

# THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1981 – 86

## THE SENATE

*Wednesday, April 21, 1982.*

The Senate met in the Senate Chamber, Public Buildings on Wednesday, April 21, 1982, at 11.10 a.m.

### PRESENT

His Honour Senator the Honourable Sir ARNOTT CATO, M.B., Ch.B., LL.D., (President); His Honour Senator J. C. W. WICKHAM, M.B.E., (Deputy President); Senator the Hon. N. A. BARROW, B.A., LL.B., (Minister of Information and Culture) (Leader of the Senate); Senator the Hon. O'BRIEN TROTMAN, (Minister of State in the Prime Minister's Office); Senator H. R. LINTON, LL.B.; Senator Mrs. E. M. LYNCH, B.A., G.C.M.; Senator C. A. GRIFFITH, (Parliamentary Secretary, Prime Minister's Office); Senator J. E. D. WILLIAMS; Senator D. A. C. SIMMONS, LL.M.; Senator A. P. L. REECE; Senator StC. E. HOWELL; Senator Mrs. M. O. REECE; Senator E. E. GREAVES, B.A., Ed.M.; Senator W. W. HALL; Senator A. W. A. McCLEAN; Senator Mrs. G. G. READER, M.B.E.; Senator C. D. SEALE; Senator the Rev. Can. I. McK. JONES and Senator K. A. ROUSE.

Prayers were read by Dr. the Rev. Lionel Crawford.

### ABSENT

Senators C. I. E. DEANE and Miss J. CLARKE.

### PRESENTATION OF PAPERS

SENATOR THE HON. N. A. BARROW: Mr. President, I have the honour to lay the following documents:

Statements showing Net Customs and Excise Receipts for nine months ended 31st December, 1981.

The Economic Report 1981.

The Report of the National Training Board for the year ended 31st March, 1981.

Amended Statement showing Net Customs and Excise Receipts for nine months ended 31st December, 1981.

Statements showing Net Customs and Excise Receipts for ten months ended January, 1982 and for eleven months ended February, 1982.

The Annual Report and Statement of Accounts of the Barbados Community College for the year 1980–1981.

The Factories (Amendment) Regulations, 1982.

### INTRODUCTION OF BILLS

SENATOR THE HON. N. A. BARROW: There are a number of Bills which are down for first reading and which have not been formally introduced in this Chamber, but appear on the Order Paper. They are items 1, 2, 3, 4 and 5. These Bills Sir, I think will need to be read a first time, and therefore to be properly introduced in this Chamber before I can request permission to move the suspension of Standing Order 45(2) for today's sitting in order to enable us to deal with these matters.

Mr. PRESIDENT: Let it be recorded that these Bills have been read a first time.

SENATOR THE HON. N. A. BARROW: Mr. President, as I intimated a few minutes ago, there are items which we need to take in several stages today, and members would have come expecting to deal with them. Accordingly, I move that Standing Order 45(2) be suspended to facilitate taking these items.

The question was put to the Senate and agreed to.

SENATOR THE HON. N. A. BARROW: Items 1, 2 and 4 will be handled by Senator Griffith, 6, 7 and 8 by Senator Trotman. The order of business which I propose for today is Items 5, 3, 6, 7 and 8 and then 1, 2 and 4.

Mr. PRESIDENT: If there is no objection, that will be the order of the items for today.

Order No. 5 was called — To move the Second Reading of a Bill to authorise the Government to borrow from the Government of Canada for the purposes specified in the Act an amount of money not exceeding the amount as specified and for related purposes.

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, this piece of legislation results directly from the decisions taken in relation to reform of the Law of Real Property. You will recall, Sir, the massive amount of legislation concerning property which was passed in the last Session of Parliament, and the decision to establish a Land Registry System.

The present position, Sir, which it is sought to remedy, with the assistance of the Government of Canada, which has been offered in this respect, and which this Bill will permit us to take advantage of, is that we need topographic mapping to facilitate the land use planning and the establishment of the Land Registry. And this money will enable us to be provided with new maps at larger than existing scales and with related equipment for map storage and reproduction.

What we would be providing, Sir, are facilities, including equipment and staff, and we will be operating in surveying, mapping and land registry systems, once they are developed. But this is about developing the mapping, which is essential to the operation of a successful Land Registry System.

The reasons for pursuing the project include the fact that detailed maps are a pre-requisite for comprehensive land use planning, for agricultural, industrial and residential purposes, and that detailed planning in these areas, Sir, is a key component in our development strategy.

Secondly, Sir, the maps will provide the basis for the establishment of a Land Registry System, as I mentioned before. And the aim of establishing such a system is to reduce uncertainties among persons concerned in the ownership of land and, therefore, to assist in getting its orderly development. A properly established system will remove a lot of the problems which today still lead to litigation.

The maps also, we hope, will facilitate the expansion of an under-utilised tax base of the land, the use of it and the output from it.

The contribution by CIDA, which the Bill reflects, will be \$100 000 in grant funding and a loan of \$1.4 million. The rate of interest is three percent per annum on the amount of the loan drawn and outstanding. Repayment of the principal amount of the loan is in 45 semi-annual instalments of Can. \$30 434.78, and further payment of Can. \$30 434.90, due and payable on January 1 and July 1 in each year commencing on January 31, 1989, and ending July 31 in the year 2012.

You can see, Sir, that the loan is of extremely liberal terms and that there is a significant grace period before repayment begins.

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

Mr. PRESIDENT: It is proposed that this Bill be now read a second time. Senator Wickham.

SENATOR J. C. W. WICKHAM: Mr. President, this Bill draws to my mind the fact that recently, in Trinidad, there has been an announcement of a severe shortage of land surveyors.

The work involved in putting this money to use seems to me to establish a requirement for a great deal of land surveying work.

My point, in raising the question here now, is whether the Government is assured that the supply of land surveyors in Barbados, even including those coming out of the Community College, is sufficient to make this scheme work fairly rapidly; or whether there will be a long hiatus between the actual passing of the legislation and the implementation of the work which is involved.

Land surveyors are making important and very significant demands on our economy, all through the Caribbean, and I wonder if Barbados is in any special position to supply this demand from its own sources.

Thank you, Mr. President.

Mr. PRESIDENT: Senator Howell. Did you wish to catch my eye, Senator Howell?

SENATOR StC. E. HOWELL: Yes, I did. Mr. President, in rising to support this Bill, I take note of the fact that certain sums have been borrowed in order to finance the project. I, Sir, would like to take this opportunity to congratulate the Government in trying to implement a system in this country, which is really long overdue.

The system of land registration, which would subsequently follow as a result of the mapping, would undoubtedly be welcomed by the legal profession in general in this country, and, in particular, to the conveyancers of this country.

Our present system, Sir, even though it has been reduced by the Law of Property Act of 1979, which came into operation in January 1980, has, in itself, reduced considerably the amount of searches that are required to be carried out under our present system.

Prior to that, Sir, well, the law required a period of search for up to 60 years, which was really very tedious, very long, very cumbersome. And a practice had grown up among conveyancers where, by convention, that period had been reduced quite considerably to 40 years. But even so, it was a great relief when that period had been further reduced from January 1, 1980 to 20 years.

However, Sir, the better view is that the system is still in need of improvement, and the best means of doing this is by a Land Registration System. Conveyancing, in itself, will become far more simple; it would certainly be more speedy. The question as to raising some doubt would also be reduced as well.

The Government should be further congratulated, Sir, because, although the system is quite a good system in itself, experience has shown that for a number of reasons it is not a very easy system to implement, and perhaps that is why we have not had it in this country before. But as I said, Government can be commended for taking this very bold step.

It can be noted that in England when the first steps were taken to register land in 1975 — and this was done under the 1925 legislation — that even up until the end of November — December of 1975, the 1925 legislation, itself, had to be amended no fewer than four times in order to speed up the process of land registration, and the rules governing the Land Registration Act and the various amendments themselves had to be amended no fewer than seven times. Therefore, the position in England up to 1975 was that after some 50 years of land registration, only half the land in that country had been registered.

So Government, quite aware of all these difficulties, I must reiterate, must be commended for putting this very valuable and important system into operation in this country.

For one thing, it must surely act as a powerful incentive to businessmen who, in the process of going through conveyances, are quite often faced with large searches, particularly in Barbados within the last 15 or 20 years, where we had large amalgamations between

plantations leading to subsequent land development. And in each and every case various searches had to be made. So that is really a step in the right direction.

