector generally, many of these highly qualified CGAs and ACCAs go on to do MBAs. After a number of years in the auditing profession, they move on to management.

It is very pleasing today, Sir, that when you look at the general management of a number of companies, not only the private sector, but in the public sector as well, you would see qualified accountants who are then able to bring their financial rigor for the benefit of management and decision-making.

Sir, on occasion, this has allowed for the change of management and put qualified Barbadians of humble origin, in very high positions in the corporate world. Sir, that is something which perhaps many persons would not have seen or imagined, several years ago. I am very pleased that a vast number of young Barbadians continue to pursue this profession and I would want to encourage them, because the sky is the limit. One does not have to remain in accounting because the knowledge that is gathered in this important area, puts them in a very strong position to be at the cutting edge of the next wave of home-grown

entrepreneurs, taking this country and its corporate sector to new and higher heights.

Sir, as I close, I want to indicate again that this legislation is fully supported. I would hope that the opportunity for auditors to offer their services, as part corporate persons and not just natural persons, would encourage more Barbadian firms of Auditors to press forward and use their skills, not only this lucrative Barbadian market but to be on the leading edge of the export of services.

Sir, one of the reasons why Barbados is in the CSME, is that we see our benefit coming from the export of services. Trinidad and Tobago has a more competitive advantage in manufacturing, Guyana in Agriculture and Barbados in services. Sir, our very highly qualified professions, some are even Honourable Members of this House, go up and down the Caribbean region selling services.

Asides.

Hon. R.R. FARLEY: Some do it better than others, Sir, but they all try their hands.

Sir, this area is one in which I expect Barbadians now with this additional corporate armour and legislate protection that is available to every other business persons, would be able to separate their personal assets from their corporate assets and have some measure of protection in that regard. Sir, this will go a long way towards taking the accounting and auditing profession to new and higher heights.

Mr. Speaker, I commend these amendments to the Companies Act to this Honourable House. I do that, Sir, within the context of several changes that have been made, not only in this legislation, but in other legislation modernising the business environment. Sir, this indicates that as the business arises, this administration will not hesitate to make such amendments or to introduce such legislation as may be necessary, in order to assure the Barbadian entrepreneurs and processional of nothing but the best corporate environment in the Caribbean and indeed in the world, Sir, in which to ply their legitimate trade.

Mr. Speaker, I am obliged to you.

Hon. R.R. FARLEY: Mr. Speaker, I beg to move, Sir, that this Bill be read a second time.

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

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

On the motion of Hon. R.R. FARLEY, seconded by Hon. R.C. EASTMOND, the House resolved itself into Committee on the Bill, Mr. R.D. MARSHALL in the Chair.

House 135, Sequence 09, 11:40:14

Tuesday, May 29, 2007

COMMITTEE

Mr. CHAIRMAN: This House is in Committee.

Clauses 1 - 11 inclusive were called and passed.

On the motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. R. R. FARLEY, 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 motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. R. R. FARLEY, the Bill was read a third time and passed and cited as the Companies (Amendment) Act, 2007.

ORDER NO. 13 – INSTITUTE OF CHARTERED ACCOUNTANTS OF BARBADOS (INCORPORATION) (AMENDMENT) BILL, 2007

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this is a related Bill that is different in focus but with ultimately the same objectives of engendering public confidence into the accountancy profession and by extension into the quality of figures that underlie activity within the general economy of Barbados.

Mr. Speaker, this Bill, simple as it is, sets out to give the power to the Institute of Chartered Accountants of Barbados to be able to discipline their own members. Mr. Speaker, it is not a power that is unknown to professions. Indeed, under the Legal Profession Act, the Bar Association specifically has a disciplinary committee that allows the Bar to be able to discipline its own members.

Mr. Speaker, I would have indicated in an earlier debate that the post 2000 environment really has cast shadows over the confidence that persons have in relation to what is put in the public domain to invite investment. In the circumstances, it is incumbent upon us to do all that we can to strengthen the transparency and accountability issues within the various professions. Mr. Speaker, this morning, we are taking a look at the accounting profession.

