
THE

House of Assembly Debates

(UNOFFICIAL REPORT)

PARLIAMENT 2003 – 2008

HOUSE OF ASSEMBLY

Tuesday, November 6, 2007

Pursuant to the adjournment, the House of Assembly met at 10.00 a.m. on Tuesday, November 6, 2007.

PRESENT

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

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

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

Sir Louis Tull, K.A, Q.C., M.A (Oxon)

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

Hon. Miss M. A. MOTTLEY, Q.C., LL.B. (Deputy Prime Minister, Minister of Home Affairs) (Leader of the House)

Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Public Works and Transport)

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

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

Mr. D. St. E. KELLMAN

Hon. Miss H. E. THOMPSON, LL.B. (Minister of Energy and the Environment)

Hon. Miss M.A. MOTTLEY, G.C., LL.B. (Deputy Prime Minister and Minister of Economic Affairs and Development) (Leader of the House)

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

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

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

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

Hon. A. P. WOOD, J.P. B.Sc., M.Sc., M.Phil. (Minister

Education, Youth Affairs and Sports)

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

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

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

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

Hon. K. D. SYMMONDS, B.A., LL.B. (Minister of State, Ministry of Foreign Affairs and Foreign Trade)

Hon. D. D. MARSHALL, Q.C., LL.B., (Hons.), L.E.C., (Attorney General and Minister of Home Affairs)

Mr. R. D. JONES, B.A. (Hons.), M.A. (Ed.), J.P.

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

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

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

Prayers were taken by Rev. Canon Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, October 30, 2007.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that the Minutes of the Honourable House of Assembly for its meeting of Tuesday, October 30, 2007, which Minutes have been circulated, be taken as read.

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.

GOVERNMENT NOTICES

FIRST READING OF BILLS

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that the following Bill be read a first time.

1. The Cooperative Societies (Amendment) Bill, 2007.

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 remainder of the day's Sitting.

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

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

GOVERNMENT BUSINESS

ORDER NO. 1 – SECOND READING OF THE
COOPERATIVE SOCIETIES (AMENDMENT) BILL,
2007

Hon. Miss M.A. MOTTLEY: Mr. Speaker, Order No. 1 is being withdrawn by the Government, and the Cooperative Societies (Amendment) Bill, 2007, which I just gave notice of and which just had its first reading, will therefore take the place of the Order we are withdrawing with this motion.

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

Mr. SPEAKER: Honourable Members, there is a motion before the House that Order No. 1 be withdrawn, and be replaced with the Bill that was just given notice of.

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

ORDER NO. 4 – SECOND READING OF THE FINAL
APPROPRIATION (2006-2007) BILL, 2007

H150

Sequence 2 10.20 a.m.

Tuesday, November 06, 2007

House 150, Sequence 03, 10.20 a.m.

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

Hon. Miss M.A. MOTTLEY: Mr. Speaker, in an attempt to clean up the Order Paper, I beg to move that this Bill be now 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. Miss M.A. MOTTLEY, seconded by Hon. R.R. FARLEY, the House resolved itself into Committee on the Bill, Mr. R.D. MARSHALL in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clauses 1, 2, 3 and 4, inclusive were called and passed.

The Schedule became the Schedule to the Bill.

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 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 Final Appropriation (2006-2007) Act, 2007.

ORDER NO. 7 – TO MOVE THAT THE HOUSE RESOLVES
ITSELF INTO COMMITTEE OF SUPPLY TO CONSIDER
THE GRANT OF SUMS OF MONEY – FOR THE
SERVICE OF THIS ISLAND.

Hon. Miss M.A. MOTTLEY: Mr. Speaker, I beg to move that this House resolve itself into Committee of Supply.

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

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

Mr. R.D. Marshall assumed the Chair.

COMMITTEE OF SUPPLY

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

ORDER NO. 7 – A RESOLUTION TO GRANT THE SUM OF 128 325 FROM THE CONSOLIDATED FUND AND TO PLACE IT AT THE DISPOSAL OF THE GOVERNMENT TO SUPPLEMENT THE ESTIMATES 2007-2008 – AS SHOWN IN THE SUPPLEMENTARY ESTIMATES NO. 3, – 2007-2008 WHICH FORM THE SCHEDULE TO THE RESOLUTION AND THAT THE EXPLANATORY – NOTES TO HEAD 27 BE AMENDED AS SET – OUT IN SCHEDULE II TO THE RESOLUTION.

Head 20 - Ministry of Commerce Consumer Affairs and Business Development in the amount of \$89 825

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

Mr. C.A. MASCOLL: Mr. Speaker, I rise to put this simple amount to the Parliament of Barbados for \$89 825, which is required by the Ministry of Commerce, Consumer Affairs and Business Development to meet additional funds as a result of salaries to be paid to temporary staff, the payment of arrears of the employer's portion of National Insurance on behalf of a public officer, and a reimbursement amount spent on an advertisement for the vacant post of Barbados National Standards Institution.

Mr. Chairman, I wish to speak to this matter because this Ministry has been engaging itself for the last year in tremendous work, with respect to understanding the cost of living matters affecting Barbadians. The funds that we are here seeking will also go towards ensuring that this Ministry is more equipped and better prepared to conduct its mission statement.

I would devise a mission statement to suggest that this Ministry has ultimate responsibility, not only for commercial affairs in Barbados but to guarantee that consumers are well-represented in this island. In this regard, Sir, the most pressing issue confronting Barbadians, I wish to address this morning.

Mr. Chairman, for the past four years across the entire region, as a result of higher oil prices, all small open economies within the Caribbean have been experiencing some significant rise, in relative terms, of inflation. Sir, when you look at some countries in the region, such as Belize, the Bahamas, the OECS countries and Trinidad and Tobago, which all have fixed exchange rates, you would recognise that the performance of Barbados is very comparable. In many respects, Barbados' inflation rate, when looked at with respect to these countries, continues to be manageable.

Mr. Chairman, what is more important is the fact Barbados continues to outstrip these economies with respect to growth, employment creation and foreign reserve accumulation. Sir, the Ministry of Consumer Affairs,

earlier this year, identified that high and volatile international oil prices, high transport cost, high raw material cost and general imported inflation, have constituted the major components to the cost of living increases, which we have seen in Barbados.

Mr. Chairman, what is also evident is the structure and conduct of the wholesale and retail sector in Barbados as a component, not necessarily of inflation, but a component of the price structure in Barbados. Sir, this is something we need to address.

Mr. Chairman, before I even go further, I wish to tell the public of Barbados that there is a difference between the level of prices and the rate of inflation. One is the rate of growth of prices, which is inflation. The other is the actual level of price that you confront, when you are purchasing commodities and services.

In this regard, Mr. Chairman, the Government...

House 150, Sequence 03, 10:30:14

Tuesday, November 06, 2007

Hon. C. A. MASCOLL: In this regard, Mr. Chairman, the Government also felt that the temporary imposition of the Cess at six per cent might have, in an one-off way, been responsible for some increases that would have been experienced over that period of time.

Mr. Chairman, I wish in this morning's presentation to explain that the work of the Ministry of Consumer Affairs is extremely critical at this juncture because of the concerns that have been expressed with respect to the cost of living. However, Mr. Chairman, before I do so, I want to put in context that what we are currently witnessing, happens periodically in Barbados where we may see bouts of high inflation as defined by our standards.

Mr. Chairman, Barbados would have experienced its highest inflation during the 1974 period with the first oil crisis when inflation reached as high as 36.2 per cent. What we are seeing today in Barbados is that the inflation rate has come down to 5 per cent from the 7.2 per cent of last year. Mr. Chairman, that is what I intend to address in a holistic way in order to demonstrate that the Government can in fact and has in fact outlined a course of response that we intend to pursue over the course of this week and certainly within the coming weeks and months.

Mr. Chairman, we have started to look at this vexing question of the cost of living in Barbados. Mr. Chairman, I just want to let the public know that there are two components to inflation in Barbados. There is the foreign element, which is predominantly as a result of imported prices, and there is the domestic inflation, which is as result

of demand for our non-tradable goods and services. Mr. Chairman, by non-tradable, we mean any good that is traded only within the Barbados economy.

Mr. Chairman, it is known that in such economies the foreign component of inflation is the predominant component.

Asides.

Mr. D. St.E. KELLMAN: On a point of order. The Honourable Member for St. Michael North West is misleading the House by giving the House the impression that the Opposition Members are interrupting him. All I am trying to point out to you is that the interruptions were not coming from this side.

Mr. CHAIRMAN: That is no point of order. The Honourable Member speaking never said that anyone from the Opposition side is interrupting him. He was just asking that he has a little less noise in the House that he could deliver himself. Continue, please.

Mr. CHAIRMAN: I just want to quote from the Central Bank of Barbados' publication called the "Economy of Barbados 1946-1980". Mr. Chairman, it clearly states here that foreign prices inevitably play a large part in determining rates of inflation in an economy as open to trade as Barbados is.

Mr. Chairman, we all know that Barbados' inflation is predominantly imported. Mr. Chairman, it also goes on at page 43 to say that the implication is that domestic demand for non-traded goods has been the only systematic influence on domestic inflation apart from foreign prices. In essence, what this publication is suggesting, which we know, is that there is not only a domestic component to inflation, but a foreign component as well.

Mr. Chairman, to the extent that we appreciate that in small open economies such as Barbados is that a majority of our inflation is imported, then we understand, notwithstanding that, that Government still has opportunity to respond to the concerns of the consuming public about rising prices.

Mr. Chairman, before I get into the details, I therefore wish to identify that the Ministry of Commerce and Consumer Affairs, in fact, sees the need for greater involvement of the social partners in looking at the whole response mechanism for Government. It speaks to the possible reintroduction of price controls in its essay. It talks about improvements in the relationship among Government agencies and improvement in the relationship between Government and the private sector. It talks about the possible enactment of price gouging legislation, other fiscal measures, including the reduction of tariffs on certain

products, and the need for cultural change in the area of consumerism. Mr. Chairman, those are pretty wide and varied areas of concerns raised by the Ministry of Commerce and Consumer Affairs.

Mr. Chairman, I would wish in my presentation to hone in on perhaps the most vexing issue with respect to the cost of living index. Mr. Chairman, I therefore wish to explain to Barbadians why I would focus predominantly on this whole question of the attempts by the Ministry of Commerce and Consumer Affairs to deal most effectively with the question of food in Barbados.

Mr. Chairman, the Retail Price Index, which measures the rate of inflation in this country, contains as much as 340 items. Mr. Chairman, only yesterday, I heard that Jamaica's old index, which until this week, contained 241 items, has been revised to about 400 items in the new index. Mr. Chairman, of our 340 items, 118 are food items. Sir, that is important because of those 118 items that we have been able to identify within the Retail Price Index, 60 are in fact VAT free. What is meant by that is that they do not carry any VAT whatsoever. Mr. Chairman, the consumer pattern of the private households in Barbados would have been surveyed and the Barbados Statistical Service would have used a disposable income of \$3 500 or less per month, in order to be able to assess that income as an average income household in Barbados.

Mr. Chairman, because of the items which have been identified in the food basket and which would have been carefully constructed, you therefore get the feel that in constructing such an index that the Government is taking into consideration, more so than anything else, the needs of the lower middle to lower income households. Mr. Chairman, that is as it should be because those are the ones who would feel the impact of prices more than anyone else.

Mr. Chairman, when we did our analysis, we found that meats constitute the major burden in the cost of living of food for Barbadians. The cost of chicken, mutton, beef and the like were regarded as the most significant affecting the average household; that is, the average household could spend money for its starch, rice, potatoes and macaroni, but when it came to the question of sourcing proteins, the actual cost or the spending on foods with respect to meats as a sub-component has in fact attracted the most concerns for the average Barbadian.

Mr. Chairman, it is as a result of that research that we would now be embarked on an analysis as to why we feel that we have to address certain areas of concerns within the cost of living index for Barbados.

House 150 Sequence 4

10.40 a.m.

Tuesday, November 06, 2007

Hon. C. A. MASCOLL: Mr. Chairman, I just want to identify that of those 118 items that have been identified within the food basket for the average representative household in Barbados, whole chicken is, in fact, the most important food item for Barbadian, while lunches or eating away from home is second. Sir, evaporated milk, packaged rice, mutton, lamb, cheese, biscuits unsweetened, flying fish, english potatoes, orange juice, carrots, macaroni, dolphin, brown sugar, corn beef - and I can continue in the order - represent the most food items purchased by the average household in Barbados.

Mr. Chairman, in looking to analyse this question of the impact of food on the cost of living, we felt the need to go to that micro level, in order to get a very genuine understanding of the real factors impacting on the overall cost of food in Barbados. Mr. Chairman, as I said, having done the research and having recognised it is not as a result of VAT - because VAT is not imposed on 60 of the 118 items in the food basket - we needed to look somewhere else.

Sir, the other more important thing is that in terms of the expenditure on food for the average household in Barbados, 65 per cent of the expenditure is, in fact, VAT-free, in relation to food. This is according to the Retail Price Index and according to the analysis that we have done. Sir, I repeat, 65 per cent of the expenditure of a representative household on food is VAT-free in Barbados.

Sir, there is an attendant problem associated with this, while there is no imposition of VAT on 65 per cent of the expenditure of food items in Barbados, there is, in fact, the imposition of duties and for other reasons. Sir, as you would respect, Barbados is self-sufficient in the production of whole chicken. Barbados produces lamb, pork, beef, and along with meats, it produces flying fish, dolphin, carrots, onions, tomatoes and string beans.

All these items constitute part of the food basket for Barbadians and in an effort to protect the producers of these items, Government has, therefore, imposed a very heavy import duty on these items, to offer protection to the producers of these respective items; for example, if you wanted to import chickens into Barbados, you would have to pay an import duty of 184 per cent. That offers protection to the local producers and rightly so because we know there is, in fact, a fairly high labour force used in the production of chicken, and that there are other things associated with the business. Therefore, as a result, we feel the need to offer such protection. Sir, on pork, the imposition is also 184 per cent and 110 per cent on chicken wings.