The other point I would like to make is the fact that we are not afraid to take measures for the benefit of the country as a whole, notwithstanding we have had a number of criticisms in this Honourable Chamber from time to time as to the times we have been borrowing, and we are bankrupting the country and gestures such as that.

It is noticeable that the person responsible for making many of the charges, which were made during the debates on the Estimates in this country a few weeks ago, is not here today.

The repayments are reasonable, and the Bill, when implemented, will go a long way to assist, not only manufacturing in general, but it should also act as a great incentive to large areas of agricultural land which can now be conveyed much quicker, and I dare say, Sir, much cheaper.

Mr. President, I beg to support the Bill.

SENATOR THE HON. N. A. BARROW: Mr. President, in relation to the point raised by Senator Wickham, Government is seized of the fact that in establishing the Land Registry System, there are, in particular, people whom we have been calling surveyors, and the fact that we cannot at present in Barbados claim to have anything like the number of surveyors we need.

There were two points. First of all, the establishment of the Land Registry System. Things will not happen overnight, it is going to take time to build it up. The second thing is that we have to be looking really to build up the personnel resource in order, effectively, both to bring in the system and also to operate the system, and it has been fully brought in.

That really was the point raised. Senator Howell was not raising a point, he was merely giving support to the Bill. I believe that was really the only point that emerged.

The question that the Bill be now read a second time was put to the Senate and agreed to.

SENATOR THE HON. N. A. BARROW: Mr. President, I beg to move the Senate do now resolve itself into Committee on this Bill.

The question was put to the Senate and agreed to. Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

Clauses 1 to 4 inclusive were called and passed.

**SENATOR THE HON. N. A. BARROW:** I beg to move, Sir, that the Senate be now resumed and the Bill reported.

The question was put to the Senate and agreed to. Mr. CHAIRMAN left the Chair and Mr. PRESIDENT resumed the Chair.

**SENATOR THE HON. N. A. BARROW:** Mr. President, I beg to report the Bill has passed the Committee without amendment, and move that it be read a third time forthwith.

The question was put to the Senate and agreed to.

**SENATOR THE HON. N. A. BARROW:** I beg to move this Bill do now pass.

The question was put to the Senate and agreed to.

#### THE INCOME TAX (AMENDMENT) ACT, 1982

Order Number Two was called — To move the Second Reading of a Bill to amend the Income Tax Act, Cap. 73.

**SENATOR THE HON. N. A. BARROW:** Mr. President, we have before us a number of Bills which arise out of the Budgetary Proposals of March 31, but this is not one of them.

I am referring to these, because I recall in the days when there was a Senator Connell in this Chamber, that at Senator Connell's insistence the point had been taken on more than one occasion that debate on the Budget takes place in the Other Place and that there should be some opportunity to debate the Budget in this Chamber. This year, for the first time, there are Bills coming down sufficiently soon after the Budget Debate in the Other Place as to facilitate a debate in this Chamber on the Government's financial proposals for the year.

Most of the items which Senator Griffith will be dealing with in a little while arise out of the Budget.

In this case, this arises out of the 1981 Budget Speech and relates to the tax year 1981. It is a matter of an amendment to the Income Tax Act, which is relevant, particularly at this time when so many people are submitting their Income Tax returns. Indeed, I hope all of us in here would have done so by the end of this month.

The Bill seeks to provide for new shares purchased in a public company, to make provision for a tax relating

to the purchase of new shares in a public company up to a limit of \$2,000 in accordance with the Budget Speech of 1981; to include provision for permitting members of credit unions to claim as a deduction their annual deposits not exceeding \$600 after the initial qualifying period of two years; to increase the single personal allowance from \$1,600 to \$2,400 and a marriage allowance of \$4,500; to grant tax credits as follows: persons earning a gross income of \$6,000 a credit of \$360; persons earning more than \$6,000 but up to \$7,000 a tax credit of \$240; persons earning between \$7,000 and \$8,000 a tax credit of \$120.

The Bill also seeks to exempt subscriptions to trade unions or statutory associations of employees up to a maximum of \$240 annually, and to provide exemptions for subscriptions to political parties represented in Parliament up to a limit of \$4,200 per member or 10 percent of salary, whichever is the less.

In addition, Sir, the Bill is making provision to permit a 40 percent investment allowance for companies involved in the manufacture of products from clay or limestone.

At the same time, Sir, let me put it this way, the decision on exemptions concerning trade unions and subscriptions to political parties were incorporated by insertion into the principal Act as a new paragraph (t) to section 9. It has since been considered that the provision was made in the wrong place of Cap. 73 and that it should have been placed in Section 10 instead of Section 9.

Those are the things which the Bill seeks to do. I may emphasise again, Sir, that it is not one of the finance Bills arising from this year's Budget, but it is a financial Bill which seeks to give legal effect to a part of the 1981 Budget and which, obviously, will have to be brought into law almost immediately, since this is the month by which people must have made their returns to the Commissioner of Inland Revenue. All of the justifications and all the arguments concerning the subject matter of this Bill would already have been heard, and I therefore do not propose in the Second Reading speech again to read the justifications for something which is really a good year old already.

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

**SENATOR A.W.A. McCLEAN:** Mr. President, although the specifics of this Bill do not relate to alterations proposed by the recent Budget Speech, nonetheless it deals with the question of Income Tax and incomes, and these are matters addressed by the Prime Minister and Minister of Finance in his Financial Statement and Budgetary Proposals.

Indeed, the question of incomes policy looms fairly large in the whole budgetary exercise, and so I think this Bill affords us a proper opportunity to look at matters pertaining to the recent Financial Statement and Budgetary Proposals relating to Income Taxes and to incomes. And in this regard, I would like to draw attention to the Government's expressed view that it intends to pursue a fairly rigorous policy of income restraint during the coming period.

I would, once again, like to caution the Government against over-enthusiasm in this direction. In order to do this, I would like to direct attention towards certain, what I would call infelicities, to borrow a word from the Prime Minister, which appeared in the Financial Statement and Budgetary Proposals.

On a previous occasion, I pointed out that the views regarding the merits of wage restraint in our economy were predicated on a faulty analysis. I do not want to go over the points which I made on that occasion, but I would like to direct attention to one specific false inference, which I believe impresses upon Government the urgency of an incomes policy, and that statement is to be found in the Financial Statement on page 21.

This is a document which was tabled in Parliament and circulated to members of this House, the Financial Statement and Budgetary Proposals, which I think is a document of this House.

On page 21, in the final paragraph, the first sentence, it is stated that "some 70 per cent of total consumption in Barbados is met by imports".

It is this view, that 70 per cent of total consumption in Barbados is met by imports, that when we go to the supermarket and spend a dollar that 70 cents go for imports, it is this view which I believe has impressed Government of the urgency of an incomes policy.

I want to say that this view is not only wrong, but very very wide of the mark, and I think that this statement is an inference drawn from another statement which is correct, which is also contained in the Financial Statement at page 13.

On page 13, it says, there, towards the end of that long paragraph,

"Despite progress in import-substitution, the facts of life are that Barbados as a small open economy, imports by value an amount equal to over 70 per cent of our Gross Domestic Product — which is the annual value of the output of all goods and services in our economy."

Now that statement is correct, but it does not imply the other statement that a similar percentage of what we consume is imported. I say this statement is correct because it is verified by statistical information given in the Economic Report for 1981 at page 21 — I think this is also a document of the House, Mr. President, — where it is stated

"In 1981 the provisional Estimates indicate that imports of goods and services represented some 72.5 per cent of our Gross Domestic Product at market prices."

But one cannot make a direct inference from that as to what proportion of goods the consumer is importing. The reason why you cannot do that is because the goods which we export also embody imports — and here I am thinking, not only of the physical exports, but the goods and services which we sell to tourists also embody imports — so these imports, as recorded in this table, do not relate only to things consumed by us. They are not exclusively components in our expenditure by the private sector and consumption expenditure by Government. It also relates to expenditure by tourists, expenditure by people overseas, who buy our manufactured goods and so on.

And so, basically, if we take, for argument's sake, the simplifying assumption that imports are spread evenly over all sorts of things that we produce here, it is not quite true. If you make that simplifying assumption to begin with, and say that the import content in what we buy is the same thing as the import content in relation to what the tourist buys from us and so on, then the appropriate ratio in terms of the import content in what I call the augmented output of the country — augmented output meaning our value added plus the imports added together — would not be 72.5 per cent. It would be  $72.5 \div 172.5 \times 100$  per cent, which is 42 per cent and not 72 per cent.