In the past, I believe in the late 1990s, when the Institute of Chartered Accountants of Barbados tried to enforce a code of discipline among its members regarding mandatory continuing education, who were not in

compliance, the educational requirements having already then been agreed by all of the members, there was some resistance to the capacity to enforce any type of discipline.

Mr. Speaker, I equally would have said earlier that that capacity to access continuing education is critical towards the quality of advice that they render across every profession, and that if we are to be world class and to be competitive, then we need to remain at the cutting edge in relation to the developments within the various professions. In relation therefore to this matter, we are seeking to amend the original legislation which was passed in 1974 to establish, by law, a legislative framework to govern the Institute of Chartered Accountants of Barbados, so as to make it absolutely clear that the Institute may make rules for its governance and may therefore, by reason of that also, deal with issues pertaining to the disciplining of its members. Mr. Speaker, if you are a self-regulatory body, you have to have that power to enforce discipline.

Mr. Speaker, I must say that these matters have also become more important in the context of the last decade where there has been a greater degree of emphasis on anti-money laundering activities and indeed counter-terrorism financing activities. In the circumstances, the governments across the region have had to implement a range of mechanisms and measures in order to be able to become internationally compliant. Initially, the actions were taken by a body which we claimed we did not have membership of, and therefore, we would refuse to take leadership from them on matters particularly that became invasive in relation to Parliament's right to determine its own measures, particularly taxation. However, the Financial Action Task Force later went on to begin to evolve a number of standards for anti-money laundering and, after the 9/11 event of 2001, for terrorism financing.

The International Monetary Fund has in fact taken over the responsibility for monitoring those guidelines across the global community. Sir, the Caribbean Financial Action Task Force, of which we are a member, is in fact the lead body that pushes the policy issues in relation to these matters.

One of the professions that is intimately affected by the standards set by those bodies is the accounting profession because of its integral involvement in relation to the movement of money, the recording of where money moves and indeed the verification as to the usage of money through the auditing process.

House 135 Sequence 10

11.50 a.m.

Tuesday, May 29, 2007

Hon. Miss M. A. MOTTLEY: We, therefore, believe it is critical that these high standards be maintained and that the public of Barbados, as well as investors coming into this country, must have absolute confidence in the profession. We believe too that it would be impossible for that to happen, if the body that deals with the quality of standard within the profession, does not have the power to discipline.

Mr. Speaker, as you know, rhetoric, without the ability to have follow-through and discipline, will continue to lead in people maintaining their behaviour and maintaining, in very many circumstances, a state of dereliction of duty, which will undermine the public confidence in the overall profession. Sir, this is in the same vein. It will enhance Barbados' capacity to have a strong, an aggressive and a high quality services sector at the core of its economy. Sir, equally, it will also, in my view, have long-standing consequences to boost the level of public confidence, in relation the areas of reporting that are critical to the expansion of investment in this country, and ultimately to the expansion of economic enfranchisement.

The Honourable Member for St. Michael North West gave a brilliant speech this morning and it is in that context that you best appreciate the implications for this kind of simple amendment but implications, nevertheless, that can alter and continue to alter the Barbadian economy and society for the better, in the next few years.

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

Hon. R. R. FARLEY: Mr. Speaker, I beg to second that,

Sir.

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

Mr. D. St.E. KELLMAN: Mr. Speaker, all I would say on this matter is that in light of what was said previously, I would hope that these powers are not powers that would encourage the "too-few" to take control, and that we would not see a situation where, as you know, this particular profession is now being controlled more externally than internally. Therefore, we do not want to have a situation where the institute is controlled by those who control the industry and that the rules are set to ensure that the market share remains the same.

Mr. Speaker, that is all I would say on this particular issue.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I note the comments of the Honourable Member for St. Lucy but

suffice it to say, every profession takes unto itself the right to govern itself and to discipline its own members. The fact that this is also rooted in a general code of discipline - one that will encourage positive aspects, such as continuing education and other high standards which not only protects the dignity of the profession but also reflects the level of transparency and accountability - should give the Honourable Member the confidence that runs counter to the principle of surrendering control to the "too-few", in respect of their views being foisted on the rest of the profession.