Mr. Chairman, in light of the analysis and in recognition that we do not want to or need to impose any price controls, in the traditional sense, we have determined that Government will remove the 40 per cent import duty on mutton, lamb and beef. Mr. Chairman, what that does is that it offers a substitute to whole chicken as an alternative source of protein and effectively reduces the cost of beef and lamb, very significantly to the consumer.

Mr. Chairman, while we do not intend to have any price controls, what we are suggesting here, and the chicken producers would understand, is that there is now an alternative meat to chicken and in that regard, we can expect that there will be increased competition.

Sir, I think that, as we all know, is the preferred way to address the whole question of competition and prices in Barbados. Therefore, while respecting the need to protect the chicken industry, while respecting the need to protect the investment that has been made by these businesses, we also have to come to understand that the consumer's interest must also be looked at. Sir, there is no way in which the chicken industry would expect any major competition because in all fairness, Barbadians love chicken, but as a result of the reduction of 40 per cent import duty on beef and mutton, we are offering alternative sources of protein to the consuming public in Barbados.

Mr. Chairman, I think that is a most effective way of dealing with the question of the rising cost of meats in the supermarkets. Sir, as my friend from St. Lucy will know, it will serve to offer the kind of competition to whole chicken that will be necessary and will, in fact, provide substantial benefit to the consuming public of Barbados.

Mr. Chairman, you cannot reprobate and approbate, at the same time. You cannot be for the free market and then seek to control prices in the free market, but what we are concerned about, having done the analysis, is the question of markups at both the wholesale and retail stages.

Sir, the principle I seek to outline now is the principle that we will invoke and we are meeting with the wholesalers and retailers of Barbados on Friday, at a time to be arranged but the date has been arranged. Sir, the principle is simple, if you seek to impose price controls, businessmen are capable of reducing supply and as a result of reducing supply, they can artificially increase prices. Therefore, price controls are not what we would wish at point in time, but I think we all recognise that the markups that are used at both wholesale and retail stages, can, in fact, be fixed or can, in fact, even be reduced effectively over the short to medium term.

Sir, this is the principle we are seeking to invoke. We are not seeking to control the price of the commodity because that will cause problems because if a businessman

experiences an increase in cost for whatever reason, in an environment of price controls, that businessman would not be able to make any adjustment to price and therefore will suffer as a result. That increase, therefore, in the base of his cost, pushes him closer to the revenue. It further reduces the potential for profitability and puts him under strain. He would, therefore, look for the most variable input in his business, which would be labour, and then we may have that kind of effect.

Mr. Chairman, what we are suggesting is not the imposition of price control but the imposition, after consultation with both the retail and wholesale sectors, of a standard markup that would be retained in the short to medium term.

Mr. Chairman, I have been informed by discussions with technocrats, that this is the preferred way. There is a small committee set up that agrees in principle that putting price controls in the traditional sense in Barbados at this stage, would not work and would be contrary to what we are seeking to achieve, by allowing for market forces to determine prices in the economy. However, if we discuss with the retail and distribution sectors, the principle of deliberately fixing markups, then we can contain our prices over the short to medium term.

Mr. Chairman, what did we do as a result? Sir, having looked at the entire basket of goods in the food subsector, we identified whole chicken as requiring that kind of principle to be applied. We are going to remove the 40 per cent import duty on mutton, lamb and beef, to substantially reduce the cost to the consuming public.

Sir, those of us who understand the difference between complementary goods and substitutes would understand that this will, therefore, put some pressure on the cost of whole chicken. It would effectively provide a better price offered to the consuming public.

10.50 a.m.

Tuesday, November 6, 2007

Mr. C.A. MASCOLL: Mr. Chairman, we have also discovered in our research that it depends on where you shop in Barbados. If you shop at outlets for whole chickens, the price can be as much \$2 to \$3 difference per kilogram, so where you shop, therefore, is critical to the price you receive in Barbados. Sir, that is known because anyone who understands supermarket trade would recognise that even theoretically, it is considered to be what we call in the profession, monopolistic competition and you are really competing within the monopoly and the monopoly sets price but if there is competition, you cannot set price alone. It is not totally competition, so this apparent contradiction of monopolistic competition is what the

supermarket business reflects in terms of the market structure in the profession, which I happen to be part of.

Mr. Speaker, in that market structure, price is not the critical factor. In fact, location and advertising are the two most critical components in determining the success of a supermarket. Sir, that is why a supermarket that advertises extensively, can be extremely profitable and viable; that is why a supermarket that has a very good location can also be extremely viable and extremely profitable, if managed effectively.

Mr. Chairman, I am therefore, suggesting and I have said it before that where you shop determines the price you get. If you are able to look at the retail outlets versus the wholesale outlets and see the difference in price of whole chicken, then you would recognise that the Government's principle of proposing a fixed markup on both the retail and wholesale stages would offer a very good way of restricting the growth of prices in the medium to short term in Barbados.

Mr. Chairman, we also felt that we needed to take action on items such as evaporated milk, packaged rice, cheese, flour, cooking oil and macaroni. Sir, there are 10 items, which we believe are essential items, according to the food basket and we have identified within the food basket those items as being extremely critical to the average household.

Sir, I want to repeat those items that we feel that action would be most suited for. They are whole chicken, pork, mutton, lamb, which 40 per cent would be reduced in terms of import duty; beef, 40 per cent removed; evaporated milk, cheese, cooking oil, packaged rice, flour and macaroni.

Mr. Speaker, I am suggesting that this issue cannot be dealt with willy-nilly. You cannot go out there and say that you would seek to impose or control monopolies, you cannot go out there and disrupt businesses with the suggestion that as a Government you can impose all kinds of restrictions and conditions on those individuals. Sir, that would be contrary to the principle that we have invoked in our economic management over the last 10 years to 15 years, where we have determined that Government will intervene when it is necessary to protect the vulnerable. It has reached the stage, Mr. Speaker, where there are concerns about cost of living but these concerns are regional and they are worldwide.

Mr. Speaker, I just came back from IMF World Bank meetings and the major discussion at those meetings was about cost of living throughout the entire world. Sir, it is as a consequence of the rapid growth of oil prices, the use of corn now to produce ethanol and, therefore, implications for overall cost of food. What we are doing

here is, having studied the issues; having got the Ministry of Consumer Affairs, Commerce and Business Development to look at this matter seriously, and from the point of view of what the structure of retail and distribution is; from the point of view of whether or not we need anti-gouging legislation; from a whole gambit of issues that were identified by the Ministry, we have now been able to zero-in on those items that are extremely critical to the average Barbadians household. Sir, as a consequence of that, we have identified the removal of import duty on items, where they are import duties in this basket, as well as a principle of imposing a fixed markup at both the wholesale and retail stages, in order to impact effectively on the cost of living in Barbados.

Mr. Chairman, I thank you, I will come back later in the day.

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

Mr. D. St.E. KELLMAN: Mr. Chairman, I rise to speak on Head 20, the Ministry of Commerce, Consumer Affairs and Business Development and to say that this morning we have been enlightened with a lot of information and it is clear that the Ministry has done its homework and there is a clear indicator that the information revealed this morning has enlightened the public of Barbados that there are items in Barbados that have been overcharged for many years and with less than a year to go, the Ministry has been able to provide this information, so that the Minister of State can now come to this Parliament and admit that the consumers of Barbados have been overcharged.

Mr. Chairman, I have listened to the items mentioned and I can tell you without a shadow of doubt that nearly all those items have increased by over 100 per cent within the last period.; for example, eclipse biscuits and sodabix used to be \$0.59 and now they are \$1.25; sardines used to less than \$1 and now they are selling at \$1.70, \$1.80, \$1.90 and \$2. Cooking oil, which used to sell at \$3 a liter is now being sold at over \$6 per liter. Sir, there is no doubt that if we are to seriously tackle prices in this country, as I have said on many occasions, we have to do costing.

Mr. Chairman, this is the problem in Barbados, in order to tackle cost of living in Barbados, we have to resort to costing. This is why in many articles, I have written that we need to get rid of the tax accountants and move towards cost accountants. Sir, this is how I was able to promote "Kellmanonics" because "Kellmanonics" deal with costing.

Mr. Chairman, in Barbados if you ask many people how they have arrived at a price, they cannot tell you. Somebody has an item, they go somewhere else and see the

item or a similar item selling at a particular price and they try to match their price to another price, without looking at what it costs them to produce the item.

Mr. Chairman, a gentleman by the name of Eric St. John once had a conversation with me about sweet potatoes. He said to me that if the farmers of Barbados were smart and truly did a costing of producing one pound of sweet potatoes, not one pound of english potatoes would be sold in Barbados. Sir, it is a statement that I have not ignored because I understood what the gentleman was talking about.

Mr. Chairman, in Barbados most people sell things not based on cost of production but based on competition and I am saying that this country Barbados is suffering because we have not allowed the cost accountants to do their jobs. We are interested more in taxation than in reducing our import bill, and in building up our foreign reserves. Sir, until we make a shift and appreciate the local input, so that we can get true costing and the consumer can get a true price, where instead of depending on price, we depend on volume, this country Barbados will not develop.

Mr. Chairman, as soon as you bring the cost accountants in and operate on a fair markup after production cost, you would see that the prices in Barbados would drop and the particular manufacturer or producer will have volume and that volume would look after whatever he thought he could not get previously.

H150/11:00

Sequence 6

Tuesday, November 6, 2007

Mr. D. St.E. KELLMAN: Sir, the problem in Barbados had nothing to do with, it has to do with pricing.

Sir, the Honourable Minister of State said that 40 per cent will be removed from lamb and beef. Sir, that is a rather interesting comment, because the assumption is given to this Honourable House that when 40 per cent comes off, the consumer will benefit from that reduction. The Minister of State knows we share the same view on the Cess, and were bold enough to go the public and make the comment that the removal of the Cess will not see a reduction in the cost of living in this country. The Minister of State said it, after me, of course. Sir, there is no one that can contradict the Minister of State, or me on that particular matter, but what boggles the mind is, today the Minister of State is in this Honourable House saying, that 40 per cent reduction on mutton, lamb and beef will show a reduction in the cost of living.

Sir, the Minister of State is hoping that at the meeting on Friday, he could introduce a policy with the importers. I do not know why they always include the retailers. The retailers cannot be included. Furthermore, than retailers being included, Government needs to find a way to compensate retailers, because when Value Added Tax was introduced in this country, the retailers suffered and the Minister of State knows this.

Sir, before VAT, every cost that was paid, in other words an item comes into the port, CIF, when Government added their taxes, the taxes plus the CIF value were tabulated, and the retailer was able to put a markup on it. The taxes were then removed and called VAT. Sir, when you buy an item now, you cannot put a markup on the VAT, whereas, previously, you were allowed a markup on the total cost, now the markup is on 85 per cent of the cost, and not on the 100 per cent. Sir, in other words, you are paying \$100 whenever you buy an item, but you can only markup on 85 per cent, which means that the retailer suffered a reduction in the intake in sales, and people are wondering why retail businesses in Barbados are doing so badly. Sir, when Value Added Tax was introduced, this was not taken into consideration, and wise persons speaking on the matter were ignored.

Sir, the Honourable Member knows this quite well, while the Honourable Member was on this side, the Honourable Member admitted and acknowledged it, and he always used the supermarkets as a good example that suffered under this principle.

Sir, I am saying we have to understand that price gouging cannot be at the retail end - and I am going to be bold, because that is where the competition is - any gouging will have to be practised by the importers, because they can control the market.

Sir, it is more ridiculous, that when VAT was introduced - and these are facts I am giving here today and nobody can challenge them, they were people in Barbados who had money, and because the costs of the goods were reduced, they went overseas and imported goods and they made an impact on the cost of living in Barbados. The distributors were able to say that they were under-invoicing, because they kept their prices up. The small people were able to bring goods in at the true cost, and all of a sudden, instead of using the small importers' prices, these small importers were forced to pay, and this is a very significant point, based on what the large distributor claimed they were paying. Sir, the small distributor does not have a bond in Miami, he does not have an office in Miami, so it is obvious the cost would be cheaper.

Sir, one known exciting item I will give, as an example, even though it is a bad item, is the product called Pringles. Sir, the tax on Pringles for a small distributor was

based on the for the large distributor, even though the distributor was bringing it straight to Barbados without using his office overseas, or his staff, yet the taxation was the same.

Sir, how can you have a society that does not look after small distributors, and expect the cost of living to come down. There is no competition in this market. The Government would have to review their policies to ensure that they look after the consumers in this country.

Sir, it is a closed house situation, to ensure that the status quo remains the same, and until the Minister of State, who has the information, does something about it, we would not see a decline in the cost of living in this country, because as soon as the taxes are reduced, they are absorbed in markups, not at the retail end, but at the other end.

Sir, another good example, there was a famous washing machine in this country, that after all the taxes came off, it was still sold for \$2 400, even though the other taxes were removed and Value Added Tax was introduced. Sir, when the small men got involved in the market and started to import container loans of these appliances, all of a sudden, after two years of gravy, that machine was reduced from \$2 400 to \$1 200, which meant that for two years, those prices were being charged to the poor people of Barbados, when they could have been sold for a \$1 000 cheaper.

Sir, what we need in Barbados is real competition. The only way you could get real competition, is if you put disposable income in the hands of poor people. The problem in Barbados, is not the high cost of living, it is disposable income.

Sir, the Minister of State understands quite well that since 1994, until now, the Government got what it wanted, because anybody can look at the Estimates and compare them from 1994 until now, and one would recognise that Government was able to double their intake by over 100 per cent. Sir, when one looks at the profits of the private sector, you would observe that, but when one looks at the increase in disposable income for the workers of Barbados, you cannot get past 30 per cent.

Sir, even though you have a good social arrangement among the three organisations, you will see a slant towards two, but the worker, who is supposed to be the engine room of production in Barbados, is left out. It is the worker that creates revenue for Government. It is the worker that creates the sales for the private sector. If you suffocate the main engine part of the body, what do you expect?