And therefore, if you think of it as 42 per cent, the urgency of an incomes policy might not impress itself on Government to the same extent, because then one would not be perceiving that for every dollar you increase wages that .72 cents would be left. I have already indicated that that is not the case anyhow.

Even though you do not wish to accept that aspect of my submission, I am saying that it is wrong to perceive that because our imports are equivalent to 72.5 per cent of our incomes, that 72.5 per cent of what we consume is imported. You only have to contemplate the difference between the C. I. F. price and the final price of any goods and see that that figure does not really hang together very well.

Therefore, the people who would alarm us by stating that the figure of .70 cents to every dollar that you give to a worker you must look for in your imports.....It may be well-intentioned, but they are really misinforming us and stampeding us into irresponsible action.

It is even arguable that it is less than 40 per cent, because apart from sugar and rum, the import content in a lot of our exports, and things imported by INTEL and a lot of these people, the offshore industries and so on, is higher than 42 per cent. The import content in tourist expenditure may be even higher than that, and if you have components which are higher, the residual components will have to be less; and there are a lot of things which we spend money on where the imported contents is low.

We talk about the low imported content on sugar. We spend a lot of our money on sugar too; and not only sugar but fish and a lot of agricultural produce, and many other locally fabricated things that are based on local raw materials. We have our local services — when you go to a barber and all that. In these, the imported content is very low, so basically my own view is that the imported content, on an average on the things we buy, is less than 42 per cent, and we need not be so alarmed.

Apart from that, even if it were 90 per cent, the analysis would still be faulty because, as I pointed out last time, there are other off-setting factors which neutralise the point made by the Governor of the Central Bank and so on. And in that area, I think that the Government is stampeding into an action which I think is not in the best interest of the country.

Again, in the Financial Statement, the Minister of Finance and Planning and Prime Minister made a very valid point, that you should not allow wage increases in the public sector to force you into Current Account deficit. You should not have to go and borrow money to pay wages. That is a very valid point.

On this basis, I believe that Government is believing that they have enough money to afford a 7.5 per cent wage increase, or something like that. I suspect, being true to that particular line, and being true to the type of statements which were made about wage restraint in the public sector, and wage restraint of 5 per cent wage increases, that the Government is probably trying to achieve this.

I would like to suggest that in terms of the Budgetary Proposals, which will be coming before us — we will speak to them in specific detail when they come — that the proposals permit Government to offer increases way in excess of this, without running any deficit on Current Account.

And let us take the figures as given by the Prime Minister and Minister of Finance and Planning.

He has identified about \$30 million in additional revenue and later we will discover that there were certain elements of revenue which are not identified and quantified, and there are others which, I will point out in a while, were under-estimated. But he has identified \$30 million in additional revenue and he says that he has given certain concessions to the tune of \$2.5 million or something like that, so the net increase in revenue will be \$27 450 000.

He says that in his budgeting he wants to maintain the overall deficit on Current Account and Capital Account to about \$130 million and in the Estimates, which we approved the other day, that is projected at \$142 million. So it means that out of this \$27 450 000, that the Government, if they are consistent with what they are saying, is anticipating that \$12 million of this will go to reducing that deficit from \$142 million to \$130 million and the remainder, \$15 450 000, is to pay civil servants. Some \$15,450,000 in relation to the wage bill at existing levels in the Estimates, at \$204 million or thereabouts, is in the vicinity of 7.5 per cent, and I believe that that is the way in which Government advisors do the work for them.

But the first thing which has to be recognized is that when Government increases civil servants' salaries, they do not just pay out money and that is the end of the process. They get back revenue directly and indirectly because of those wage increases. Directly because of Income Tax deductions and indirectly as people buy, goods and services, because these goods have a tax component; and as they buy goods and services they create income for other people and those people have to pay Income Tax on that additional income. And when they spend the income over and above the tax, they too buy other goods that have a tax component.

So you will find that that expenditure of increases in civil servants' salaries for Government, in the context where they have already set the level of taxes, they are not now increasing the taxes again so they would not have that complicating process that I discussed earlier. They already have the taxes in place, and this is money that they already have there and they are going to spend it.

It is not as though the process on the other side has increased taxation. That would generate additional revenue for Government and I would estimate, conservatively, that the relationship between any expenditure on wages and salaries and the flow-back in revenue for Government, directly and indirectly, would be about 40 per cent. And if they want their budget position to be affected to the tune of \$7.5 million negatively by increasing salaries, they would have to increase the salaries

by that figure, \$15 450 000 multiplied by 100 over 60, which would give them about a 12.5 per cent wage increase.

It may be that the people did not advise them first time around that it was 7.5 per cent — they might have advised them correctly and Government is actually bargaining for a 12.5 per cent wage increase — but I still suggest that that is far too low. It is too low, because given the fact that prices would have increased by 30 per cent since the last wage increase, the workers would be about 18 per cent worse off, meaning that they can buy 18 per cent less than they could have bought, say, two years, around about April 1980.

That would result in the contraction in those industries and those services being provided by Barbados. It has already happened and it has put restraint on people until the next wage increase. Government should move to give increases every year. And we have to shift Government from that position. I am saying that this 12 per cent is not good enough, and Government has been trying to urge the public to abide by this.

Now, Sir, I would like to direct attention to the surcharge on Stamp Duty Tax, which has been estimated, in terms of the public, to yield about \$2 million of additional revenue and of taxable income for corporations. But our Estimates, which we approved the other day, estimated 45 per cent Corporation Tax as yielding \$63 million. What the person did, when doing the calculation for the Minister of Finance, was to relate the tax to the Corporation Tax, so that 3 per cent of \$63 million is just under the \$2 million mark — it is \$1.9 million which they entered — but 3 per cent of that level earned by Corporation Tax, that per cent would yield \$4.2 million. And the \$63 million is not over estimated.

You know it would have been normal if we did not have certain stresses in our economy, but the biggest single error, it seems to me, relates to the estimated revenue from the Stamp Duty on international trade. In all, just that one item in the Budget is identified as \$8 500 000. Now, as you look at the table, you can find from the information on a different number of pages that the value of imports into Barbados was in excess of \$1 100 million. If inflation alone is going to take that figure over the \$1 200 million, that would be a modest amount. The actual cost would be a decline. We do not expect that to happen in this coming year, but if you put it at \$1 200 million, 2 per cent of that is \$24 million.

Now there are exemptions, like things imported by Government, certain approved industries and capital machinery. The way it is written, it would apply to CARICOM goods. Even if they were exempted, it still

would not come to that amount. In my opinion, the Stamp Duty tax would yield 100 per cent more revenue than is estimated — this is the Stamp Duty on international trade.

If my analysis is correct, the tax that is envisaged would support a healthy wage increase, which is necessary to save this economy. And this can be granted and you can still maintain a healthy financial outturn, even at this time.

There are other areas in which we discovered that we have been fairly conservative in the estimation of the outturn on some of these impositions. I do not know if any one went into it at all. Some of them I do not know what percentage they could have on them. I am supporting the amendment at this time because I am submitting to Government that there is no necessity for an extreme policy of wage restraint. Any such policy is highly dangerous and would lead to harm.

I thank you, Mr. President.

SENATOR THE HON. O'B. TROTMAN: Mr. President, I do not want to get into a wage increase today with Senator McClean. I found out that he set up his own defence and destroyed it. The last point which he most faulted was the question of Stamp Duty on international trade. One cannot take the global figure of reports and apply. It would be influenced by details made by entries made through Customs. It is probably slightly conservatively estimated, but we do not think it would come anywhere like 100 per cent increase.

The question was put to the Senate and agreed to.

On the motion of Senator the Hon. O'B. TROTMAN, the Senate resolved itself into Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

#### COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses one and two inclusive were called and passed.

Clause three was called.

SENATOR THE HON. O'B. TROTMAN: Mr. Chairman, I beg to move that Clause three do now stand part.

Mr. CHAIRMAN: It is proposed that Clause three do now stand part.....Senator Simmons.

SENATOR D. A. SIMMONS: Sir, just a question for the Government on the whole question of interest and taxes payable on interest at banks.

I know that it has been the policy and the law, which we have inherited from England, Sir – in particular the 1952 Income Tax Act of England, which we have tended slavishly to follow – that if a person has money on deposit in a bank that the interest accruing from that deposit attracts tax in Barbados.