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

Hon. R. R. FARLEY: Mr. Speaker, I beg to second that, Sir.

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

On the motion of Hon. Miss M. A. MOTTLEY, seconded by Hon. Dame BILLIE MILLER, the House resolved itself into Committee on the Bill. Mr. R. D. MARSHALL, Chairman of Committees in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee. The Honourable Member for St. Michael North East.

Clause 1 was called and passed.

Clause 2 was called and passed.

On the separate motions of Hon. Miss M. A. MOTTLEY, seconded by Hon. R. R. FARLEY 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. R. FARLEY, the Bill was read a third time and passed and cited as the Institute of Chartered Accountants of Barbados (Incorporation) (Amendment) Bill, 2007.

ORDER NO. 1 – SECOND READING OF THE BETTING AND GAMING DUTIES (AMENDMENT) BILL, 2004.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, this is a simple amendment before this Honourable House. It seeks simply to remove the definition of "Minister" from the Betting and Gaming Duties Act. Under that legislation, the definition of "Minister" is prescribed as "Minister of Finance." It is the intention that we remove that definition,

so as to give flexibility to the Prime Minister and the allocation of his responsibilities for the sector dealing with betting and gaming and to allow us to be able to develop a more coherent framework that can manage these issues.

It is my understanding that it is necessary to remove the restrictive interpretation, which defines “Minister” only as “Minister of Finance” because in days before it was the Customs Department, who would have had complete responsibility for these matters. Therefore, if you are going to try to move it from outside of Customs Department to have a regulatory framework that can better address the needs of the sector and to protect the society, generally, then you do not have the structure or the personnel within the Customs Department, that would admit of this modernisation, in relation to the approach to the sector.

Mr. Speaker, this is a simple amendment and I, therefore, beg to move that this Bill be read a second time.

Hon. R. R. FARLEY: Mr. Speaker, I beg to second that, Sir.

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

On the motion of Hon. M. A. MOTTLEY: seconded by Hon. R. R. FARLEY, the House resolved itself into Committee. Mr. R. D. MARSHALL in the Chair.

H:No.135 (11)12:00 noon.

Tuesday, May 29, 2007

COMMITTEE

Mr. R.D. MARSHALL: This House is in Committee.

Clause 1 was called and passed.

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

On the separate motions of Hon. Miss M.A. MOTTLEY, seconded by Hon. R.R. FARLEY, the Bill was read a third time, passed and cited as the Betting and Gaming Duties (Amendment) Act, 2007.

ORDER NO. 5

Hon. Miss M.A. MOTTLEY: I beg to move that Order No. 5 be removed from the Order Paper as the

Government is no longer producing with a Resolution in this sum of money.

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

Mr. D. St.E. KELLMAN: Mr. Speaker, we cannot tell the Government side what to do with their matters but, when one considers the large sum of money with which we are dealing and the extensive work that company would have carried out, one wonders why a company that had to create so much capital expenditure would not now see the need to have this amount of money added to its cash flow. Sir, the Opposition must take note of a matter like this but we observe that this goes to the heart of the energy policy of Barbados.

Hon. Miss M.A. MOTTLEY: Sir, I am not sure what the Honourable Member is trying to say. The reality is that if there is going to be a guarantee at all, it is going to be for a much lesser amount and, in the circumstances, this Government is removing the Resolution which calls for a guaranteed of US\$145 million to the Barbados National Terminal Company Limited. It is a housekeeping matter but, suffice it to say, if there is going to be a guarantee at all, it is going to be for a much reduced amount.

Sir, I beg that this be removed from the Order Paper.

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

The question that Order No. 5 be removed from the Order Paper was put and resolved in the affirmation without division.

ORDER NO. 8

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg that Order No. 8, which is an amendment to the International Financial Services Act, be removed from the Order Paper. It was originally the intention of the Central Bank of Barbados to charge fees on the international business sector but the Ministry, for which I have responsibility, made representation to the Minister of Finance and the Minister of Finance has agreed that there should be no separate fee structure for licensing the international business sector since people have already paid a licence fee. Therefore, the Government is proposing to remove this Bill from the Order Paper.