Sir, I am saying that "Kellmanomics" must and will stand out, because a very significant point was made in this Honourable House this morning, and you know it would

not miss my ear. I am told that the majority of inflation in this country is imported, which means that we cannot do anything about it. Sir, if you have inflation that is imported, you cannot have a wage restraint. Obviously, if prices are going up and the Government cannot do anything about it, then it means it is impacting significantly on the workers and consumers of Barbados, and you need to compensate them.

Sir, I do not support the shift where, instead of being progressive and reactive in the right way that you should now go, recognising the need to put some pressure on some people ... I do not believe that the answer is to open the floodgates and import lamb, mutton and beef, when we have so much lamb in Barbados. IBarbados.

H150

Sequence 7 11.10 a.m.

Tuesday, November 06, 2007

House 150, Sequence 08, 11.10 a.m.

Mr. D. St.E. KELLMAN: ...I believe, Sir, that Michael Cozier from Eastern Land Development should be given an incentive because he is one of the best farmers in Barbados, I would say without a shadow of doubt.

Asides.

Mr. D. St.E. KELLMAN: The last crop that Michael Cozier grew at Hopewell Plantation would have been pineapple, and he did that well, but for some reason, instead of allowing him to remain in what he is known to be good at, that is, growing vegetables, we allowed him to shift to building houses on land. Sir, we need to get a man like him back in the production line. I am not saying that you should stop him from building houses, but we need to ensure that he gets the rab land to build the houses, but he keeps the good productive land in productivity.

I thank you, Sir.

Mr. CHAIRMAN: The Honourable Member for St. Michael South Central.

Mr. R.L. SEALY: Mr. Chairman, I rise to speak on this matter, which is the question of a very small sum that is needed to supplement the funds to the Ministry of Commerce, Consumer Affairs and Business Development. I suppose we have had from the Honourable Member for St. Michael North West, a Treaties on the small efforts of the Government to deal with this issue of the cost of living and I just thought I would say a few things.

Sir, I appreciate the point that much of it is not in our control. Indeed, we are a small open economy and highly import dependent and, naturally, there would be a significant foreign component to the high prices that we are seeing.

I think that we recognise, and I say 'we' in the true sense of the word, because both Parties have recognised that there are things that Government can do to assist in the effort of making life a little more affordable for the average Barbadian.

The Honourable Member said in his speech that the Government is now starting, those word his words, to deal with this issue of the high prices. Therefore, that is a recognition on his part that something could be done.

Mr. Chairman, in all fairness, even before he was part of the Government, you would well recall that around 2000 or 2001, with very much fanfare, this Government brought a piece of legislation that saw the establishment of the Fair Trading Commission, and much credit was taken for having done that. We would have heard it as a big point during the last election, that is, the reason they are there is for the consumers, after putting this new legislative arrangement and whatever would have come from it, in place.

Mr. Chairman, at the time that legislation was introduced, the mover, the Honourable Member for St. Michael North, who unfortunately is not in his seat now, spoke to 21 practices that ran counter to competition in this country, and that were making it difficult for prices to be controlled.

Mr. Chairman, that was seven years ago, and where is the Government, with respect to these practices that were identified back then? Why is it that we are going to hear today - with elections around the corner - that the Government is now starting to deal with this issue of the cost of living? Sir, several Members in here have spoken about what is going on, and we believe that there are a couple of things that the Government can do.

The Minister spoke on the issue of price control and we know this is always a very ticklish issue. I think that both Parties have recognised that as a developing country and at our stage of nationhood, there is a role for price control to be used extremely judiciously on certain items. I take the point that you cannot use it extensively across the board but both Parties have recognised it, and I need to understand what is the position of this Government on the issue, in very clear terms.

Mr. Chairman, it seems to me that the two Ministers of Finance have opposing positions. The substantive Minister said that there will be price controls instituted, and

I just heard from the junior Minister of Finance, that price controls are not so good because of the reaction that the business houses may have so I think that the Government needs to come clear. Sir, I do not accept that because I think that we could have price controls and we could work with the business houses.

What has become of the social partnership? The Honourable Member for Christ Church East, who is sitting in front of me, chairs a group called, the Subcommittee of the Social Partnership. Surely, if the Government is instituting something that is designed to help the wider country, and the private sector may be doing something to undermine those efforts, the Subcommittee of the Social Partnership, under the chairmanship - I do not know if I should say an able chairmanship - of the Honourable Member for Christ Church East, should be made to function - if it is in the national interest - to make life a little more affordable for all Barbadians. Sir, I am suggesting that is an example of where you can have a combination of Government policy and suasion, in an effort to make life a little more affordable for Barbadians.

Mr. Chairman, we always talk about tax relief on various items. Again, that is another area that we have to look at carefully because we need the revenue, and we do not want to be doing that in any rash manner. There are some other things, for example, the whole issue of the supply chain, and our charges at our ports of entry.

The seaport has been identified, I believe by the Inter-American Development Bank in a recent study, as one of the most expensive, if not the most expensive in Latin America. Mr. Chairman, we need to have an efficient system of goods entering our ports, as we know and that too, can force us to have to add cost.

Mr. Chairman, what is the Government doing to streamline the operations at our ports of entry? What has the ASYCUDA system, which was much spoken about, done to improve the whole supply stream of goods, as they come into the country through the ports of entry, and are distributed? These are some of the issues that I believe the Government could engage, and could do a few things to assist in having an impact on the cost of living.

Mr. Chairman, many Barbadians are complaining about this issue. It is one that we have had the need to raise several times from these Opposition benches. While I accept what the Minister is saying in terms of what he cannot control, there are many things that this Government can do, and they have not been doing.

Mr. Chairman, I do not think it is good enough to hear at this point, when we are now on the verge of going back to the electorate that the Government, according to the

Minister, is now starting to deal with the issue of the cost of living.

I am much obliged to you, Sir.

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

Hon. R.R. FARLEY: Mr. Chairman, thank you very much. I want to join this debate on the provision of a supplementary estimate for the Ministry of Commerce, Consumer Affairs and Business Development, and to join in the discussion on one of the major aspects of the work of this Ministry.

Sir, the discussion today on the matter of prices is indeed very timely. I support the proposals put by the Minister of State in the Ministry of Finance, in terms of the use of Government's tax policy to reduce the impact of prices in Barbados. Indeed, Sir, that is very much consistent with what the Government has done, recognising that the matter of pricing and prices, is multifaceted.

House 150, Sequence 08, 11:20:14

Tuesday, November 06, 2007

Hon. R. R. FARLEY: Sir, it has been proven by all that Barbados, being the small open economy that it is, where indeed our livelihood is generated by tourism earnings and earnings from the international business sector, as compared to other countries of the world whose livelihood is generated based on the large domestic base of production, in terms of manufactured products and agricultural production, that the things which our consumers used and the things which our businesses used are largely imported.

Mr. Chairman, the spectre of imported inflation is very much a challenge and a problem for Barbados where Government policy works in that regard. Certainly, this Government recognises that, and we have been a world leader in terms of how we have handled imported inflation due to high energy cost. The Government of Barbados led the way in terms of an aggressive reduction of excise and other taxes on energy products in order to mitigate the negative impact of high oil prices.

Indeed, import taxes have been used to provide protection for domestic production for the agricultural sector. The fact that the poultry industry is today supplying virtually all of Barbados' needs except for chicken wings, because every chicken only grows two wings, we have a bit of genetic problem there, and the fact that our vegetable production is able to continue is based on some high tariffs. Sir, that was in a time and in a period where Barbados was noted for low inflation.

Mr. Chairman, I hear Honourable Members speak about why is the Government acting now as if to suggest and maybe to even capture the ill-informed because their suggestion, as subliminal as it may be, is that inflation has been around for a long time at a high and persistent and chronic rate. That is not so, Sir.

Indeed, Barbados, for the last 15 or so years, has been the perfect model of low inflation. We have had an inflation rate of less than 1 per cent in some years. The only year that there was a peak in the inflation rate, and that was expected, a one-off spike, was in the year of the VAT and it came back down.

Mr. Chairman, the issue of addressing inflation could only be done now because it was only in 2005 and 2006 that there was a move away from the trend line. The trend in Barbados has been that Barbados' rate of inflation has been consistently below regional averages. The only time that the rate of inflation in Barbados has not been below regional averages has been last year.

Mr. Chairman, let me remind this House, in terms of checking the regional rate compared to...

Asides.

Hon. R. R. FARLEY: The Honourable Member for St. John is trying to confuse me, but I am not in Silver Hill and this is not Sunday night.

Asides.

Hon. R. R. FARLEY: I always do, Sir.

Asides.

Hon. R. R. FARLEY: Mr. Chairman, the regional average of inflation in the year 2000 was 11.8 per cent, in Barbados, it was 2.4 per cent. In 2001, the regional average rate for inflation was 7.7 per cent, in Barbados, it was 2.8 per cent. In 2002, the regional average rate was 5.8 per cent, in Barbados, it was 0.2 per cent. In 2003, the regional average rate was 6.2 per cent, in Barbados, it was 1.6 per cent. In 2004, the regional average rate was 6.6 per cent, in Barbados, it was 1.4 per cent. Sir, we started to decline in 2005. In 2005, the regional average was 7.2 per cent, in Barbados, it was 6.1 per cent. In 2006, the regional average was 4.2 per cent, in Barbados, it was 7.3 per cent.

Mr. Chairman, Barbados has had to battle with a very strong, persistent and rapid rise in the major items that we import. I have mentioned oil. Sir, we know what it is in this Parliament and in this Government to move from oil being around US\$30 a barrel to US\$95 a barrel. Can you imagine that, Sir? Sir, it is heading hard to US\$100 a barrel now. Mr. Chairman, we need to check the geopolitics of

the world to see what is happening. We need to check what is happening in Pakistan, in Iran and in Venezuela. There is instability in the world's sources of oil.

Mr. Chairman, the problem does not stop there. Sir, what has really cause a major increase in prices especially in terms of food is related to oil. The brilliant and wonderfully sound ecological idea, environmentally sound, of moving to bio-fuels has had the unintended negative impact on food prices, through the wheat and the other grains that we consume directly, especially corn. Sir, it pays a farmer better to sell his field of corn to a company wanting to make ethanol than it does to sell it as corn on the cob to go on somebody's dinner table. That is the reality. Corn and these things are used as grain in animal feeds.

Mr. Chairman, we in Barbados have already felt an increase in animal feeds. Therefore, an increase in animal feeds means an increase in meats and poultry prices. Sir, those are the realities. Indeed, around the world people are seeking to try to find the balance.

Sir, for national security reasons, we need to move away from a dependence on fossil fuels. We also need to ensure that agricultural persons, being businessmen and properly so, needing to find the highest price for what they are selling, do not create a disconnection. We need to ensure that these essential grains, which have always been the staples in the diet of many people around the world, do not become mainly for fuel and not for food. Sir, rice, corn, soyabeans and meat have fed the world. Mr. Chairman, the knock-on effect is clear. Electricity prices in Barbados have gone up as they have around the world. Mr. Chairman, we import equipment, motor cars and capital goods. Sir, whenever we are building a new hotel, a new school or expanding the hospital, all of those capital inputs to expand our production capacity are affected by these increases in world prices.

However, Sir, you do not have to believe me. Mr. Chairman, the World Bank has a wonderful publication that produces commodity price data, and they have some prices for some of the main commodities around. Sir, I am going to give you some averages for 2005 and the price of the same commodity in September of 2007. Let us, for example, take the price of oil. In 2005, Brent North-Sea Crude was US\$54.43 a barrel. In September 2007, it was US\$77.13. Last week, it was US\$95 a barrel. Sir, soyabean oil was US\$544 per metric tonne in 2005. In September 2007, it was US\$970 for the same metric tonnes of soyabean oil.

House 150 Sequence 9

11.30 a.m.

Tuesday, November 06, 2007

Hon. R. R. FARLEY: Mr. Chairman, in 2005, wheat from Canada cost \$197 per metric ton. Today it is up to \$357 per metric ton in September 2007. Sir, wheat is what we use to make flour, bread and biscuits, et cetera.

Mr. Chairman, we do not grow them, we import them, but oranges are \$874 per metric ton. This is the average price for 2005. At September, 2007, oranges cost \$1 033 per metric ton. The average price of a pallet of plywood sheets cost US\$508 and by September 2007, it rose to US\$660. We can take steel and rebars that are used for construction into consideration. The average price of steel was \$423 per metric ton, in 2005. At September, 2007, steel cost \$545 and it is rising. Sir, copper that is used in electrical wiring was some \$3 609 in 2005. It is now up \$7 649.

Sir, that is an indication of how commodity prices around the world have moved. Mr. Chairman, I am saying that a significant part of what impacts on prices in Barbados is this business of the imported inflation. Therefore, what Government will seek to do, as we have indicated, is that to the extent we are able to adjust taxation to provide some mitigation, then that would be done.

Sir, I have heard persons speaking of the VAT. Sir at the introduction of VAT, that itself represented a reduction of the level of taxation on the vast majority of imports, because the average import structure, by way of taxation back in 1997, when it was introduced, was that there were many goods carrying a minimum stamp duty, consumption tax, as well as other import taxes. The lowest rate you would have on any one of them would have been around 21 per cent, some were 49 per cent and then some cascaded.

Sir, the reality is that the 15 per cent tax represented a combination of 11 taxes on a range of products, that is why the Honourable Member for St. Lucy mentioned washing machines and electronic items but the prices were slashed after VAT. A whole range of household items were slashed, as a result of VAT. The difference, of course, was made up by the fact that there were a number of services, for example, that would not have been subject to tax as locally-generated taxes but they paid the 15 per cent.

Sir, in terms of import policy, that would have represented substantial reform in the way that taxes are levied on imports. Sir, in a stable price environment, Government all over the world can and do impose some level of taxation on imports, as a stable means of generating revenue for the provision of essential social services.