I believe that as a broad matter of principle, there is some incongruity in that, Sir. On the one hand, the Government is encouraging people to save – put your money in deposit accounts, in national bonds, in co-operative societies and so on; invest in public companies where you get an exemption for \$2 000 invested in the new company and so on – and at the same time as you are encouraging people to save, since all of us see Income Tax as a penalty, Sir, you are virtually penalising when you make the interest that accrues from these savings taxable.

I would wish to know from.....

SENATOR the Hon. O'B. TROTMAN: Mr. Chairman, Sir, before he wishes to know, I rise on a point of order. We are in Committee and really I do not see the question being raised under Section 3, Sir.

Section 3 specifically deals with savings under the savings co-operatives, the question of subscriptions to trade unions and statutory authorities and political parties. I am trying to find the point being raised under this particular subsection, Sir.

I respectfully submit, Sir, that he is slightly going back into a Second Reading speech which he missed after Senator McClean sat down. I do not think he can have that, Sir.

SENATOR D. A. C. SIMMONS: Sir, what I said is on the record already, and I will repeat it at a future date, Sir. (Aside)

The question that Clause three stand part was put to the Senate and agreed to.

Clauses four to nine inclusive were called and passed.

On the motion of Senator the Hon. O'B. TROTMAN, the passing of one Bill in Committee was reported to the Senate and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of Senator the Hon. O'B. TROTMAN, the Bill was read a third time and passed.

Mr. PRESIDENT: There seems to be a change again in the items. The Minister would like to take the Bill

dealing with Stamp Duty as the next order. If there is no objection, read that order. (SENATOR the Hon. O'B. TROTMAN: Do you want to object Wes?)

### STAMP DUTY (AMENDMENT) ACT, 1982

Order Number Two was called – To move the Second Reading of a Bill to amend the Stamp Duty Act, Cap. 91.

Mr. PRESIDENT: Senator Griffith.

SENATOR C. A. GRIFFITH: Mr. President, this Bill simply is introduced to give effect to the Budgetary Proposals given by the Rt. Hon. Minister of Finance in the House on March 31, 1982.

But before I sit down, I would just like to bring to the attention of this Chamber that there are certain amendments, which have been circulated, that must be made to this Bill.

Mr. President there were some errors made, genuine errors made in the Lower House – and I note that some comments were made about these errors in a newspaper article – but as a result of the errors, there were some representations made by some companies that would have been affected, and we were doing our own in-house work to make the adjustments.

When this Bill passes this Chamber; it has to be sent back to the Other Place in order for it to become effective.

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

SENATOR A. W. A. McCLEAN: Mr. President, first of all, there is a particular point in the Bill relating to the Stamp Duty on the insurable income which, as I search, I cannot find any particular reference to it anywhere in the Financial Statement and Budgetary Proposals as circulated to members of this Chamber, and I believe to Parliament. I do not know if there was a verbal modification when the Minister of Finance and Planning was making his address, but there is no reference to it there, and certainly there is no reference to the amount of revenue which would be realised by that particular provision.

This, I notice, is going to be subject to an amendment where the duty of \$10 will be changed to a duty of \$2, which is one-fifth. I believe in terms of what exists up to now, prior to this change which will be implemented, that the change would double the present duty.

I, myself, had intended indicating that the original \$10 was entirely untenable. And it would have made it undesirable for insurance companies to issue any policies

at any time in the future, because in any particular income year they would have been paying more in Stamp Duty than they would have been collecting on most policies, and I think that is a situation into which insurance companies would not voluntarily enter.

The adjustment has removed this problem for most types of policies, endowment policies and even life policies, but there is still the problem in relation to term insurance.

In actuality, the 2 per cent of the sum assured is in some instances more than one year's premium on term insurance. If the person is particularly old, it will be a little less for one year's premium. This would mean that, in actuality, a company would be providing cover on term insurance for someone during a given year without getting any revenue at all out of that, and I would think that this would lead companies to hesitate to offer term insurance policies.

These are the policies where you pay some money for cover, you do not get back any income at the end of the period, but it is the essence of insurance. That is, in my view, the single most important function of insurance, to provide protection against risks, and the other things about profit sharing and all that are things built on to the basic function of the insurance company.

Term insurance is necessary for many young people who are, for instance, taking out a mortgage and already extended to the hilt in terms of identifying enough funds to hold down a mortgage in the first instance, but they are required to insure the property and also their own lives to a value at least equivalent to the mortgage. Usually, the only feasible way of doing that for most people, and indeed the most sensible way of doing it, is term insurance.

I would hope that when the time comes to discuss the question of amendments to that particular section that some consideration would be given to a further amendment which would either exempt term insurance policies or have a lower Stamp Duty on term insurance policies, because the present level makes it not a good proposition for insurance companies.

I would also possibly like some information on the tax base in relation to a number of provisions in this Act. One provision relates to the Stamp Duty on international trade, and I would like to know what tax base was used, how it was estimated that it would yield \$8.5 million. Also, we have some adjustments which are being proposed, and I would like some indication as to what those adjustments would mean, in terms of revising the projected revenue as given in the Budgetary Proposals.

Thank you, Mr. President.

SENATOR D. A. C. SIMMONS: Mr. President, almost on every occasion of a Budget Speech, the Stamp Duty Act is fair game for interference or amendment. What bothers a number of lawyers about the new arrangement is not only the level of increases, but the fact that under this Bill, they have to pay more in regard to the filing of documents in relation to litigation.

Lawyers are now going to be required rather than pay money or a cheque over the counter to the Registration Department, they will have to send their Clerk or whoever and buy the stamps first, and then affix the stamps for the value of the particular document on the face of the document, then they will be accepted by the Registry, which then issues out a certificate.

Needless to say, the Registration Office is not geared at the moment to carry out all the matters envisaged by this Act, and the correlative matters envisaged by the new Rules of the Supreme Court. So that there has been some hiatus in the speed of transactions in terms of litigation over at the Registry.

I would like to know from the Minister, in his reply, whether any of these problems has been drawn to the attention of the Government, and what plans Government has made to deal with them.

By way of suggestion, I would offer that perhaps it might be an idea — for the convenience of the public, and to a lesser extent the lawyers — for the Post Office to set up a Kiosk, a depot, a department, a branch, whatever you like to call it, in and around Coleridge Street, or within the precincts of the Registration Office, if space will allow — because that department at present is heavily overcrowded — but some where in that area — so that the public and the lawyers would have easier access to the purchase of stamps, rather than having to come over here and then you get a crush on this department with other people who are buying the ordinary stamps for normal postage.

Perhaps it would be something that Government should actively consider, and with a high degree of speed.

I see that the definition of stamp is not only the adhesive stamp which you put on a parcel, a postal packet, but also allows for an imprint. Perhaps if such a mechanism could be set up at the Registry, that perhaps may obviate the need for the Post Office to set up its department over there.

I want to hear from the Parliamentary Secretary, who introduced this Bill, as to what are Government's intentions in respect of that matter of the administration of the Stamp Duty Act in relation to the litigation of the new Rules of the Supreme Court.

I see that 10 cents is chargeable for each traveller's cheque not exceeding \$50; and for each cheque exceeding \$50, a 50 cents stamp.

I wish to return to a theme which was broken mid-stream just now, Sir. If I have a bank account in which I deposit money as well as traveller's cheques, — I want to be relevant — on which I pay my 50 cents and my 10 cents in a savings account, at the end of the year that savings account attracts tax.

It is my submission, Sir, that if Government is seriously asking people to save and encouraging savings — and one year was declared National Savings Year, I believe 1979 — and there have been incentives given undoubtedly to encourage savings — if Government is doing that on the one hand and penalising you by way of making your deposits, including the deposits of traveller's cheques which carry Stamp Duty, liable to tax, then it seems to me that there is a disincentive. (Asides) I have not got around anything; I have got it in, and I would wish to hear the views of the honourable Parliamentary Secretary on this matter.

My submission is that it is very relevant. If he has no views and he is trying to escape on the grounds of relevance, then he can openly say so. But I think the time has come when Government must seriously give some thought to those who deposit money on savings account.

It does not affect me. I have never had one because I am not paying any more tax than I have to legally, but there are people who have deposit accounts. I only have a chequing account, Sir.

And now that there is a further 50 cents imposed on those who may receive traveller's cheques and deposit them and a ten cents and so on, it seems to me that there is an additional burden for the depositor. That is all I want to say on this particular Bill, Sir.

SENATOR H. R. LINTON: Mr. President, I simply want to raise one point on which certain representations have been made to me.

I am concerned with the tax imposed by receipt or discharge for any payment made or expenditure incurred by way of indemnity against loss or damage of, or to any property in Barbados by fire or otherwise. The tax imposed is 1 per cent of the sum insured.