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

The question that Order No. 8 be removed from the Order Paper was put and resolved in the affirmation without division.

ORDER NO. 9

Hon. Miss M.A. MOTTLEY: Mr. Speaker, Sir, Order No. 9 calls for a guarantee of \$14 772 000 for the Barbados Tourism Authority for the leasing of a cruise liner. We are seeking to remove this from the Order Paper as I am informed by the Minister of Tourism that this guarantee is no longer necessary.

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

Mr. SPEAKER: the Honourable Member for St. Lucy.

Mr. D. St.E. KELLMAN: Sir, as I said previously, we have no intention of interfering with this. If the Government is of the belief that the original arrangement was successful and that there is no need to come before this Parliament for any money to pay the ship, we are in support of it, Sir.

Mr. SPEAKER: Honourable Member, that is not what was said. You will have to withdraw that, Sir.

Mr. D. St.E. KELLMAN: Mr. Speaker, I said that if the Government believes there is no need for this guarantee that we in the Opposition would not fight them on it.

Mr. SPEAKER: That is different now, Honourable Member.

The question that Order No. 9 be removed from the Order Paper was put and resolved in the affirmation without division.

ORDER NO. 7 – INSURANCE (AMENDMENT) BILL, 2007

Mr. C.A. MASCOLL: Sir, I wish to speak to this Bill where we are seeking to insert the following new section into the Act, 166A:

“A policy relating to the coverage of a major medical care is issued by an insurance company.”

Mr. Speaker, we are seeking to allow for persons who indulge in insurance to use US currency to do so and the policy must be issued to a person residing in Barbados or within the Caribbean Single Market and Economy. Sir, again, that allows us to offer greater corporation within the insurance sector and, therefore, permits an individual to sell insurance to a Barbadian or any other CARICOM resident for which there is need for a U.S denomination....

H135/12:10

Sequence 12

Tuesday, May 29, 2007

Hon. C.A. MASCOLL: and a claim related to the policy that may be paid in the currency, or any other currency where, with the approval of the Minister, the claim was issued to be paid.

Sir, we are suggesting here that if a St. Lucian buys a policy, say from a Barbadian company, and there is a claim that has to be made by the person who has bought the insurance, the movement of US currency would not be a problem on the part of the Government, and we are permitting for that interaction between Barbadian companies and any other CARICOM resident, where a policy has been issued and bought by a person within CARICOM.

Mr. Speaker, in short, I think we all recognise that there is a move towards greater integration within the CARICOM movement, that wherever we could, we have to seek to facilitate greater levels of business throughout the region. This is fully consistent with the objectives we have set, as a region, for economic integration as a tenet, upon which CSME will be based, where there will be functional cooperation in the areas of social policy, and also where there will be foreign policy coordination. Sir, in light of that, we are simply seeking here to facilitate greater coverage in the area of insurance business, for those persons who are seeking to access any form of life insurance on the part of, say, a Barbadian company.

In essence, we are really trying, as best we can, to facilitate the interaction of trade between companies and individuals across the region. This, again, is a very laudable piece of policy, on the part of Government, that seeks merely to extend the leverage of insurance coverage, but also gives the opportunity for a company to pay a claim in foreign currency. This could only happen if there is some degree of confidence on the part of the country, with respect of its capacity to meet these commitments.

I think this best demonstrates that Barbados, in its current economic state and health, is certainly very confident that it can meet these kinds of commitments, without any pressure being brought to bear on our foreign exchange capacity to service these kinds of commitments.

Mr. Speaker, in light of that, I beg that this Bill be read a second time.

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

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

On the motion of Hon. C.A. MASCOLL, seconded by Hon. R.R. FARLEY, the House resolved itself into Committee, Mr. R.D. MARSHALL in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clause 1 as amended was called and passed.

Clause 2 was called and passed.

On the motion of Hon. C.A. MASCOLL, seconded by Hon. R.R. FARLEY, 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. C.A. MASCOLL, second by Hon. R.R. FARLEY, the Bill was read a third time and passed and cited as the Insurance (Amendment) Act, 2007.