Sir, let us not fool ourselves, at the end of the day, let us start by understanding that Government must always

impose taxation of one kind or other, if services are to be provided. Where the debate is centred in other countries, where there are fiscal conservatives and the liberals, is on the business of small governments and eliminating governments' involvement in many things, so that you promise there would be these spectacularly low taxes or no taxes across the board. Sir, in our system of social democratic Government, what we try to do is to ensure that what taxes have to be levied, would be done so in a fair and reasonable manner and that those taxes do not have unintended consequences. By this, we would give a tax rebate or reduction on a productive sector, in order to generate employment and we would collect our taxes elsewhere.

Mr. Chairman, the point I am making is that while I support the measures proposed to make adjustments on the rates of taxes on essential items, in order to mitigate the impact on prices, let us not fool ourselves because Barbados faces the challenge, with other countries in the world, in relation to the level of prices that we face at source.

Mr. Chairman, as I close, I want to say that I acknowledge the need to look at the structure of our businesses, including where we source our materials. Sir, clearly, the Barbados business sector needs to be aggressive and innovative and go directly to source. Why should they buy from someone in Miami, who imports from China, who puts on his markup, then to send to Barbados, when our Barbadian businessman could go directly to China? Why buy from a man in Miami, who buys from Panama with a big markup, who then ships to you with a big markup, when that Barbadian businessman could go directly to Panama? Therefore, free trade and trade liberalisation for us has to mean that our Barbadians business people can go to the far-flung regions of the world themselves. They must use the internet to make initial contact but they must import directly. They should eliminate that middleman, not necessary that Bajan middleman but that international middleman. Mr. Chairman, I thank you.

Mr. D. St.E. KELLMAN: Mr. Chairman, it is clear that we have to deal with this taxing issue of inflation. The Honourable Member for Christ Church East said there are two types of inflation, imported and local, but one cannot get away from the fact that we cannot speak about imported inflation and about local inflation without recognising the role of local taxation on the cost of living.

Mr. Chairman, when one looks at this assumption by the Honourable Member, one gets the impression that inflation is done by both external forces and local forces, and that the Government of the day has nothing to do with the cost of living. There is no doubt that with the Bound rates and the Cess, these two items have also contributed to

the cost of living in Barbados. Therefore, if we are to speak about inflation, we cannot speak of inflation without acknowledging that taxation plays a vital role in the cost of living in this country.

Mr. Chairman, I want to go back to the issue about mutton, lamb and beef, and to suggest to Government that instead of taking off the 40 per cent on such items, Government should look at the possibility of doing what they should have done in the initial stage when the bound rate was introduced. At that time, I advised the Government that instead of using this as a revenue measure, they should use the funds to develop these industries.

Mr. Chairman, this money Government is now seeking to give back should be given to the manufacturing and agriculture sectors, so that the producers in these sectors could reduce their cost of local production, so as to encourage persons to gravitate towards local goods. Instead, it is encouraging persons to use the opportunity to absorb foreign goods, which would be a cost to the country in that vital element call foreign exchange, which we need, especially at a time when we speak of liberalisation in the foreign exchange market.

Mr. Chairman, we cannot be liberalising the foreign exchange market and encouraging an appetite for foreign goods. Sir, there is no doubt that with this move, what you would see, would be a greater utilisation of foreign exchange to import goods and a shift away from persons using chicken. This was admitted by the Minister of State in the Ministry of Finance.

Sir, the Government would now have to come and tell the people of Barbados how it would compensate the Treasury for the additional foreign exchange that would be used, because one would have expected that with the shift from local produce to foreign produce, we would have to look for more foreign exchange.

11.40 a.m.

Tuesday, October 30, 2007

Mr. D. St.E. KELLMAN: It also leads to another point made by the Minister of State that we could also expect to see a shift in jobs. You would have a situation where people would now gravitate to beef, lamb and mutton, which means that local people, who were employed in the poultry industry would now lose their jobs and people from whom we import would now get work. I want the Minister of State to recognise that it cannot be the removal of taxes but it must be a shift away from the Government to the local producers so that they would not feel a negative effect because of this measure. Sri, I beseech the Government. Sir, I beseech the Minister of

State, who is very good at research, to consider this point and recognise that if this measure is to be implemented the way it has been put to this Parliament that it will not be in the interest of the Government of Barbados or the people of Barbados. Sir, the alternative given by the Opposition is a better alternative. It will encourage other people who left the industry previously to come back to the industry. Sir, they did it wrong the first time; they are about to do it wrong again and the same advice given by me the first time is now being given to them again by me. I am suggesting to them that they are wrong and they need to change it.

Mr. Chairman, we have to be careful because it is one thing to brag about the foreign reserves levels at this point in time. A lot of us who understand these issue would know that the reason why the foreign reserves' levels are high is not because of the current account but because of the capital account. We want to see the foreign reserves levels in Barbados high because of the current account and not because of the capital account. Sir, in the capital account you get foreign borrowings, sales from land, investment and things like that but we want to see a recurring situation where the protected sectors can contribute and bring sustainable foreign reserves to this country. What we do not want is a one-off boost in our foreign reserves and for people to brag and behave as if it is sustainable when you and I know that it is not sustainable.

Mr. Chairman, that is why it is important to ensure that local production is increased and that we do not make the shift. We make the same shift in the sugar industry when we mechanised, when we shifted to the jobs overseas and we are now about to make the same shift in the agriculture industry in the other sector and we just cannot afford it. We do not have an abundance of foreign exchange and we have to look at the impact. How can we be giving away foreign exchange and at the same time speaking about liberalising the foreign exchange market unless somebody could show me how we will get these inflows. Sir, I have already said that these inflows would have to come from the returning nationals, whom we do not care about. I am saying that it is a big mistake because inflows from returning nationals do not have a foreign exchange cost, they might have a local cost but not a foreign exchange cost. Sir, but foreign investments have a foreign exchange cost.

Mr. Chairman, most of the things in the capital account, outside of the inflows from the returning nationals have a cost on the country and we must pay for it. This is why it is better to have a relationship with the returning nationals than to concentrate on trying to get other investors to come here; give them the whole country and give them privileges that Barbadians do not have. Sir, we need to give some of these privileges to the returning nationals.

Mr. Chairman, Barbadians must stop being jealous of their brothers and sisters. Sir, for too long, we have lived in a history where we get jealous of each other and want to pull down each other. If we allow people to come in, we must always prepare to give them. Mr. Chairman, I am saying to you that it must stop because in order for Barbados to develop, we must develop Barbados for ourselves.

Sir, too many of us are prepared to sell Barbados out to foreigners without first looking at how the local people can contribute to the economy and how we can compensate and that is the difference between “Kellmanonics” and any other economic theory because “Kellmanonics” is about enhancing the lives of the people of Barbados first and anybody else after. It is the example you set at home that would encourage people to come but instead of that, we have always put policies in place to look after the interest of outsiders. Sir, instead of looking after our own people first and getting people outside jealous, we get our own jealous, stop them from producing and get them frustrated.

Mr. Chairman, I am saying that the time for that must stop and it must stop now. We, 30 people in this Parliament, who are representatives of the people of Barbados must show an appreciation for our own but, we do not. We sell our souls to outsiders and then expect Barbadians to react to us. Sir, no wonder there is so much frustration among the workers and the people of Barbados and, we must change it. We must understand that if we are to develop Barbados that the people of Barbados must develop Barbados. We are expecting people to develop Barbados for us but that is wrong.

Mr. Chairman, look at our 300 years of history and you would understand that Barbados is where it is not because of foreign investment but because of the hard work of those people, who work in the field that has brought us here. They have not only done it for Barbados but they have also done it for England and now England is giving money to everybody else and not even buying our sugar after raping this country of our resources. Sir, politicians cannot be guilty like what occurred previously because the punishment for us would be much greater. We seem not to be interested in our own and we have to understand that what we are discussing today is whether we will go forward or go backwards.

Mr. Chairman, we cannot be liberalising the foreign exchange market and giving away foreign exchange. This is exactly what is occurring when we open up that privileged market and are stopping the chicken producers from having a market for themselves and now we are giving it to the beef producers, the lamb producers and mutton producers from overseas. Sir, a market that was well-protected for our local farmers is now being given up and you know what will happen. The merchants will now

flood the market with cheap lamb, cheap mutton and cheap beef and they will ensure that price is lower than chicken. This is why a month ago at a town hall meeting, I warned the chicken producers to get in the fight and to stop ADM from using them. Sir, ADM has used the chicken producers of this country to inflate the prices of chicken in this country and the Government, acknowledging that, has now use a tactic to try to bring down the various prices of chicken.

Mr. Chairman, I am saying that this is an assault on the local farmers. It is using a backdoor approach to tell them that the price of chicken is too high. Sir, it is not the local farmers, it is ADM that has increased the inputs and certain processors, who went to bed with them. It is not the local farmers, the local farmers should not be punished, it should be the persons, who joined ADM to increase the price of chicken in this country and the producers, whom I regard as the local farmers, should not be punished. Sir, this measure will totally wipe out...

Asides.

Mr. D. St.E. KELLMAN: Sir, in every serious debate in this House, I always have to laugh at the Spanish station from St. Michael South, the Honourable Member for St. Michael South, who, whenever you have a serious debate can always try to bring in some ignorance...

Mr. CHAIRMAN: Honourable Member, no one can bring ignorance in this House.

Mr. D. St.E. KELLMAN: Sir, you would not hear it. I absolve you of hearing it because you would not hear it. It stops Honourable Members from making serious points in this House.

H150/11:50

Sequence 11

Tuesday, November 6, 2007

Asides.

Mr. D. St.E. KELLMAN: So I always have to laugh at him, because he can only deal with flights and planes, but he can never deal with passengers. That is why I am dealing with beef, lamb and mutton, and he cannot understand the contribution on this particular point.

Sir, at the end of the day, we are in here to protect our local farmers. We are not in here to prepare a market for outside farmers. This is exactly what is happening today. We are preparing a market for outside farmers against our local farmers, therefore, you will see a greater

consumption of beef, lamb and mutton, and a reduction in local poultry products.

Sir, I thank you.

Mr. CHAIRMAN: The Honourable Member for St. Michael North West, and then we will hear the Honourable Member for Christ Church East Central. Let us hear the Honourable Member for St. Michael North West.

Hon. C.A. MASCOLL: Mr. Chairman, the first thing a public policy must have is clarity of purpose. I think that we all agreed that this debate this morning, is about what we are going to do about reducing or impacting or slowing the rate of growth of prices, inflation, or if we can, what are we going to do about reducing the cost of prices. Sir, I have made statements in the past, but I can always go back and make any statement, because I now have the opportunity to address this matter.

Sir, the truth is, in any given average household, according to the Retail Price Index, the average household in this survey consumes four times as much chicken as it does consume lamb. That is the first thing. This household consumes 15 times as much chicken as it does consume beef, according to the information, which we have here. In short, Barbadians love to eat chicken.

Sir, we are trying to reduce the cost of an alternative source of protein - of course, we have taken into consideration the concerns about the local production of chicken - this is precisely why we have not taken a decision to impose any price controls on any chicken or any other commodity. Secondly, you allow for an alternative source of protein and offer a form of competition, that can be withstood by the chicken producers.

Asides.

Hon. C.A. MASCOLL: Of course, they can withstand that kind of competition, beef and mutton, when they offer lower prices to the consuming public, which will be welcomed, which is the purpose for which we are here this morning, because public policy must have clarity of purpose.

Sir, if a developed mature chicken industry, such as the one in Barbados, cannot withstand the importation of more beef and chicken at this stage in its development, when will it be able to do so? Sir, this thing about lost of jobs, are we suggesting that at no time should we reflect on our protectionist path and its impact on the cost of living, and do something in the interest of the consuming public, which is what is being done?

Sir, how could you come to suggest that to allow for an alternative source of protein in the form of lamb, mutton

and beef, would destroy your chicken industry, when in natural fact, you have determined on the other side of the equation, that you are allowing for some kind of competition, knowing fully well that such importation, given the preference of Barbadians for chicken, would not do that kind of damage. In fact, it would be healthy for the consuming public. Sir, there must be clarity of purpose in public policy, and the clarity of purpose is that we are seeking to deal with the question of price and cost of living.

Asides.

Hon. C.A. MASCOLL: Sir, you cannot now come and try to suggest that it is going to destroy the chicken industry. We have taken that into consideration by saying, that we cannot now seek to impose price controls on chicken, because it is not the preferred way to go. You cannot do that.

Mr. D. St.E. KELLMAN: on a point of order. The Honourable Member is misleading the House by giving the impression that chicken is over priced.

Mr. CHAIRMAN: The Honourable Member for St. Michael North West, please continue.

Hon. C.A. MASCOLL: Mr. Chairman, it is always a pleasure to debate the Honourable Member for St. Lucy.

Sir, let us stick to the reality that chicken industry in Barbados is fully developed. Sir, price is not the only thing that determines the demand for a commodity. Barbadian chicken will continue to be preferred to imported chicken. Imported chicken is yellow, even in colour, and reflects what we know, the injection of hormones in order to ensure that those chickens grow fast. We know that.

Sir, are you saying that a Barbadian, who has a preference for a locally raised chicken, which is fresh. In similar vein, there is a preference for Farmers Choice ham. You can bring any ham you want to into Barbados from any part of the world, Barbadians want a Farmers Choice ham that has a little salt in it.

Mr. D. St.E. KELLMAN: On a point of order. The Honourable Member is misleading the House. The Honourable Member means that there is a choice of local ham as opposed to foreign ham and not a particular brand name ham.

Hon. C.A. MASCOLL: I am here to tell what I believe is the truth about the consuming public. In fact, that particular brand dominates the market. Barbadians love it.

Sir, Barbadians prefer local onions as well, even those who process the onions, prefer local onions. We offer a 216 per cent protection, at the import stage, to locally

produced onions. Sir, if you go to the market and investigate, you will be told that local onions are preferred. Sir, local tomatoes are preferred to imported tomatoes as well. They are tastier and sweeter. It is known that it is so. Mr. Chairman, it also happened with respect to bananas. Anybody who loves bananas would know that the local bananas have a fleshy yellow look, sweeter than any imported bananas, therefore, on that basis, it is not only price that would determine the demand.