Now certain representations have been made to me, that perhaps it would be more equitable if the tax imposed was 1 per cent of the sum paid out, since obviously the insured person would have to meet the cost of the stamp because he is given a receipt in discharge.

I am particularly mindful of the question of chattel house owners, because we, as a Government, are actively encouraging insurance companies to insure chattel houses, those which are eligible for insurance, and it is this type of owner that would be most affected by this provision, because they tend to have — when they have losses, except the house is, of course, burnt down — small claims .....

Mr. PRESIDENT: Just a minute. Did you get an amendment circulated dealing with that particular point?

SENATOR H. R. LINTON: I did not. If there is an amendment I will take back the point.

Mr. PRESIDENT: I thought all honourable members had been circulated with these proposed amendments.

SENATOR H. R. LINTON: I have not got that. I did not have it among my papers. Now I see there is an amendment to 1(c), 1 per cent of the indemnity. That is the exact point I wanted to make.

Mr. PRESIDENT: I am just trying to save the Senate time.

SENATOR W. W. HALL: Sir, I would like to say that the Stamp Duty would seem to me not to be much different in principle from the Consumption Tax, which we will probably discuss later on.

From the very beginning, I would like to say that it would be a good idea if the Government seeks to remove the Stamp Duty from food imports and medicine. I say this because when you look at the situation very carefully, you will notice that in 1981 food imports were \$162 million. Two per cent Stamp Duty on that would be in the vicinity of \$3.2 million — but, Sir, the cost does not really go up by \$3 million to the consumer. It depends really on the level of mark-ups, and, with that in mind, I think that it would be a good idea, as I said, if the Government would pay some special attention to this matter.

In the area of medicines, with due regard to the fact that the polyclinics have been closed, I think that people in the lower income bracket — I think I will choose my words very carefully for the benefit of Senator Griffith — would find it increasingly difficult with the imposition of this added tax. It is an inevitable burden. It is not only the lawyers, as Senator Simmons said — they too have their worries — and even the insurance companies and business people will reel under the effect of this Stamp Duty. I think the man in the street, the average man would welcome this idea. The Government often says that there are no ideas coming from the Opposition, only criticisms, so I think it would be a good thing if they look at that idea.

Now I think we all know by now that the 2 per cent of the C.I.F. value of our goods is a different story from the 10 per cent fixed charge on every warrant, and it is estimated that this tax would bring in something to the tune of about \$8 million.

Senator McClean alluded to the fact that he believes that it would yield more than 100 per cent — he said about \$16 million. He quoted figures, Sir, and being an economist, I believe that most people would believe him; although it is strange that the Minister, when he replied — in fact I do not think he replied — said that he did not think it would bring that much. And that was the sum total of his contribution as far as a reply to Senator McClean's contention was concerned that the Stamp Duty would bring in at least \$16 million.

Now I personally believe, although I am not an economist like Senator McClean, that the ability, however, to add and subtract is paramount here. There is no big thing, Sir, about it. My view is that in the 1930s and 1940s, we saw the great economists of this country — and that would be my foreparents and your foreparents — operating on a very meagre budget and somehow making the grade against overwhelming odds.

You see, Sir, when Senator McClean comes into this Honourable Chamber there seems to be a silence all the time and nobody replies to him. I do not know if everybody understands, Sir, but the point is that he said some very alarming things in this Senate that need replying to.

I do not propose to go as far as he did, but what I would say is that I, too, believe that it is under-estimated, Sir, because in 1981, the total imports was \$1.1 billion and the re-exports were \$131 million. And if you were to take the total imports and subtract the re-exports and allow for the exemptions, Sir, it would seem to me that it would be in the region of \$1 billion; and 2 per cent of that, Sir, to my mind, would go near the mark of \$20 million. I am only saying that just the ability to add and subtract is all that is needed here.

Now Senator McClean alluded to another set of figures, Sir — and being a trained economist it was impressive — but I am just saying that those figures are figures that anyone in this Chamber can check if they read the information that is given to them as Senators. So I believe that it is underestimated, I agree that it is underestimated, and I feel that there is no need for us to feel that there is a little money to get out of it, \$8 million — it can be seen by all and sundry that at least 100 percent, and even more than that, will accrue from this Stamp Duty.

Now, Sir, the people in the manufacturing centre are bailing for murder, Sir. They are in trouble. (Aside) They feel so anyhow. They feel that they are in trouble because they feel that the companies not under the Industrial Incentives Act — for instance, those on tax holiday and registered with the IDC would have added burdens, and to that extent they feel that most of them would be in a lot of trouble.

It is true that the insurance companies, too, when the announcement of the Stamp Duty was made, were seemingly in trouble. The subsequent adjustments that have been made seem to allay their fears, Sir, and perhaps that is a good thing, because we cannot have everybody really crying out about it. Because if that is so, there would be a good case for the Government having more than a second look at this entire Stamp Duty, Sir.

I would say that when one considers that most businesses can pass on the burden to the consumer — it is well known, Sir, it is always done. They can either pass it on to the consumer or absorb it and if it is absorbed, it is obvious then that they would have less profits. Since everybody seems to be profit oriented, Sir, I believe that the answer, in most cases in Barbados, is that it would be passed on to the consumer. When this is done, Sir, it is an obvious spiral in the cost of living and you will find that people will be worse off. There would be an obvious burden on the smaller man in the street.

If companies get into trouble — for instance, if they have a drop in their sales — there is always a way out for them; and it spells doom for the workers because it is easy, in the circumstances, to retrench them.

I recall, Sir, during the Estimates debate that in most of the Heads it was quite clear, when looking forward to budgeting for these departments, that the emoluments were always decreased — I should say, most times decreased — and it is obvious that the only way this could be done, since it is obvious that you would have to be thinking of the increased wages for workers, is if you have less workers — inevitable retrenchment.

Although this was not really the answer when the question was posed, it is obvious that workers have been laid off. And when you get workers being laid off, when you realize that some of them have to pay more tax, when there is talk about wage restraints at the same time, you will see, Sir, that there is little wonder that people get very confused and upset.

Sir, Senator McClean alluded to the fact that the income restraint was predicated on false analysis and there were some false influences which impressed upon the Government for an incomes policy. We have heard before in this Honourable Chamber, Sir, Senator McClean's

attack on the high interest rates. He has alluded to the fact that the \$40 million or \$42 million in the sugar industry was not as big a thing as most people were making out and, Sir, I have waited for months to hear a reply from the Government to Senator McClean. If it is from this side attempts are made, Sir, to answer, I can only assume that Senator McClean is the repository of all economic knowledge and obviously anything he says is not questioned.

But, Sir, I feel that we in this country will find it very difficult if the measures that I suggested are not implemented, because I feel that the person further down the ladder will definitely feel the pinch.

Because you see, Sir, in most cases, even in the case of Consumption Taxes, you find that there are people who have a large percentage of their income spent on the very items that are taxed. It is all right for the chap who will find that a large percentage of his income will not be necessarily taxed. To that extent he does not feel the pinch as readily or as quickly as the man at the bottom.

And I think that this is really my concern, and I feel that if these things are looked into at this moment, as was indicated in this Senate today, I am quite sure that we would be in a better position to tidy the situation and allow the people of this country not to unnecessarily get into the hard times that they seem to be heading in, because it was also said that we should not merely be stampeded in the wrong direction into areas that are not in the best interest of the country.

I take this to mean that since perhaps the weak and strong, the top and the bottom, the rights and the wrongs, the ins and the outs, all of us seem to be in this together, it would seem, to me that the Government must take notice of the cries of the people and understand where the people speak out strongly in these measures, they should take definitely notice and do anything that they can do to alleviate the situation.

Mr. PRESIDENT: Senator Seale.

SENATOR C. D. SEALE: Mr. President, I rise to support this Bill. I also rise to support Senator Hall's suggestion that certain items be exempted from the Stamp Duty, Sir.

I would suggest that items that were originally permitted duty free entry into this country should continue to be duty free. I am referring to items like bulk rice, which has never paid duty, salted fish or animal feed.

Sir, I think it would go counter to the policy of the Government if now in their helping and pushing

agriculture that all of a sudden we have a 2 per cent Stamp Duty on feed.

On the side of animals, let me enlighten the Senate, that for the first time in the history of racing we are going to pay 2 per cent on the C. I. F. value of a race horse when it arrives, Sir, so a horse costing \$25,000 to \$35,000 is going to attract \$500 to \$600. And while I am not asking for any relief on that, Sir, I do think that we could get relief on things like corn, soya and the feeds that we bring in, which are used, not for horses so much, but for poultry and cattle.