RECOMMITAL

PAPERS

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I am

commanded to lay the following:

1. Industrial Policy for Barbados Manufacturing and Related Services Sector, 2007-2012.

RECOMMITAL

GOVERNMENT NOTICES

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to give notice of the following Resolution:

“WHEREAS the Industrial Policy for Barbados’ Manufacturing and Related Services Sector, 2007-2012, reflects the enabling framework for the development of the manufacturing and related services sectors through to the year, 2012;

AND WHEREAS the industrial sector over the last 50 years has emerged as a fundamental contributor to the economic and social stability of Barbados, through growth of employment, export earnings, output and productivity;

AND WHEREAS this industrial policy has a fundamental role to play in Barbados achieving the goals of a transformed industrial sector, which is targeted to contribute in excess of 12 per cent of Gross Domestic

Product, within ten years, and account for \$1 billion dollars in domestic exports by 2012;

AND WHEREAS this industrial policy represents one of the key elements in fulfilling Government’s vision of a fully developed society by 2025;

BE IT RESOLVED that this Parliament takes note of and endorses the Industrial Policy for Barbados’ Manufacturing and Related Services Sector 2007-2012.

ADJOURNMENT

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that this House be now adjourned until Tuesday, June 5, 2007. Sir, before doing so, may I remind all Honourable Members of this Chamber that we are taking an early adjournment today, because the Members the House of Assembly have been specifically invited to a special programme.

12.20 p.m.

Sequence 13

Tuesday, May 29, 2007

House 135, Sequence 14, 12.20 p.m.

Hon. Miss M.A. MOTTLEY: It will now start at 2.00 p.m., instead of 2:30 and it should not last for more than one hour.

The HIV/AIDS Commission has issued an invitation to Parliament for the members of the Lower House to attend a sensitisation session and to be briefed on the programme and to be updated on all other aspects of their functioning. It will be done in the Members’ Dining Room at 2.00 p.m. this afternoon, instead of 2.30 p.m. Therefore, in order to facilitate this meeting we will take the adjournment of the House now, and adjourn until next Tuesday, June 5, at 10 o’clock in the morning. Next Tuesday, we intend to start the debate on the Industrial Sector, which I would have outlined and that would, therefore, occupy the attention of Parliament for that day’s Sitting.

ADJOURNMENT

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that this House be adjourned until Tuesday, June 05, 2007 at 10.00 a.m.

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

The question that this House be adjourned until Tuesday, June 05, 2007 at 10.00 a.m. was put and resolved

*in the affirmative without division and Mr. SPEAKER
adjourned the House accordingly.*

House 135, Sequence 14, 12:22:03

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MARSHALL, Mr. R.D.
MASCOLL, Hon. C. A.
MILLER, Hon. Dame BILLIE
MOTTLEY, Hon. Miss M.A.

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EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. Masthead. The session is not stated in the source, so no session line is printed.

Q2. Order No. 13, second reading. The source records the question on the second reading as put and resolved straight after Hon. R. R. Farley seconded it, before Mr. D. St.E. Kellman spoke; Hon. Miss M. A. Mottley then moved the second reading again and the question was put a second time. Printed as in the source.

Q3. Order No. 1, heading. The heading reads ‘SECOND READING OF THE BETTING AND GAMING DUTIES (AMENDMENT) BILL, 2004’, but the Bill was passed and cited as the Betting and Gaming Duties (Amendment) Act, 2007. The Chairman is also recorded as reporting the Bill ‘with amendment’, although only Clause 1 is recorded as called and passed. Printed as in the source.

Q4. Headings before Papers and Government Notices. The heading ‘RECOMMITAL’ appears twice, above ‘PAPERS’ and above ‘GOVERNMENT NOTICES’, although no Bill is recommitted. Printed as in the source.

Q5. Order No. 12, speech of Dr. D. C. Estwick, take-slip about 11.20 a.m.. After the take-slip Dr. Estwick’s speech resumes mid-sentence with ‘. They are forming these large conglomerates’, and Mr. C. A. Mascoll’s speech ends with a line consisting only of ‘. . .’. Part of the text may be missing. Printed as in the source.