I hope that I have made the point in suggesting that there must be clarity of purpose in the introduction of public policy. As we speak, the purpose for bringing these measures is to address a concern that Barbadians have been having for the last two years. I have said it publicly that inflation beyond 5 per cent, triggers concerns about the cost of living, but Barbados has always been, relative to the rest of the region, a high-priced destination. It reflects our standard of living. It reflects our wage levels, but when inflation goes beyond 5 per cent, it triggers psychological concerns about the cost of living, that is why there is that relationship. Sir, you ought not to mix up the difference between a price level and inflation rate.

Sir, as the Honourable Member for Christ Church East said, Barbados, over the last several years, would have experienced low inflation until the year 2005. In fact, we had negative inflation in 1998, and inflation hardly got beyond 2 per cent then. However, even though there would have been low inflation rates in those years, you would still hear Barbadians saying that prices are high, because there is a difference between prices and the rate of growth of prices.

H150

Sequence 12 12.00 p.m.

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House 150, Sequence 13, 12.00 p.m.

Mr. C.A. MASCOLL: Mr. Chairman, it has to be understood that the lifestyle of Barbadians is very much responsible for the increasing demand for non tradeable goods in our society, and that is a major domestic source of inflation.

Mr. Chairman, I spoke about the question of putting a fencing at a primary school. I was given an initial quotation of \$20 000, and I thought it was too high. I was given another quotation of \$26 000 and I thought, obviously, it was still too high. Sir, when I checked the actual cost of the raw material, it was only \$5 500 for the raw material.

Mr. Chairman, what is happening is that even in the provision of basic services in Barbados, people are taking the opportunity to charge higher than market value, and it is reflecting the ability of the market to pay. Sir, if an individual can get you to pay higher than the real cost of a commodity, he or she will receive the money willingly. It is the willingness of the consumer to pay, and that is what demand is, Sir.

Mr. Chairman, the question of a 6 per cent Cess - I cannot betray my training, and I do not - is not similar to a 40 per cent import duty. If I am 200 pounds and the shed 6 per cent of my weight, it would not be that recognisable, but if I shed 40 per cent of my weight, it would be recognisable.

Therefore, you cannot compare a reduction or a removal of a 6 per cent Cess, with the removal of a 40 per cent import duty. Therefore, to that extent if the retail and distribution sector in Barbados cannot pass on reduced prices now, then when will they?

Mr. D. St.E. KELLMAN: Mr. Chairman, on a point of order. The Honourable Member is misleading the House by giving the impression that I only spoke about the reduction in the Cess. I also mentioned the bound rates, and the 11 or 12 taxes that were removed, where the prices did not change. Therefore, the Honourable Member cannot only speak now about a 6 per cent.

Sir, there is evidence that reducing prices, regardless of the level, will not necessarily mean that there will be a reduction for the consumer in any significant way. The Honourable Member would have known that quite well when the taxes were changed to introduce the VAT and also with the bound rates.

Mr. C.A. MASCOLL: Mr. Chairman, what does the Honourable Member for St. Lucy want?

Mr. CHAIRMAN: I do not know.

Asides.

Mr. C.A. MASCOLL: Mr. Chairman, he just spoke and said that if we remove the 40 per cent on beef, lamb and the like, it would have an implication for the local production of chicken.

Mr. D. St.E. KELLMAN: Mr. Chairman, on a point of order. The Honourable Member is misleading the House by saying that he does not know what I want. Sir, I want a direct input in the hands of the masses of people, instead of a transfer to somebody to give to somebody else, Sir.

Mr. CHAIRMAN: The Honourable Member for St. Michael North West, please continue.

Mr. C.A. MASCOLL: Mr. Chairman, the incidence of tax is determined by the type of tax that you impose on the taxpayer. The incidence of an indirect tax being removed is completely different from if you pass it on. Sir, only this year, the Prime Minister increased the Reverse Tax Credit, from the mere \$500 per year to eventually \$1 300 per year. Sir, that is a direct transfer of income. Mr. Chairman, what he is saying is that individuals who are below the tax threshold and will never pay taxes, will never benefit from the reduction in the rate of taxation. Therefore, there is a direct income transfer, but it cannot be done in this instance, because almost everyone eats beef and chicken. Are you going to give a cow the same income transfer to offset, as you would give someone who is struggling at the other end of the income bracket? It would not make sense in this instance.

Therefore, you look more in this instance to treat to the question of indirect taxation, rather than to look for a transfer of income, which you would have to give to both the rich, the poor, the vulnerable and those who are beyond vulnerability.

I am suggesting that there has to be clarity of incidence in public policy. Whom are you trying to impact, and how best can you do it? This is what has informed this whole approach to cost of living here this morning. It is not the traditional go and impose price controls, as would have been done in the 1970s.

Mr. Chairman, this is not the time and the economy for it, Sir. It is to look at what you can do to affect the price level by way of taxation, or what you can do to look at the markups at the wholesale and retail stages. Therefore, I am not, and have never been, a proponent of price controls and, especially, in an environment, where there are now market forces determining prices and Government intervenes when Government sees the need, and gets the opportunity to intervene.

Sir, they can read anything that they want to read from the past, on the other side.

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

Mr. C.A. MASCOLL: Mr. Chairman, there is nothing they can pull up that I cannot defend. I am like a lawyer. I prepare both sides of the argument but when I go to court, I do not have to present the side of the prosecutor, if I am the defendant. I present my side. Therefore, I look at everything in my analysis, and determine what suits me when I am arguing, and that is what debating is about.

Sir, debating is not only about putting a case because it sounds good. It is about doing a full analysis of whatever, and you would know that. Whatever case you are involved

in, you prepare both sides because you can only be an effective lawyer, if you prepare both the defendant's case and the prosecutor's case, and then you argue the side that suits you.

Thank you, Mr. Chairman.

Mr. CHAIRMAN: The Honourable Member for Christ Church East Central.

Mr. R.D. JONES: Thank you very much, Mr. Chairman. This Resolution before us is asking for a certain sum of money for the Ministry of Commerce, Consumer Affairs and Business Development, a Ministry that because of all the other agencies its control, seeks to deal with matters such as the cost of living, which is being addressed here this morning in this House.

I listened to the Honourable Member for Christ Church East as he outlined the regional cost of living vis-à-vis the Barbadian cost of living, and recognised that at some point up to 2005, the Barbadian inflation rate was quite low, relative to the regional average inflation rate.

Mr. Chairman, he was at some pains to point out that in 2005, when the regional inflation rate was 7.2 per cent, the Barbadians inflation rate moved from 1.4 per cent to 6.1 per cent, which is quite an astronomical leap speaking on the nature of averages. He also pointed out that while the regional inflation rate went down to 4.2 per cent in 2006 that the Barbadian inflation rate went up to 7.3 per cent.

Mr. Chairman, I wonder if the Honourable Member was trying to suggest that it was the presence of the Honourable Member for St. Michael North West coming into the arms of the Government, which caused the inflation rate to go up above the regional average. I know that he would not be doing that but one can read some things into this, but be that as it may. Sir, it is all well and good for individuals who have in their purses, \$10 000 to \$14 000 and go into the supermarkets of this country and have an opportunity to make choices from the high-end goods, which are offered in some supermarkets.

Asides.

Mr. R.D. JONES: Or, shop lift for that matter. Thank you very much.

Mr. Chairman, it is also painful to watch those who might only have \$250 a week, with four or five children, going into the supermarket. They are not going to shop for anything high ends because they have already been reduced...

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Mr. R. D. JONES: Mr. Chairman, they are not going to shop for anything high-end. As a result of their financial capacity, they have already been reduced to shop at the lowest end of what the supermarkets offer in Barbados. Mr. Chairman, there is a severe dichotomy. Therefore, I speak relative to those persons who find themselves in what we refer to in this country as the working class or the middle class, even though the middle class is working class; the working poor; the pensioners; the disadvantaged; the dispossessed; and the marginalised in this society.

Mr. Chairman, it is all well and good for the learned economist to get up in this House and on the outside and get into all the brilliant esoteric arguments because Honourable Members do not go to bed hungry. There are many people in Barbados who, because of the cost of living, go to bed hungry. Mr. Chairman, there are hundreds of school children who would go to bed hungry, had it not been for the school meals they get. Sir, I sometimes dread the presence of vacation because the school meals is not present during the vacation period.

Mr. Chairman, you have Honourable Members getting up in this House talking about this kind of text book and things of that ilk, which have nothing to do with the reality of hunger in this country. That is why sometimes I become extremely concerned that Honourable Members get up in here in their three-piece and four-piece suits and masquerade in their red shirts as though they have some greater passion than others for what is happening in Barbados.

Sir, one has to get angry. We are not having enough anger in Barbados, if we did, maybe issues of the high cost of living, price gouging and stuff like that would disappear because you would have an angry population. Sir, you do not want that anger to spill over into serious insurrection.

As you know, Mr. Chairman, I do not advocate behaviour such as that at all, I am too gentle a soul. Sir, one has to understand that there is too much pain among the people of Barbados relative to finding food to go on their plates. Sir, people have called for a sensible consumer body because we do not have any. The people generally must take the blame because even before they feel pain, they must get themselves organise. We cannot continue in this country with our egoistical one-man consumer body and nobody else joins because of the nature of what you have. Therefore, the public of Barbados has to get up...

Asides.

Mr. R. D. JONES: Of course, you are going to have conflict of interest in circumstances like that. Therefore, there should be a dismantling of that and placed in

Greenland the next landfill site here in Barbados. The consumers of Barbados have to start fighting for their rights themselves because it is clear, listening to the argumentation of some Honourable Members on that side, that they do not have the will or the substance to really make an impact on the lives of Barbadians relative to the high cost of living.

I try, Mr. Chairman, to stay away from the supermarket, not because I cannot walk out with the two plastic bags that cost \$200, but because I cannot stand to see their suffering.

Asides.

Mr. R. D. JONES: Mr. Chairman, I do not go as often as maybe I should because I see the pain of persons who shop in the supermarkets. I see the pain of persons who push their trolley to the cashier and spend an inordinately long time telling the cashier to check in that one for me. Maybe they should carry their books and write the prices down before they get there. In that way, they might save themselves some indignity from having to go to the cashier and say send back the rest.

Mr. Chairman, let us as a Parliament and as leaders in relation to policy in this society find mechanisms which would impact. I am not saying, and the Democratic Labour Party is not saying, that you snap a finger or wave a wand and there is going to be this magical transformation.

Sir, if we become conscious of the social decay and the destitution which is emerging in our country in a very visible way, then we have to act. I do not believe that persons who are Barbadian born and bred who might operate supermarkets or import goods do not have a conscience. There has to be something else that is propelling this process. They need to sit down with the policymakers.

Mr. Chairman, we need to put all of our heads together because there is an increase in the sale of flesh in Barbados in order to find ways and means of making ends meet. This is not what we want. I live in Barbados, I live in the real world. There are too many persons who are looking to ply flesh. Only last week, one saw some of this in the newspaper. Mr. Chairman, one should read. The Honourable Members on the other side should read so that they understand the underbelly of Barbados.

Mr. Chairman, there is a terrible underbelly in this society. There are persons in this country who dress in their two and three-piece suits in the day and then in the night they exploit those out there who are trying to make ends meet. There are persons who go and work for \$300 and \$400 a week; some before they go to work would enter some place and parade themselves for change and some

when they come home from work. Sir, they do that. I am sometimes concerned that the Honourable Members in this House pretend that they do not know that these things go on in this country.

Mr. Chairman, I want to repeat it. There is a terrible underbelly of social decay in Barbados not necessarily or only occasioned by the high cost of living but because there is decay taking place right around us. The cost of living contributes in a direct way to that form of social decay and destitution.

Mr. Chairman, it is all well and good to sound good, to look pretty, to wear red shirts, to prance up and dance to songs that you cannot sing and stuff like that and look foolish. Sir, I have no issues with them and that. If they want to be like mannequins or “mother sallies” or whatever, that is their business, but at the end of the day when they are dancing, they are dancing on the backs of those who cannot go into the shops.

Sir, they are feeling proud and happy as they dance all over the place because they can go to the supermarkets from their direct earnings or from that which is supplied by others to them because we know that there are many persons who pay the piper and therefore they can sing the tunes in relation to the piper.

Mr. Chairman, we need to have serious competing businesses in Barbados. We need to get more persons involved in the distributive trade. We need to find solutions for agricultural producers in Barbados to stay in production. A fellow goes into his acre or half acre of land for four days a week and the other three days he is out selling. We need to move away from this. If you are producing, you produce. Let somebody else sell.

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12.20 p.m.

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Mr. R. D. JONES: Mr. Chairman, persons must also have a share of what is sold, not only the direct production from the land. There must be some mechanism put in place, in circumstances where there is an additional markup at the end, persons could share in that markup. Sir, I believe those who produce, particularly persons in agriculture, should get the major share of their production or the revenue from their production, rather than somebody else along the line getting it.

Sir, we in this country are not thinking to find those kinds of solutions, we are telling a fellow to have a bath, to put on clean clothes and to go and sell three days of the week, while letting the land lie idle, as it would when that

person would not be working it. We have to find solutions, let us put our heads together. Let us ensure that whatever we do, that it would impact on the poor, the dispossessed and the middle class in Barbados.

The old lady, Mr. Chairman, who does not want lamb and beef because she is already diabetic and wants protein, would want some good produced Bajan chicken. Therefore, to tell her to buy the New Zealand lamb that was being cured for six, seven or eight ten years, or the beef from Australia or wherever it comes from, to feed the people of Barbados, then I do not know if that is the rational approach we should take.

Asides.

Mr. R. D. JONES: I think that the persons out there who have been preaching healthy lifestyles and that red meat is no good, would applaud the Honourable Member for St. Michael North West for setting a new health standard for the people of Barbados. The Honourable Member is saying to them not to be concerned about their health anymore but that they must now use red meats, when, for many years, we have been telling people otherwise.