I thank you, Mr. President.

Mr. PRESIDENT: Senator Greaves.

SENATOR E. E. GREAVES: Mr. President, I am very concerned that most of the Senators who have spoken here this morning have spoken about the implications of the Stamp Duty, indeed the revision of the Stamp Duty Act which we are considering here today, because I believe that the overall effect of the imposition of the 2 per cent on a wide range of areas, economic activity and services will continue to have an inflationary impact on our economy.

From notes which have been taken, it would seem as if Senator McClean had estimated that rather than this Stamp Duty yielding \$8 million, it would yield in the vicinity of \$16 million. It is fairly clear that one has to recognise therefore the overall impact of this particular measure.

Senator Hall has, in my view, done a fairly interesting analysis as to the amount which could possibly be raised by the imposition of the Stamp Duty, particularly on those items which are imported. And he used the reference on page 60 of the Economic Survey, and he indicated that in 1981 if we were to use that as our base, we imported somewhere in the region of \$1.1 billion in goods and we exported \$135 million.

In allowing for making the kind of allowances which Senator Hall made it is fairly clear that a total would be in the region of a billion dollars and estimation of 2 per cent of that would come to the region of \$20 million. But added to that, of course, is the fact that he did not take into consideration the amount of money which would now be raised in the area of the other services on which the Stamp Duty is imposed.

I said I am very concerned about this because I can see the kind of impact which this along with the Consumption Duties, which have to be paid — and later in the day we will be examining legislation to further raise and extend the impact of Consumption Duties —

one can very well see the very difficult situation in which people are being placed in this country.

Already, we are seeing the impact of the Stamp Duty. The price of cement increased, I think last week, by 30 cents per bag because of the imposition of 2 per cent. Thirteen cents per bag.

You can see if this is added and totalled, in terms of, let's say, construction, the impact it will have — added, as I said earlier on, to the other impositions which we will be discussing later. I am concerned about this and I certainly believe that any reasonable and right-thinking person in this community must express some concern.

I am not at all surprised that Senator Seale rose to support this Bill. I certainly would not want to accuse him of having a vested interest, certainly not. But what will happen with a businessman, as has been explained to me, because I asked a businessman, is that after the C. I. F. value, plus duty, plus Consumption Tax, and then Stamp Duty, after all of these have been added, then they add their profit margin. So it is in the interest of the business community to have these kinds of impositions because, quite naturally, their profit margin would, and could easily, be increased as a result of having to impose a profit on a higher amount, in terms of goods and services which are provided in this country.

I would like to support Senator Hall, my colleague, who has made a very serious and fundamental point that food items and medical supplies should be exempted from the payment of Stamp Duty.

I noticed that Senator Seale rose to support that also. Of course, again, it is interesting you know that he did not even allude to medicines — I do not know if horses do not use medicines.

But the point is that one has to be serious about these things and to recognise that people are finding it very, very difficult in these days to make ends meet. And we find that we have a Government which is imposing higher and higher taxes, more and more taxes, on people in this community.

And I believe that it is reaching the breaking point. It is reaching a breaking point. People just cannot, Mr. President, just cannot take this kind of pressure and this kind of imposition any longer.

I would therefore advise and urge the Government to think very seriously about the proposal which has come from this side relative to the removal of the Stamp Duty from food items and from medicines.

Animal feeds too I would suggest that this would be also an area. I can agree with Senator Seale on this particular area because, I mean, if we are talking in terms, not necessarily feed coming for horses, but the wide area of animal feeds. Particularly, if we are talking in terms of encouraging that aspect of agriculture and then we are coming and giving incentives one way and imposing taxation another way, it seems to me to be counter-productive.

I would hope that efforts would be made to bring about some change in this particular area, as far as the recommendation from Senator Hall is concerned, and that this be done as soon as possible.

Mr. President, you know I am a person who has been very critical of this Administration. From time to time, I have said, and I have been able to demonstrate, that the Rt. Hon. Prime Minister, far from being the wizard and the genius that he is reputed to be, in many instances has demonstrated very clearly that he is not the master that he has been touted to be. And I have said that the policies which he has instituted in many instances demonstrate that he does not know what he is doing. Today, we have a very clear indication of this.

Take the imposition on the insurance companies. I am not at all surprised, Mr. President, that they have moved in with amendments today — not at all surprised — and it could not have been the result of an error. It could not have been the result of an error — either the Prime Minister was badly advised by his officers or he did not at all consult his officers about a measure and the implications of a measure such as this.

And so we have the Government now in an embarrassing position, if that Government could ever be embarrassed, of having imposed a tax about two weeks ago not realising the implications of the tax; and when the facts were presented to the Government, then the Government realised what it is that they had done. What kind of nonsense is this? What kind of leadership are we getting in this area?

I think it is a very clear indication on this side that maybe the pressure is so hot and the Prime Minister's head is so hot that that might very well be an explanation. But, of course, we cannot excuse him for this because this is a very serious matter, a very, very serious matter. Because if the proposals had gone through, as set out in the Budgetary Proposals, they would have brought about chaos in the insurance industry and policy holders would have had to bear the burden of this imposition.

Luckily, Sir, the Democratic Labour Party spotted and made an expose, an exposure of this big *faux pas* on the part of the Government, with the result that we now are here today seeing amendments being moved to correct

a very serious error of judgment, a very, very serious error of judgment, on the part of the Minister of Finance. And I believe, Sir, that this is a very serious indictment on his Administration and on his ability to make proper assessments in financial and economic matters. I am very serious about this.

So, Sir, as I look at this, I think that we on this side have expressed our concern. I indicated that I would not be speaking long on it, but I thought that I could not have allowed this opportunity to escape me and not make the comments which I have made; and, of course, to support my colleague, Senator Hall, in the very important suggestion which he has made relative to the removal of the Stamp Duty from food and medicines.

There is another measure coming up later on and I will be able to range wide and far. So, for the moment, Sir, I will take my seat.

Thank you.

Mr. PRESIDENT: Senator Griffith.

SENATOR C. A. GRIFFITH: Mr. President, I think that you know that sometimes one has to have the patience of Job when one comes into this Honourable Chamber....(ASIDE: Well, do not come.)..... and you know, you are subjected to some of the wild statements and accusations which have no basis at all, at all, when you analyse the situation seriously.

I have been hearing a long time ago about accusations made about people's brain going out to lunch and I thought it was a physiological impossibility, but recent events have confirmed that it is possible for people's brains to go on permanent vacations. (Asides)

Mr. PRESIDENT: Order, order, order.

SENATOR C. A. GRIFFITH: Now, I expected some serious discussion on this measure and indeed there was a little bit of serious discussion, a little bit. I was asked to give certain assurances and I am sure that when the information is presented it would show that people should not go off making statements based on wild assumptions.

Now the Opposition has made some inputs, which I would not say are meaningful, but they are inputs nonetheless, and of course, I feel I have a right to reply.

We hear that we should move Stamp Duty from food and medicine. But I remember that before 1976, there was a Consumption Tax and there was a Sales Tax, and the Sales Tax was on medicine, a 5 per cent Sales Tax was on medicine, and the Barbados Labour Party in Opposition told the then Government, if you are going to have a Sales Tax, do not have it on medicine. Yet it was on medicine.

Now we hear that some of the new adherents of the Democratic Labour Party saying, well we should try to reverse the stated policy of the Democratic Labour Party. I do not know if they are not consulting with their exalted Leader, but something is wrong in the Democratic Labour Party's camp. As a matter of fact, there is a lot wrong in the Democratic Labour Party's camp and I can detect the confusion.

Of course, now we have heard about leadership and so on from the so-called leader of the Opposition in this Chamber. And only yesterday I saw a good example of leadership where we have problems at Heywoods and the Post Office and the people who are complaining are saying they cannot get leadership out of the Barbados Workers' Union. That is what they are complaining about. That is an example of leadership.

But let me get back to the more serious aspect of this Bill. I really want to clarify some of the points that were raised by Senator McClean, and let me state for the record, Sir, that I do not know who feels that Senator McClean is an ogre in this Chamber. Senator McClean is a trained economist, and I respect him as an economist. But as a matter of fact, for my part, it does not mean that anything he says in here will just go down, because Senator McClean said so. I will accept what he says from a technical view point because he has more competence in that area than I dare say most people in Barbados, and I believe that he likes to give an impartial view. I see the Opposition is trying to take up the cudgels on his behalf because they feel he is feeding them something for them to use and I will give the lie to that.