Q6. Speech labels, Mr. C. A. Mascoll. The same member is labelled both ‘Mr. C.A. MASCOLL’ and ‘Hon. C. A. MASCOLL’ (Minister of State, Ministry of Finance, in the PRESENT list). Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met on Tuesday, 29th May, 2007 at 10.15 a.m., with His Honour I. A. Roett, Speaker, in the Chair; prayers were taken by Reverend Canon Ivan Harewood. The Minutes of Tuesday, 22nd May, 2007 were confirmed, and the Speaker announced receipt of the Accounts and Statements for January 2007 from the Accountant-General. Hon. Miss M. A. Mottley laid the Severance Payment (Amendment) Bill, 2007 for first

reading, and Standing Orders were suspended on her motion, seconded by Hon. Dame Billie Miller.

Hon. Miss M. A. Mottley, Member for St. Michael North East, moved the second reading of the Companies (Amendment) Bill, 2007, which allows accountants to provide auditing services through a limited liability company rather than only individually or in partnership. She linked the change to the post-Enron corporate scandals and to Barbados’ competitiveness as a services economy. Mr. D. St.E. Kellman, Member for St. Lucy, said the Bill was no surprise to the Opposition but warned that mergers would shrink the market for auditors and that professional groups were seeking legislation to protect ‘a too few’. Hon. C. A. Mascoll, Member for St. Michael North West, argued that wealth creation and wider share ownership depended on reliable audits, citing the proposed merger of LIAT and Caribbean Star. Dr. D. C. Estwick, Member for St. Philip West, said the real problems were high banking spreads, falling savings and the oligopoly in the capital market, noting that seven companies owned more than 50 per cent of the shares on the Barbados Stock Exchange. Hon. R. R. Farley, Member for Christ Church East, traced the reform of companies and securities law, the Fair Competition Act and the opportunities the accounting profession had given Barbadians of humble origin. The Bill passed Committee (Clauses 1 to 11) and its third reading.

Hon. Miss M. A. Mottley then moved the second reading of the Institute of Chartered Accountants of Barbados (Incorporation) (Amendment) Bill, 2007, which gives the Institute power to discipline its members, comparing it with the powers of the Bar Association and referring to continuing education and anti-money laundering standards. Mr. Kellman hoped the powers would not let ‘the too-few’ control the profession; Hon. Miss Mottley replied that every profession governs and disciplines itself. The Bill passed all stages.

The Betting and Gaming Duties (Amendment) Bill, moved by Hon. Miss M. A. Mottley, removes the definition of ‘Minister’ as ‘Minister of Finance’ so that responsibility for betting and gaming could be allocated outside the Customs Department; it passed and was cited as the Betting and Gaming Duties (Amendment) Act, 2007. On her motions three items were removed from the Order Paper: Order No. 5, a Resolution for a guarantee of US\$145 million to the Barbados National Terminal Company Limited; Order No. 8, an amendment to the International Financial Services Act, since the Minister of Finance had agreed there would be no separate licence fee structure; and Order No. 9, a guarantee of \$14 772 000 for the Barbados Tourism Authority for the leasing of a cruise liner. The

Speaker required Mr. Kellman to withdraw a remark on Order No. 9, and he restated it.

Hon. C. A. Mascoll moved the second reading of the Insurance (Amendment) Bill, 2007, inserting a new section 166A to allow major medical policies issued to residents of Barbados or the CARICOM Single Market and Economy to be written and paid in United States or other currency. The Bill passed Committee with amendments and its third reading.

Hon. Miss M. A. Mottley laid the Industrial Policy for Barbados Manufacturing and Related Services Sector, 2007-2012, and gave notice of a Resolution endorsing it, which targets a contribution of over 12 per cent of Gross Domestic Product within ten years and \$1 billion in domestic exports by 2012. She explained that the House was rising early so that Members could attend an HIV/AIDS Commission briefing at 2.00 p.m., and the House was adjourned until Tuesday, 5th June, 2007 at 10.00 a.m.