Mr. Chairman, the Honourable Member cannot be telling them that but what that says to me is that the Government is stumped in trying to find solutions to the issue of the high cost of living. Sir, after 14 years, but more particularly in the last five years, they are completely stumped. They no longer know how to go down the wicket and play the ball, and this is dangerous. A Government has to be able to know how to play the ball.

There is a social responsibility on the part of Government, when it comes to feeding our people, to determine how that food is produced, how cheaply that food is produced, where it comes from, how cheaply it comes, and how it reaches the plates of people where they have an opportunity to eat, where they have the opportunity to feed their children. It must not only be about earning large salaries because Government would eventually find a way where that money would soon be gobbled up by prices coming up to meet the money people would have in their pockets.

We have had some good systems in Barbados that have all been dismantled. Mr. Chairman, I remember the work of Carmeta Frazer and those persons who were involved in aspects of food security in Barbados. I remember the work of the Barbados Marketing Corporation in being a clearing house for producers in Barbados, but we have abandoned all of those systems because we did not look at rationalising them, making them effective and workable.

I believe that the power in Barbados does not belong to the consumers. That is a fact, we see what is going on here, we see what is happening to the producers, wholesalers and the importers. Consumers need to have some power in this country and to ensure that they are not persuaded by esoteric arguments or by persons talking about the fact that it is because of our standard of living that people cannot eat. Sir, that is what the Honourable Member is saying. The Honourable Member is saying that it is because of our standard of living that people in Barbados cannot eat.

Sir, hunger drives persons into acts that they would not normally do and so the Honourable Member cannot be telling me about the standard of living in Barbados, the Honourable Member must tell us how this Government would put food on people's plates, how Government would protect its producers, so that it could put more food on people's plates and at a cheaper cost. That must be our reality and it must not be esoteric arguments.

Mr. Chairman, I thank you.

On the motion of Hon. R. R. FARLEY, seconded by Hon. G. A. CLARKE, Mr. CHAIRMAN reported progress to His Honour the SPEAKER, and asked for leave to sit again. Mr. SPEAKER resumed the Chair and reported accordingly.

SUSPENSION OF SITTING

Hon. R. R. FARLEY: Mr. Speaker, I beg to move that this Honourable House be now suspended until 1.30 p.m.

Hon. G. A. CLARKE: I beg to second that, Sir.

The question that the Sitting be suspended until 1.30 p.m. was put and resolved in the affirmative, without division and Mr. SPEAKER suspended the Sitting accordingly.

12.26 p.m.

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RESUMPTION

Mr. SPEAKER: This Sitting is resumed. When the Suspension was taken, this Honourable House was in Committee of Supply and to that it will now revert. The Honourable Member for St. George North.

ORDER NO. 7 (RESUMED)

HEAD 20 (RESUMED)

Hon. G. A. CLARKE: Mr. Chairman, I rise to speak on this matter before the House. I am aware that there are a number of poor people in Barbados and I want to admit that there are poor people in Barbados. When one listens to the Honourable Member for Christ Church East Central one would get the impression that things are very bad in Barbados and that we are back to those days of the Democratic Labour Party in 1991 to 1993. Mr. Chairman, I want to say categorically that I am living in a modern Barbados where Government has set up systems to help the poor. Government has set systems up, Mr. Chairman, to help low-income Barbadians as well as people whom we classify as being poor.

Mr. Chairman, when one looks at the statistics, they do not bear out what the Honourable Member was saying because, as far as we are concerned and as far as the statistics are concerned, there are less than 11 per cent persons living below the poverty line. Mr. Chairman, this

Government has also increased the welfare grant from time to time over the past 13 years; it has introduced the reversed tax credit; a number of persons do not pay taxes on their property at all yet; the Honourable Member for Christ Church East Central would have us believe that things are very poor in Barbados.

Mr. Chairman, an unfortunate thing happened today where the Honourable Member was pointing to a situation where persons who work for \$300 a week, which is US\$150 are very poor and that they were suffering. Sir, I want to say that \$300 a week, which is approximately \$1 200 a month or US\$600 per month, when you look at that over a year, you find that those persons who work for \$3 00 a week or \$1 200 a month, will take home more than US\$7 000 annually. When you look at the per capita of Barbados, one cannot say that persons taking home \$300 a week can be classified as poor, especially when you look at the Caribbean context or at the world, and Barbados is a part of the world.

Mr. Chairman, we have to understand that people who

work for \$300 a week must look at how they spend their money. I believe it is the way how people, especially the poor, spend their money. Sir, it is unfortunate that the Honourable Member for Christ Church East Central, who is not in his seat now, said he knows women, who are earning \$300 a week, who are 'picking fares' at night on their way to work...

Mr. CHAIRMAN: The Honourable Member for St. George North. I did not hear the Honourable Member for Christ Church East Central say that.

Hon. G. A. CLARKE: Mr. Chairman, he suggested that women, who are working for \$300 a week are engaging in related activities, which is the same thing.

Mr. CHAIRMAN: I would like the Honourable Member for Christ Church East to come back to the Chamber.

Hon. G. A. CLARKE: Mr. Chairman, I would like him to come back and explain what he meant because he was painting a picture that women who work for \$3 00 a week are engaged in activities, which are not becoming of women. Sir, I want to make the point that it is an insult to the majority of women, who are working for \$300.

Mr. Chairman, I am saying that the majority of women in Barbados, even though they are poor will rise above what he is saying. I will put my neck to the 'the block' that the majority of women are not involved in any activity of the kind. Sir, women are hardworking and I want him to understand that women are the backbone of this society, that women act not only as fathers; mothers and breadwinners but they are care-givers and they work very hard.

Mr. Chairman, the majority of women go to work, go back home and look after their families. If there are a few women who do these things, they do it, not because they love to do but because they want to support their families. Sir, they are very few and I want to make that point.

Mr. Chairman, one has to look at one's priority. I just returned from Toronto and I want to say to you that this Government has put in place a number of mechanisms to help the poor and that these mechanisms do not exist in first world countries. Sir, we have free health service, where we take care of persons with diabetes, asthma, hypertensive cases, persons with cancer, children under 16 years old get medicals free, people over 65 years old get medicals free and they drive on the buses free.

I am saying that we have a good country and people must not pull down Barbados for their own political survival. This country has survived because we have put mechanisms in place to help the poor. We have put mechanisms in place not only to help the poor but to help organisations like the Red Cross, the Soroptomist and other organisations across Barbados that help poor cases and we must salute these organisations.

Mr. Chairman, let us look at the working poor. Sir, most of the working poor shop at PriceSmart and ShopSmart and they know when the prices are good.

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Hon. G.A. CLARKE: . Sir, women know where the prices are good. Sir, they go to Lionel C. Hill, where people shop, because they can get good prices.

Sir, I am saying that the price of clothing in Barbados is cheaper than in North America. It is a fact. Sir, a good suit in North America, would cost you US\$250 or the Canadian equivalent, and the Canadian dollar is higher than the American dollar today. Sir, a suit cost US\$250x2, the equivalent of BDS\$500, and you can buy a suit in Barbados for less than that. I have seen pants in Toronto at US\$79, and that is cheap. Sir, the price of foodstuff is comparable to what we have in Barbados. A litre of gas is CAN\$0.96. A figure when converted is comparable to a litre of gas here, yet we have been protecting the consumer.

Sir, I am saying to you that more Barbadians have cellular phones than any other country in the world, per 1 000. It is a fact. Check with Cable and Wireless, you will see that the poorest school children have cellular phones. The working poor have cellular phones. If you go into their homes you will see them. Sir, look at what is happening in poor homes. When you see what is happening come back and tell me that these people are poor. I am saying that we need to protect the poor. We need to understand that Barbados cannot be classified as any poor country, but our spending pattern must change. Sir, I am saying that if you have a situation where people are poor, according to the Opposition, and women are doing all of these things, we need to carry out an educational programme to show people how they must spend their money. People must spend their money on food and things that are essential. This Government is protecting the poor in that regard.

Sir, the price of food is not that expensive in Barbados. We have a media in Barbados that spends no time on research. The media must research the high cost of living throughout the Caribbean. We import inflation. We do not produce oil. There are many things we do not produce. Look at our import bill, a survey will show that we are importing inflation, because of our spending pattern.

Sir, I am saying that Barbadians, especially in the countryside, must go back to the land. They must produce foodstuff. They must grow what they eat, and eat what they grow. Too many times we are buying things from abroad. Sir, we have the best bananas, I was told, in this country.

We have coconuts and vegetables. We have a good country and must not tear it down because of political grandstanding. We must not allow the Democratic Labour Party to come in here and insult our women. We must not allow them to come in here and say that things are bad, when things are good.

Sir, if you look at the unemployment figure, you will see that it is less than 8 per cent, that means that people are working. Sir, people are saving; look at the amount of savings in the banking system and the credit union. I was surprised to learn that the savings in the credit union is over one billion dollars. People are saving. Sir, look around the country and you will see that houses are being constructed. Poor people are building every weekend. We must not allow it to be said in this country that Barbados is so bad, when you have a situation that is totally opposite.

Sir, I am saying that there is a good support system in Barbados for all people. The School Meals Department and the Welfare Department are institutions that help our poor people, along with the private sector. Sir, they are people who give to the poor on a daily basis. There are institutions and businesses across Barbados that help poverty. There are people who give and do not count the cost. There are people who give and do not go to the media to show that they are giving. Mr. Chairman, every time the Opposition wants to donate to the poor, you see it on the front page of the media. Every time they are canvassing, the media. They want people to see what they are doing. Sir, people are giving from their hearts. I am saying that we have a good country, and we must keep it so. I am saying that we have a hardworking country. All is not well but I want this to go forth, that we have to understand that we do not live in a perfect society. There will be poor cases, but we have to protect the poor.

This Government has done its best to increase the old age pensions and grants in the welfare section, and we are trying our best to be as humane as possible to protect the poor. I am aware that with this in mind, more will be done. Sir, this Government has a record of protecting the poor in society, much better than the Opposition.

I thank you, Sir.

Mr. CHAIRMAN: The Honourable Member for St. James South.

Hon. Miss. H. E. THOMPSON: Mr. Chairman, I am glad for an opportunity to speak in what I think is a very important debate. In fact, it is interesting to see today that the Honourable Members on the other side, continued to be highly critical of Government on the issue of inflation and national prices, particularly food prices, but offered no solution at all as a Party that is less than a year away from election. Sir, I say that, not because I know the date or can

myself choose it, but because elections must be constitutionally held by August 2008. The reality is, we are less than a year from elections. Sir, the Opposition continued to curse the Government. They continued to be highly critical, but offered no solution or alternative policies as to how they would address the problem, if elected tomorrow and that remains a critical failing of the Democratic Labour Party, as an Opposition.

Sir, it is particularly easy to criticise, in an environment where there is dissatisfaction among the populace over an issue that is highly emotive, but what solution do they offer to effect change at the national level, if given the opportunity to form the Government, that is what we have not

Sir, I want to say, therefore, as others said before, that there are a number of issues driving food prices in Barbados, specifically, the fact that corn and other grains are now being employed in ethanol and bio-fuel production to reduce the cost of energy, or a source of alternative energy, resulting in high prices for farmers, who are producing corn and other grains. The consequence is, they are putting corn into warehouses and selling it to the bio-diesel and ethanol producers, rather than selling to the food market. The consequence is that animal feed has gone up. Sir, corn starch and corn flour are the basis of many foods, tomato ketchup and all kinds of syrups. The price of corn, as a staple, is much higher than it was before, and it is a product that is widely used.

Sir, not only has the price of animal feed gone up, making the price of the animal meat higher, but the price of corn as a basic commodity, used in many other foods. Sir, I challenge people to pick up some things in the supermarket, and see how many have corn either as a flavouring or as a thickener. Sir, you would not think of it in tomato ketchup, but if you look at the ingredients, it is there, so you have high food prices as a result, because the price of grain is now high, generally. Sir, farmers are getting higher prices in the bio-fuels market than in the grain market, as a result, if you want to buy the corn for grain, you are buying it at a higher price.

H150

Sequence 17 13.50 p.m.

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House 150, Sequence 18, 2.50 p.m.

Hon. Ms. H.E. THOMPSON: ...The cost of corn is now high and the price of grains is high, generally, because farmers are getting higher prices in the bio fuel market, than in the grain market. Sir, as a result, if you want to buy the corn for grain, you are buying it at a higher price, so

you have food prices going up, and second, you have oil prices going up tremendously and I will come to that in more detail later on.

Suffice it is to say that in the year 2000, fuel was US\$28 per barrel and by 2004, it was US\$43 per barrel. In the middle of 2006 it was at US\$70 and by December 2006, it went down to US\$65 per barrel. Sir, this is because oil prices tend to go down at the start of Winter but rise at the end of Spring or the start of Summer, when public travels during the Summer holidays, increases. Sir, only this morning, I think oil was between US\$96 and US\$98 per barrel and that is the reality.

Sir, when we set oil prices in Barbados last December, the Barbados National Oil Company (BNOC) was paying US\$65 per barrel for oil. This morning, they are paying between US\$96 and US\$98 for the same barrel of oil. Again, it is not only the price of fuel because you are talking now about an increase in transportation cost, but you are talking about increases in freighting cost. Petroleum byproducts are found in plastic bags, bottles and all kinds of containers, so you are talking about another base commodity that is found in everything that mankind uses.

Sir, there is not only the transportation cost, but the price of other fuels, such as electricity and water are going up. I am not suggesting that we are raising water prices in Barbados. I am suggesting that where energy is used to pump water and energy is the highest cost in water production, so the cost of water also goes up.

Asides.

Hon. Ms. H.E. THOMPSON: Sir, I am trying to show the spiralling effect in an economy of what is happening overseas.

Sir, Barbadians see you in the supermarket and say, "wanna got the prices high enough, and people about here are suffering." In reality, Sir, it is not just in Barbados, this is an imported inflation. It is an inflation that is coming into our economy, because of what is happening on the international market.