Senator McClean, in his technical analysis of some of the points made in the Budget Speech, particularly with the Stamp Duty, used figures and then he came back in this debate and asked for the basis of the Government's projections on revenue base of the Stamp Duty. I am satisfied that we should give this Honourable Chamber the items which would, in effect, show why the Stamp Duty projections should be in the vicinity of \$8.5 million.

Now, when you make a projection that the import bill is \$1.2 billion, deductions are made for petroleum importation which has its own duty, Government purchases — and of course Government has a considerable amount of expenditure as far as the importation of goods is concerned — equipment above \$100 000 or more, where there are exemptions of this type, then we have equipment for developmental projects — the Heywoods Project, the Spring Garden Project and the Cement Plant — which will go on for a certain number of years, so when we are finished with that, the base that is used is \$400 million, and if you take 2 per cent of that, you are faced with \$8 million. So when Senator Hall and his sparring partner get in here and use McClean's figures without even using their own thinking. . . . .

Mr. PRESIDENT: Let us keep the language a little more delicate. (SENATOR E. E. GREAVES: I can get rough too, you know).

Order, please. I must remind honourable members that it is against Standing Orders to interrupt like this when members are speaking, except on specific points of order or explanation or elucidation. I am not going to have it. I keep asking, in a reasonable way, members to desist. You must remember that the Chair has certain disciplinary powers. It is the least thing I want to do, but I am appealing to members to be reasonable and to obey my instructions.

SENATOR E. E. GREAVES: On a point of order.

Mr. PRESIDENT: What are you on now?

SENATOR E. E. GREAVES: On a point of order.

Mr. PRESIDENT: What is the point of order?

SENATOR E. E. GREAVES: I think the use of the term "sparring partner" is unparliamentary.

Mr. PRESIDENT: You have already heard me refer to that, Senator Greaves, I said that I preferred more delicate language used. That is enough of that.

SENATOR E. E. GREAVES: I would like to have that statement withdrawn.

Mr. PRESIDENT: I do not myself like the term "sparring partner" and I am asking the Minister not to use those terms and to withdraw it.

SENATOR C. A. GRIFFITH: Mr. President, Senator Hall had many sparring partners; he had Charlie Griffith as a sparring partner. I will withdraw it, but I do not understand why the Senator should get upset. I believe what is more upsetting in here.....

Mr. PRESIDENT: All right, the member has withdrawn that. I do not like these things. Let us keep the debate at a proper level. We will go on to the main business now.

SENATOR C. A. GRIFFITH: I believe the trouble here is that the term does not affect people as they say, but when you revealed the truths it is another matter, because it is okay to get up in here and make a lot of wild statements about the Prime Minister not knowing what he is doing.

We admitted that a mistake was made in the House about the amendment, and I made that statement as soon as I got up to speak on this Bill, so this talk about the

Democratic Labour Party finding out the mistake and putting it in the paper, why didn't they make the point in the House of Assembly when it was raised down there?

If you want to take credit for something, take credit for the introduction of the Consumption Tax in this country in 1962, and on top of it you put a 5 per cent Sales Tax when you should not have done that, with the excuse that it would depress the importation of goods and help solve the balance of payments problem. Take credit for introducing the 5 per cent Sales Tax in this country that we took off in 1976. This country never knew of a Consumption Tax until 1962.

Mr. President, I hope I have answered some of the major concerns, except to point out that when we get this sort of bland language attacking the office of Prime Minister in this country, I really do not appreciate that either, because the present Prime Minister of this country has been praised in international fora. Wherever I have been in this world I have heard praise for the Prime Minister of this country and his handling of the economy of this country since 1976. But all of a sudden now you find somebody, who has been weighed in the balance and found wanting, saying they do not have any respect for his abilities.

The question that the Bill be now read a second time was put to the Senate.

SENATOR E. E. GREAVES: Divide!

Mr. PRESIDENT: There is no need for the level of voice if you are asking the Chair for a Division. If any member requests a Division there is no need whatever to be so noisy about it.

AYES: Senator the Honourable N. A. BARROW, Senator the Honourable O'Brien TROTMAN, Senator C. A. GRIFFITH, Senator H. R. LINTON, Senator St.C. E. HOWELL, Senator K. A. ROUSE, Senator J. E. D. WILLIAMS, Senator A. P. L. REECE, Senator Mrs. M. O. REECE, Senator D. A. C. SIMMONS, Senator J. C. W. WICKHAM, Senator Mrs. G. G. READER, Senator Mrs. E. M. LYNCH, Senator A. W. A. McCLEAN, Senator the Rev. Canon I. McK. JONES and Senator C. D. SEALE - 16.

NOES: Senator E. E. GREAVES and Senator W. W. HALL - 2.

SENATOR C. A. GRIFFITH: Mr. President, I beg to move that the Senate resolve itself into a Committee on this Bill.

The question was put to the Senate and agreed to.

Clause 1 was called.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move that Clause 1 stand part.

SENATOR E. E. GREAVES: Mr. Chairman, we will be voting against the Clauses, so to save time I should like to indicate this rather than call for a division at each point.

The question was put and resolved in the affirmative, with Senator GREAVES and Senator HALL voting against the Clause.

Clauses 2 to 7 inclusive were called and passed with Senator E. E. GREAVES and Senator W. W. HALL voting against.

The Schedule was called.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move the following amendments to the Schedule:

In the Schedule under the heading "POLICY OF INSURANCE":

- (a) delete the rate of duty of "\$10.00" appearing opposite the item under the heading "LIFE" and substitute "\$2.00";
- (b) delete the rate of duty of "1/20 of 1% of sum insured" appearing opposite the item under the heading "FIRE etc." and substitute "1/40 of 1% of sum insured"; and
- (c) delete the rate of duty of "1% of sum insured" appearing opposite the item "Receipt or discharge for any payment made or expenditure incurred against loss or damage of or to any property in Barbados by fire or otherwise", and substitute "1% of indemnity against loss".

SENATOR A. W. A. McCLEAN: Mr. Chairman, in terms of the first amendment, amendment (a), I believe I indicated that I would have been interested in knowing the revenue implications of this amendment. I do not recall Senator Griffith giving me that information, but I just want to point out again that I do not think that the 10 cents proposal was addressed by the Minister of Finance, and as a consequence there is no business on which I would even know what the change would be.

In relation to (b) and (c), there was a general indication as to what would have been the overall increase

in tax revenue from the full set of proposals relating to insurance companies, but the information was not sufficiently detailed for us to know what was involved in terms of (b) and (c) here.

SENATOR C. A. GRIFFITH: Well, I would have to take note of this and get the information from the Ministry of Finance.

The question that the amendments stand part was put and resolved in the affirmative, Senator E. E. GREAVES and Senator W. W. HALL voting against.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move that the Schedule as amended stand part.

SENATOR A. W. A. McCLEAN: Mr. Chairman, I rise to thank Senator Griffith for earlier providing some information on the tax base in relation to the 2 per cent levy on C.I.F. value of imports, but I knew that the base would have been somewhere in the vicinity of \$400 million. That is the sum that would generate \$8 million.

But what I was more interested in was some more detailed information on the categories of items which would be exempt, and how much they represent and so on.

Looking at Table 33 in the Barbados Economic Report 1981 on page 62, I find it very difficult to see how a realistic base of \$400 million could have been used because you have food there and it is \$162 million already. I do not know how much food the Government imports directly. The other institutions would not import any food, then you have manufacturing industries that are exempt and so on; so most of the food here would be taxed.

The main items which we exempted there would be lubricants, minerals, fuels etc., that is \$193 million, let us say, and all of that is exempt. And I think that as you go down the line, the other item that seems to have a substantial component that would be exempt would be machinery and transport equipment, but only a part of that — only the large items over \$100,000 per item — and of course it is not easy to identify what Government imports from this table.

I, myself, would have liked a little more detailed information, because I still find that figure not so credible.

The question that the Schedule as amended stand part was put and resolved in the affirmative with Senator E. E. GREAVES and Senator W. W. HALL voting against.

On motion of Senator C. A. GRIFFITH, the Senate was resumed and the Bill was reported as having passed

the Committee with amendment, Senators GREAVES and HALL dissenting, Mr. PRESIDENT in the Chair.

On motion of Senator Griffith, the Bill was read a third time and passed, with amendment, Senators GREAVES and HALL dissenting.