The Organisation of Eastern and Caribbean States (OECS) just set up a Committee to enquire into food prices in the eastern Caribbean, to make recommendations for the prices to be lowered, and to see what can Governments do to bring down the prices.

In Jamaica, there has been a 60 per cent jump in food and other commodities. In the United States of America on the news this morning, they were saying that petrol at the pump in the United States of America is retailing at the highest ever in history, and the price of gas at the pump in

the United Kingdom and Canada, is higher than in Barbados.

In September, I attended a meeting in Spain, representing the Barbados Government. The Chamber is aware that the Italians love pasta. While I was in Spain, I heard on the news that there was a strike all day in Italy, because the price of pasta had risen by 65 per cent, so there was a shut down in Italy where people refused to eat pasta. Yet, people in Barbados behave as if we are a small open economy and we are totally isolated from these international impacts.

Sir, food is at an all-time high, all over the world because of a number of international considerations, which have to do with the price of grain, and the price of petroleum, both of which are at the highest ever in the history of the world. This is not a phenomenon created by the Barbados Labour Party. It is an international phenomenon. While the Democratic Labour Party has not indicated how they are going to deal with it, the Barbados Labour Party has been putting measures in place to deal with it, Sir. At the last Annual Conference, the Prime Minister articulated a number of further measures to address the problem.

Essentially, Mr. Chairman, up to this point, the Barbados Labour Party has employed three tactics. One, to where possible, to reduce and/or control inflation, and/or inflationary impacts, blunting the impact of inflation, so that consumers do not feel it as much. Second, the creation of opportunities, by which average Barbadians can earn more and, therefore, are better able to look after themselves, in a time of high retail prices. The third method is to ensure that average Barbadians have greater disposable income in their hands, so that they could be better able to shop, when they go into the supermarkets.

Sir, we have not cut salaries, reduced severance or sent anybody home. What have we done? At the level of agriculture, for three consecutive Budgets, the Prime Minister announced incentives and support to the agricultural sector, in order to ensure that food production at the local level is boosted and subsidised or supported.

In addition, as more people seek to be entrepreneurial, since 1998, the Government has given \$118 million in loans and venture capital to the Small Business sector and the Micro Business sector, in order to help small persons, who want to set up businesses, and who are enterprising and have entrepreneurial ideas, whether they are people selling in the markets, the itinerant vendors selling food, people setting up shops, or people in the music industry.

Sir, the Government has taken 26 000 people off the tax role - not 260 people or 26 people - so that they do not

have to pay any taxes. We came to Government and found it at \$13 000 and now if you work for up to \$25,000, you do not have to pay taxes in Barbados. Sir, all of that puts money back in people's hands.

Sir, we have implemented the reverse tax credit, where people are able to get something back, as a lump sum payment in their hands. I do not know how many persons that affects but the Honourable Member for St. Michael North West can indicate.

Sir, we have ensured that we put a \$100 per cent mortgage facility in place to help people with homes. We have ensured too, that those who aspire to be property owners can get from the Rural Development Commission and the Urban Development Commission, their land at \$2.50 a square foot.

The cess has been removed, personal Income Taxes reduced, salary increases granted, allowances have been increased across the civil services, we have not raised bus fares, we have not raised NHC rents, there is no VAT payable on a basket of goods including meats, corn beef, salt, flour, sugar, fruit and vegetables. Sir, when people talk all the time about the high food prices, people forget that they are not paying VAT on a range of goods. Therefore, these are some of the mechanisms that we have used, including the subsidisation of the oil prices and keeping oil prices low in Barbados.

Sir, can you imagine how bad inflation in Barbados...

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Hon. Miss. H. E. THOMPSON: Sir, can you imagine how bad in Barbados the inflationary and consequential impact of an oil price at US\$96 per barrel instead of US\$65.00 per barrel, which is what the economy pays, would be if we had allowed the real price of petroleum to flow through to the public. Therefore, the notion that the Government has done nothing to help the poor man is really an entire falsehood being promoted by the Democratic Labour Party in response to people's cry that prices are high.

Sir, I do not have time, based on the indication you just gave me, to move toward all of what the Prime Minister has promised to do in his last speech at the Annual Conference. However, he spoke about increasing competition in the supermarket sector because we recognised that there are certain chains in Barbados, though they are large and therefore should be able to create economies of scale and reduce their prices, whose prices are far higher than some of the smaller chains who do not

have the same level of resources. Mr. Chairman, increasing competition into the market is always an effective price control.

Mr. Chairman, he spoke also about putting in place selected price controls on specific items; that he would continue to keep oil prices below the international price thereby protecting the wider economy; that he would strengthen consumer organisations; and that he would remove duties off of a number of further goods. Mr. Chairman, that is essentially the core of the plan that the Prime Minister has put in place to add to the measures already in place by this Government to take us forward.

Sir, you have what is happening in the international economy; you have what we have done; you have what we are proposing to do; and you have the Democratic Labour Party's talk only; but talk is cheap.

I am much obliged to you, Sir.

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

Hon. R. R. FARLEY: Mr. Chairman, I want to join this debate...

Asides.

Hon. R. R. FARLEY: Mr. Chairman, I will give way to the Honourable Member for St. James Central.

Mr. CHAIRMAN: The Honourable Member for St. James Central, do you want to make a contribution?

Asides.

Mr. CHAIRMAN: I would just like to let the House know that the Honourable Member for Christ Church East has given way to the Honourable Member for St. James Central, and after his contribution, the Honourable Member for St. Michael North West would wind up the debate.

Hon. K. D. SYMMONDS: I am grateful to you, Mr. Chairman.

Mr. Chairman, I would want to associate myself with a lot of the comments made by the Honourable Member for St. James South who preceeded me. I think that she has put this matter in a very excellent perspective, and I want to go a little further.

Mr. CHAIRMAN: You have 15 minutes to do so.

Hon. K. D. SYMMONDS: Mr. Chairman, part of the problem in Barbados is also the very nature of our internal arrangements, again a matter over which Government can

have very little control if any at all. Sir, any Government, in a liberal democratic economic arrangement such as ours is, similar to that of the United States of America, Great Britain, Canada, et cetera, can only do that which this Government has already done.

Mr. Chairman, it is a matter of painful record in Barbados that the Opposition does not care to speak to, but that the consumer must understand exists. Sir, we have for argument sake in the poultry industry, and much discussion went on today about the poultry industry, one company which is importing hatching chicks into this island. Sir, the major chicken producer in Barbados, is a part owner of that company. Mr. Chairman, the major competitor of the major chicken producer in Barbados is owned by the major chicken producer itself.

Mr. Chairman, the poultry industry was heard only a few days ago lamenting the fact that they feel that they would be confronted with a shortage of chicken at Christmastime, which we can extrapolate to mean will result in increase prices for the consumer at a time of anticipated higher demand.

Sir, Government is protecting the poultry industry, as the Minister of State in the Ministry of Finance quite rightly pointed out, so as to give room for the development of an important sector of our agricultural economic base. Sir, in that same poultry industry, which continues to get protection from the Government and which continues to cry out for even more protection, there is an arrangement, which the sector itself has put into place, which does not help the consumer because through the vertical integration process in the sector, greater control is had by the sector to manipulate prices, to manipulate the availability of products, and therefore to manipulate the consumer's pocket. Sir, these are things that Government cannot easily get into. Government is not a poultry producer.

Mr. Chairman, I noted very carefully comments which have been made in the public domain emanating from an Honourable Member of the Other Place, to suggest that there is a collusion between the merchants in Barbados and the Government, so let me set the record straight.

Sir, not now, but in a previous term, this Barbados Labour Party Administration created the necessary legislation so as to put in place at the disposal of the consumers of Barbados, a Consumer Affairs Commission, a Fair Trade Commission. Sir, those were the quasi-judicial institutions which were created in Barbados so as to build equity into our commercial relationships. They were built into the economic arrangements of Barbados, so as to empower the consumers about whom a lot of latter-day tears are being shed right now and in my judgement, false tears.

Mr. Chairman, if a member of the Democratic Labour Party claims to be armed with information that the merchants are in bed with the Government or that the Government is in bed with the merchants, whichever one, it would seem to me that the right thing to do would be to present yourself to the Fair Competition Commission as *amicus curiae*, a friend of that court, and say these are the concerns I have on behalf of the consuming public of Barbados and I wish to present them to you so that you may, of your own motive, begin an investigation into the matter.

Sir, that does not happen in Barbados, you stand up on a public platform and you give vent to anything whatsoever without rhyme or reason and without any effort at trying to justify that which you are alleging.

Sir, what are the consequences for that? Sir, the consequences are that the public out there believes - because as the Honourable Member for St. James South has said, this is a very emotive issue - that because they are pulling their pockets more than they were doing in let us say two, three or four years ago for a product, that there has to be some truth in what is taking place. Sir, not a moment is spared to explain to the people whom we have to represent that when you go to a ballot booth, whenever the time comes, that X is not going to transform any ability of anybody to pay less or more because of the fact that the price of corn on the international market that has to be fed to cattle, and we are importing beef, means that the cost of beef is going to go up. Sir, the Government of Barbados has nothing to do with that.

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Hon. K. D. SYMMONDS: It equally means, as has been said in this Honourable House on a number of occasions today, when oil prices escalate, then all of the energy inputs to the manufactured products into transporting products to this country, into the cost of air-conditioning in our businesses and our services sector go up consequentially.

Sir, what should be happening, in my judgment, is that there should be a serious discussion taking place with the public, so that the public of Barbados would be able to understand some of the vertical integration that exist in our economy, so that they are able to use the power of the consumer's voice, to bring corporate Barbados to heel, in a way that Government itself cannot properly do, outside of the institutions of fair competition that we have already established in our economy.

Mr. Chairman, what are some of those areas of vertical integration above and beyond the poultry sector? Mr. Chairman, let us say any one of us who passes through a gas station this evening, the likelihood would be that at one particular brand of gas station, as you go into that convenience store, you are going to find a range of products. Sir, no one in the Opposition is taking time to explain to the people that the ill the consumers of Barbados are being asked to swallow, is the fact that the operators of many of those convenience stores are bound by contract with the gas supplier, so that they do not determine the product that comes into their store.

They do not determine the price at which the product is set. They do not have the option at their disposal, to say that they do not want this supplier because he is too expensive, that they would want the other supplier instead. Sir, part of the contract that allows that person to operate a convenience store on the forecourt of that gas station or adjacent to it, is the arrangement that they would have signed onto, to allow the gas supplier to determine those things.

Mr. Chairman, it is out of the hands of the consumer, it is out of the hand of the middleman, it is out of the pocket of the public. Sir, that is where the problem is and therefore, it strikes me as more than passing strange that a Leader of the Opposition, a former President of the Democratic Labour Party, in the Other Place, these are the sort of bigwigs that are associating themselves with the misinformation of the public of Barbados. Sir, they do not pause to say this is not a party political matter, that it is a matter about which we need to carry a country as a whole. It is a matter about which we need to educate the people as a whole, so that they could understand this concept of vertical integration, so that they could understand clearly the linkages that take place between the corporate community in one capacity and in the corporate community in another capacity. Sir, until these things are done, then we would be doing the public, whom we seek to represent, a severe disservice.

Mr. Chairman, equally, we have, on an annual basis, a public/private sector consultation on the economy. No one ever sees anybody from the Democratic Labour Party there, not from their Parliamentary Group, at any rate. Therefore, there is no surprise when they cannot speak sensibly to the discussions which the public are having in the context of the social partnership.

Mr. Chairman, this last public/private sector consultation was particularly interesting from the perspective that an argument has been made that the social partners should agree on a list of goods that should not experience arbitrary and speculative price increases but rather that increases in prices should come about as a product of dialogue with the partners, amongst the partners.

It means that labour is sensitive to the problem. It means that there is a weight that the Government has been carrying and that the Government is not alone in this matter because the merchant sector is also sensitive to the problem. What we now have to be encouraging is for that end result to come to pass and to come to pass swiftly in Barbados.

Mr. Chairman, the point has been made, and I endorsed wholeheartedly, that we cannot hear from the Opposition a single solution. Not only do they refuse to participate in the private/public sector discussions, they also refused to come to this Honourable House with a single credible suggestion.

Mr. Chairman, price gouging has been identified as a problem in this country. I have said on this Floor that part of the solution of price gouging has to be the empowerment of the Fair Competition Commission, so that it goes after those people who are fixing prices. If one looks at the Act, one would see that price fixing is one of the offences. It goes further, we have talked about legislating in some ways. Now, traditionally for those persons who do not know, that would usually happen in the aftermath of a major natural disaster. For example, in Miami and other parts of the south/eastern seaboard of the United States of America, there is that type of legislation in place, so that when a hurricane passes through and there is much demand for nails, wood, galvanize sheets, tents, torchlights, et cetera, that all of a sudden the prices would not go through the roof because merchants would want to make a profit and rape the consumers.

Mr. Chairman, that is what takes place but there is another reason we need to have it in Barbados, that is, we want to make sure that prices do not increase beyond a predefined level, which is not related to the cost the supplier has to carry. Sir, if you look at what is taking place in Barbados, you would see there are a number of instances where prices go up in one particular market. You could go into one supplier and buy, let us say a barbeque grill, and go to another supplier and you would find that grill would be \$50 or \$75 different. What is the rationale for the extra \$50 or \$75? It cannot be justified on the cost that supplier has to carry, with the same brand of grill, coming from the same place, on the same ship, at the same time. What makes it so different in cost?

Sir, that is where we need to have a constant dialogue and if the dialogue fails then, as the Prime Minister is rightly saying, in my view, we have to legislate, to ensure that you do not have prices increasing beyond a predefined level, which is not related to the economic cost that has to be carried by the supplier. Mr. Chairman, those are the ways in which we have to seriously look at the economic structures in our society.

Mr. Chairman, I want to pause at this point because my friend the Honourable Member for St. Michael South wishes to have an opportunity. Mr. Speaker, I want to thank Honourable Members for their contributions in this debate.

Hon. N. A. LYNCH: Mr. Chairman, just to clarify a number of issues. I do not want to get involved in issues in relation to the cost of living, which has been debated this morning, I just want to make reference to a specific issue raised under the issue of port cost and the seemingly inefficiencies at the Barbados Port, which has impacted on the issue of consumer pricing. Sir, some reference was made to the study that was done by the Inter-American Development Bank.

Mr. Chairman, let it be clear to all within earshot and mostly to Honourable Members of this Honourable Chamber, that even though we would acknowledge there are some inefficiencies at the Bridgetown Port, those inefficiencies do not impact seriously on consumer prices in Barbados.

Mr. Chairman, as a matter of fact, in the Inter-American Development Bank study, we dismissed much of the conclusions of that study. We dismissed them out of hand because part of the challenge was that the benchmarking used for the Bridgetown Port certainly did not reflect the benchmarking done against similar ports, of similar size, and in jurisdictions of the same level of development. The Bridgetown Port cannot be benchmarked against one in Hamburg, Virginia or anywhere else because for one thing, these are developed countries and their transshipment practices are very different. In addition, these are found in geographic locations and in shipment locations that do not allow for the same economies of scale that we have.

Mr. Chairman, we took a sample of a number of Bills of Lading coming into Barbados and analysed them against the charges that go into that, such as freight charges, port charges, customs charges, brokerage charges and transport charges. Mr. Chairman, the actual port charges only make up on average less than 5 per cent of the total cost of getting a container out of the Bridgetown Port. I want to repeat, the port charges, even with some measure of inefficiencies, even with the talk of restrictive practices and the like, only accounted for less than 5 per cent, and in many instances, less than 3 per cent.

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Hon. N A. LYNCH: Therefore, we posit this view that the port charges do not have a significant effect upon

commodity pricing in Barbados. Sir, I just wanted to make that clarification. I am obliged to you.

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

Mr. C.A. MASCOLL: Mr. Chairman, I just want to summarise the nature of this debate by suggesting the fact that we came here today to explain that the Government has been doing and continues to do something about the cost of living in Barbados. As the Right Honourable Prime Minister said last weekend, it has been the policy of his Government to contain bus fares despite the increase cost of fuel and overall cost of other inputs. It has been his Government's policy to contain the rents of National Housing Corporation in spite of what has been happening around us. It has been the policy of the Government over the last few years to offset increases in oil prices by reducing the excise tax such as to ensure that the entire increase of gasoline is not passed on to the consuming public.

Mr. Chairman, recently the Government passed on the monetary policy to the Central Bank of Barbados and it is also known that the Opposition at the time said that it would redound to increases in interest rates in the not too distant future and only last week the Governor of the Central Bank proposed a reduction in interest rates by the end of this month, which again, is an input cost into business, and certainly the fact that it would be reduced means that it would address some concerns with respect to business cost.

Mr. Chairman, today, we identified, as a matter of research, that in the food basket in Barbados that of 118 items, 16 are VAT free. We identified that Government, as a deliberate policy has imposed high import taxes in order to offer protection to local producers of items such as whole chicken, pork, vegetables and other foodstuff. We have also identified, in light of the fact, that we are now looking to address the issue of cost of living with respect to certain comments that have been made recently that Government has now identified that it needs to make a decision with respect to the balance between protection for local producers as against the cost of some items in the food basket. Mr. Chairman, as a consequence, it has been proposed that we will remove 40 per cent import duty on lamb, mutton and beef and that this, in its own way, would serve to put pressure on the cost of chicken but we are not proposing to use the traditional price controls that have been used in the past because of the fears that we have expressed about artificial shortages, leading to even higher prices and inability of access by the consuming public.

We have suggested that at the end of this week, we would meet with the major retailers and distributors of food in Barbados to allow them to listen to a proposal that would

be introduced that would restrict the amount of markup at both the wholesale and retail stage, such that we would not see rising prices for food in Barbados but the containment of those prices and if, in the short to medium term, we can reduce the cost of several items that we identified, it would redound to the benefit of the consuming public.

Mr. Chairman, in that vein, we identified whole chicken, mutton, lamb, beef, evaporated milk, packaged rice, cheese, flour, cooking oil, pork and macaroni as items that we will, in fact, immediately address. Sir, as I have said, given that principle, if the distributors and wholesalers in Barbados can employ the principle of containing the markups at both the wholesale and retail stages, then we would have succeeded in addressing fully, the whole question of food cost and other costs in Barbados as a result of a deliberate policy on the part of the wholesalers and retailers to restrict their markups. Mr. Chairman, we find that this approach does not unnecessarily impose and contain the revenue of the business and, therefore, it would not compromise job opportunities; it would not compromise the financial condition of the business houses. It allows for a level of flexibility that you would not be able to achieve in a price control environment. However, we recognise that with the corporation of the wholesale and retail sectors that we are in a position as a result of this expressed policy to contain, if not reduce, the price of several food items in Barbados in the immediate and medium term future.

Mr. Chairman, as I speak to you, therefore, I think that having done the research, having accessed the reality of life on the ground in Barbados, the Government is proposing and extremely workable policy that will see benefits in the short to medium term.

Mr. Chairman, on the other hand, we cannot expect that an Opposition that is never prepared for debate; an Opposition that does no research; an Opposition that is only seeks now to promote propaganda; an Opposition that only suited for espousing emotive statements, that Opposition would be in a position to offer any alternative policy to the people of Barbados.

Mr. Chairman, in this regard, therefore, I must confess that the Ministry of Commerce, Consumer Affairs and Business Development, would have worked hard over the last few weeks in order to prepare a well-research document that was distributive and read, that forms the basis of the opinions which we have. Sir, further research by the Ministry of Finance identified clearly particular items consumed by the public of Barbados that will be addressed and today was the expression of the method that we intend to employ to address the concerns raised by the Barbadian people.

Mr. Chairman, in the light of that, Barbadians, therefore, would be surprised to recognise that for the coming Christmas season, rather than see rising prices on some food items that once the business community cooperates, and we expect that they will, that they will pass on benefits to the consuming public.

Mr. Chairman, it is efficacious policy; it is policy that is born out of research and not simply emotion. It is policy that has a basis fundamental principle of ensuring that while the market sets the price that we still do not allow the structure of our market to dominate in the way in which it might have done over the last several years.

It is a method of price control but it is not the traditional method of price control, where you fix a price and restrict a business man from selling beyond that price. It is a method that has to do more with the way in which you set your markups; the way in which you set your return on your investment and I think that is far more consistent with the overall policy stance of Government to allow for more consumer behaviour, demand and supply, to determine prices in the economy.

Mr. Chairman, in the light of that, I beg that Head 20 stand part.

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

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

HEAD 27

MINISTRY OF TOURISM AND INTERNATIONAL TRANSPORT

\$38 500.00

Hon. N A. LYNCH: Mr. Chairman, I beg to move that Head 27 stand part.

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

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

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Hon. N.A. LYNCH: Mr. Chairman, I beg to move that the Explanatory Notes to Head 27 be amended as set out in Schedule to this Resolution.

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

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

ORDER NO. 10

RESOLUTION TO GRANT THE SUM OF \$3 060 174 FROM THE CONSOLIDATED FUND AND TO PLACE IT AT THE DISPOSAL OF THE GOVERNMENT TO SUPPLEMENT THE ESTIMATES 2007-2008 AS SHOWN IN THE SUPPLEMENTARY ESTIMATES NO.4 2007-2008 WHICH FORM THE SCHEDULE TO THE RESOLUTION

HEAD 14 - MINISTRY OF FINANCE

\$3 060 174

Hon. C.A. MASCOLL: Sir, I rise to present the concerns of this Supplementary. This is, in fact, an Automated Tax Administration and Systems Project that has been around for a few years. It is intended, when fully implemented, to be of substantial benefit to the Government, in terms of enhancing the efficiency of Government tax collection and overall management of the tax system. This Supplementary is coming because the project only commenced fully in August 2007, but it was around for quite a while, and there is, in fact money to available from a financial institution, eventually, to build out this project.

In light of that, the money will go towards the supplies and materials for the project, establishing professional fees of \$1.3 million, machinery equipment of approximately \$815 000, furniture and fittings of \$200 000 and computer software of just over \$479 000. It is a project, as I said, that would certainly benefit the overall tax administrative capacity of the country, and enhance the efficiency of our tax administration.

Sir, in light of that, I beg that Head 14 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. G.A. CLARKE, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one money Resolution in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.

ORDER NO. 7

On the separate motions of Hon. R.R. FARLEY, seconded by Hon. G.A. CLARKE, Supplementary Resolution No. 3 was read a first and second time and agreed to.

ORDER NO. 10

On the separate motions of Hon. R.R. FARLEY, seconded by Hon. G.A. CLARKE, Supplementary Resolution No. 4 was read a first and second time and agreed to.

ADJOURNMENT

Hon. R.R. FARLEY: Mr. Speaker, this brings us to the end of Government Business for today's Sitting. I beg to move that this House be adjourned until Tuesday, November 13, 2007, at 10.00 a.m.

Hon. G.A. CLARKE: I beg to second that, Sir.

The question that this House be now adjourned until Tuesday, November 13, 2007 at 10.00 a.m. was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly.

H150

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SPEAKERS IN THIS ISSUE

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KELLMAN, Mr. D. St.E.
LYNCH, Hon. N A.
MASCOLL, Mr. C.A.
MOTTLEY, Hon. Miss M.A.
SEALY, Mr. R.L.
SYMMONDS, Hon. K. D.
THOMPSON, Hon. Miss. H. E.

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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. 7, Head 20, Mr. Chairman. A speech of about 730 words ('I just want to quote from the Central Bank of Barbados' publication called the "Economy of Barbados 1946-1980"...') is labelled 'Mr. CHAIRMAN', directly after the Chairman's ruling on a point of order; it appears to be the continuation of Mr. C. A. Mascoll's speech. Printed as in the source.

Q3. Take-slips, Sequences 17 and 18. The take-slips read 'Sequence 17 13.50 p.m.' and 'House 150, Sequence 18, 2.50 p.m.'; the times cannot both be right. Printed as in the source.

Q4. Take-slips about 11.10 a.m., 1.40 p.m. and 2.50 p.m.. The speeches of Mr. D. St.E. Kellman, Hon. G. A. Clarke and Hon. Miss H. E. Thompson resume after take-slips with '...' or '. Sir', which suggests that words may be missing at the change of reporter. Printed as in the source.

Q5. Order No. 7, heading. 'ORDER No. 7' appears both over the motion to go into Committee of Supply and again inside the Committee, where the Resolution title is broken across seven heading lines. Printed as in the source.

Q6. Government Notices. The heading 'GOVERNMENT NOTICES' is followed directly by 'FIRST READING OF BILLS' with nothing under it. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The House of Assembly met at 10.00 a.m. on Tuesday, 6th November, 2007, with Mr. Speaker in the Chair; prayers were taken by Rev. Canon Ivan Harewood. The Minutes of 30th October, 2007 were confirmed, the Cooperative Societies (Amendment) Bill, 2007 was read a first time, and Standing Orders were suspended on the motion of Hon. Miss M. A. Mottley. Miss Mottley then moved that Order No. 1, the second reading of the earlier Cooperative Societies (Amendment) Bill, 2007, be withdrawn and replaced by the Bill just introduced, and the House agreed. To clean up the Order Paper, the Final Appropriation (2006-2007) Bill, 2007 was taken without

debate, passed through Committee, clauses 1 to 4, and was read a third time.

The House went into Committee of Supply, Mr. R. D. Marshall in the Chair, on Order No. 7, a Resolution for \$128 325 under Supplementary Estimates No. 3, 2007-2008. Mr. C. A. Mascoll explained Head 20, \$89 825 for the Ministry of Commerce, Consumer Affairs and Business Development, as temporary salaries, National Insurance arrears and an advertisement for a Barbados National Standards Institution post, and used the Head to address the cost of living. He said inflation had fallen to 5 per cent from 7.2 per cent the year before, against 36.2 per cent in 1974; that most of Barbados' inflation was imported; that the six per cent Cess may have had a one-off effect; and that whole chicken was the most important of 118 items in the household food basket.

Mr. D. St.E. Kellman said the information showed that some items had been overcharged for years, argued that the problem was pricing, and urged incentives for farmers such as Mr. Michael Cozier. Mr. R. L. Sealy called the Government's efforts small. Hon. R. R. Farley compared regional and Barbadian inflation from 2000 (11.8 per cent against 2.4 per cent) and noted that Canadian wheat had risen from \$197 to \$357 a metric ton. Mr. Mascoll defended removing the 40 per cent duty on beef and lamb against Mr. Kellman's repeated points of order about the chicken industry, and Mr. R. D. Jones spoke of the hardship of shoppers on low incomes and called for producers to share in what is sold. Progress was reported and the Sitting was suspended until 1.30 p.m.

On resumption, Hon. G. A. Clarke disputed what he took to be Mr. Jones' picture of working women and said shoppers knew where prices were good. Hon. Miss H. E. Thompson linked high corn and grain prices to the bio-fuel market and to oil at US\$96 a barrel. Mr. Farley gave way to Hon. K. D. Symmonds, who spoke on the limits on any Government in a liberal economy, and Hon. N. A. Lynch argued that port charges had no significant effect on commodity prices.

Winding up, Mr. Mascoll cited the containment of bus fares and the Central Bank's proposed reduction in interest rates, and described a policy based on markups and return on investment rather than traditional price control. Head 20, Head 27 (Ministry of Tourism and International Transport, \$38 500) and the amended Explanatory Notes were agreed. On Order No. 10, \$3 060 174 under Supplementary Estimates No. 4, Mr. Mascoll explained Head 14 as the Automated Tax Administration and Systems Project, including professional fees of \$1.3 million, and it was agreed. Both Resolutions were read and

agreed to, and on the motion of Mr. Farley, seconded by

Mr. Clarke, the House adjourned until Tuesday, 13th
November, 2007 at 10.00 a.m.

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