Mr. PRESIDENT: The Clerk will take the usual steps to send a Message to the Other Place.

#### SUSPENSION OF SITTING

Mr. PRESIDENT: I think this is a convenient time for a suspension. The sitting will be suspended for 45 minutes.

#### *On Resumption*

Mr. DEPUTY PRESIDENT: This sitting is now resumed.

#### RESOLUTION TO APPROVE THE ABANDONMENT OF COMPULSORY ACQUISITION OF LAND AT HOWELL'S CROSS ROAD AND TWO MILE HILL, ST. MICHAEL

The Eighth Order was called — To move the passing of a Resolution to approve the abandonment of Compulsory Acquisition of land at Howell's Cross Road and Two Mile Hill, St. Michael.

SENATOR THE HON. O'BRIEN TROTMAN: Mr. Deputy President, some time last year this Chamber passed a Resolution to acquire properties in Howell's Cross Road, including the property of Sir Arnott Cato. Since then, Sir, Government has re-examined the real need for the acquisition and it has now concluded that it is no longer necessary for Government to acquire the property of Sir Arnott Cato.

The Resolution therefore seeks to make the discontinuation of action through the Land Acquisition Act, and for that purpose, Sir, we have brought this Resolution in this afternoon.

The area involved, Sir, at one time was considered necessary for road widening, even housing maybe, but there has been a whole rescheduling of Government business in that area and we do not think that it would now be necessary.

I beg, therefore, that the Senate do now concur in the abandonment of the acquisition.

SENATOR E. E. GREAVES: Mr. Deputy President, this is, I think the second time, or maybe the third time, since this Senate held its first meeting that we have been

asked to abandon a portion of land which the Government sought to acquire.

Senator Trotman, in introducing this Resolution for abandonment of the acquisition of this area of land, indicated that Parliamentary approval was given some time last year. Now I think we ought to be specific in this. The Resolution here says that Parliamentary approval was given on the 16th day of September, 1980. Now, either that information is correct or the information which Senator Trotman gave when he introduced the Resolution is correct, and I think there is need for some clarification on that particular area.

However, I think, Sir, that we ought to be treated with a little more respect in terms of the reason which has been advanced for the abandonment of the acquisition of this area of land. Let me explain why I am making this point.

Senator Trotman indicated that it is as a result of a Government change in plans relative to development, highway improvement and what have you in that area. Now, I, unfortunately, have not had a chance to look at the debate, either in the Lower House or the Upper House, when discussion took place on the proposed acquisition of this area of land; but I seem to recall some very big plans which were laid down when Parliament was asked to approve of the acquisition of this area of land.

Government had very big plans for widening the road. It was so necessary. All sorts of arguments were advanced. A very good case was built up — and now we are hearing that it is no longer necessary.

It gets me suspicious, Mr. Deputy President, about what has really gone on; whether really, in truth and in fact, at the very outset it was necessary for the Government to have attempted to acquire the area of land which we are now discussing. (*Asides*) In 1980? In 1972? Well I would not know. It did not come to Parliament about that.

I am saying that when it was brought to Parliament in 1980, all sorts of arguments were advanced as to the reason why this land ought to be acquired. Sir, I wonder what are the changed circumstances? Is it, Mr. Deputy President, that there is no longer a traffic problem? There is no longer any need for widening the road in that particular area?

It would seem to me that given the situation as I know it, there is need for some road widening to take place in that area because it is at the junction of a fairly busy area — I mean, the Ivy to the back, the Community College on the other side of the street — and there is a lot of traffic going backwards and forwards. There is also

a major highway coming from St. Philip and Christ Church going into Bridgetown, and there is usually a build up of traffic, because I travel on this road and I know what I am talking about. The new road cannot facilitate that amount of traffic. How can the new road accommodate that? I guess we are going to move the Community College. *(Laughter)*

But Sir, the traffic situation, as far as I can see, is still as bad; and even worse. When you get into that area, particularly in peak hours, when people are coming up from Bridgetown on Two Mile Hill by the Telephone Company, there is always a traffic jam right at this corner there. With people coming from St. Philip and from the Community College, there is a very serious problem there.

I do not see any reduction in the traffic difficulty in the kind of reasons which were advanced when, in 1980, the Government came to Parliament and sought Parliamentary approval for the acquisition of this area of land. So I am a little suspicious as to the reasons why these were advanced. Is it that the Government proposes to acquire, if it has not already done so, the area of land on the Community College side and therefore would do the widening on that side? *(Asides)* It has already acquired that?

As I understand it the area of land on the other side was acquired. I wonder if some indication can be given as to when this area of land was acquired on the other side? *(Asides)* In September 1980, on both sides of the road. Thanks for that information. It just shows you the sort of planning. And you have some honourable members, when I talk about planning and make an assessment of the level of the planning which there is in the Government, who would take exception to my very reasonable and valid comments which are always made on these issues. I get concerned about this and I am very concerned that the Government cannot plan any better.

I really do not want to deal with some other things — I am very cautious in some matters because I have respect for some things — but I am concerned that we are in this position now and I am not satisfied with the reasons which have been advanced in this particular area. Maybe there is need for the Government to acquire a portion, and not the entire property. I hope that we are not asked, within the next one or two years, or subsequently, to approve the acquisition of a portion of this piece of land.

All is not well, Sir, I am not at all satisfied with the reasons which have been advanced. I am not convinced. There is something about this that I am not satisfied with, but the truth will come out one day.

SENATOR K. A. ROUSE: Mr. Deputy President, the honourable Senator who just sat down attempted to

get into a wobble as to the reason why the Government has decided not to purchase this land.

You see, Mr. President, it seems to me as though the Senator does not seem to know the Hon. Minister of Works represents that area and he knows exactly how well his Ministry has to work and how well he can provide for the people using those roads.

The Hon. Minister in the Other Place, having seen that the land adjacent to the one we abandoned was already owned by Government, or part of it in order to ease the traffic on that area provided a road in the back of the tenantry which would enable the traffic travelling to Christ Church now not to use that road. In other words, only traffic going to St. Philip would use that road and therefore the ones going to Christ Church would branch off and go in the back and come out into St. Barnabas area, and so alleviate the congestion of traffic in the area.

Thank you, Mr. Deputy President.

Mr. DEPUTY PRESIDENT: Senator Seale.

SENATOR C. D. SEALE: Mr. Deputy President, I support the Resolution, but there is just one question I would like to ask the Minister. Does Government pay any compensation on an abandonment, Sir? It would seem to me that if you wanted to acquire a company, and you did this two years ago, then the person who owns this property would obviously leave the property and not repair it. I would think some kind of compensation should be given. As you know, Sir, when we buy properties, we pay a deposit, that is the private sector, and if we change our minds, we have to forfeit that deposit. And I wonder if Government pays any compensation for abandonment.

I also say this because this must be the third abandonment and I believe that before this Session is over, Sir, we are going to see the abandonment of the bit at Rockley, Sir. *(ASIDE)* I just wondered if the Minister would let me know about that, Sir.

Thank you.

Mr. DEPUTY PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. Deputy President, when I was initially going to make a contribution I was going to deal really with the peculiar difficulties which Senator Greaves found himself in. A voice from this side was heard to ask, "which Government?" When he was, as it were, in full flow; and he stopped, and stopped and started, and stopped and started, and stopped, and I then felt that he was just going to give up. He did not quite do it that way.

But the fact is that Senator Seale has just raised another point which I believe also deserves a little attention. He wants to know whether Government pays any compensation.

It seems to me, Sir, that if we took the three cases of abandonment that he is referring to, this being the third one in which, as far as I know, nobody either incurred expenditure or was prevented from expending money for the improvement of his lands on the property, I do not know in what he would ground his case for compensation.

The second — I remember doing that one myself, the Yellow Transport one at Bank Hall — where the vendor was not negotiating in good faith, I do not know what Government would be called upon to compensate Yellow Transport for.

And if we now look at the third, Sir, I believe that nothing has changed with that property in the time that the matter came here, from then until now. So I do not know what are these grounds for compensation.

I believe that Senator Seale was probably thinking that every time Government brings down an acquisition it enters and probably takes possession of the land and so on. That, of course, would be a completely different matter. But to decide you are going to buy, and for no loss of any sort to be established; then talk about compensation, compensation for what? Compensation for what?

As a matter of fact, Sir, I believe Senator Simmons will bear us out, that in this venture of mine, where a contract is formed, then the critical parts of the contract had been settled otherwise no contract is formed; and where you cannot settle the price for land there can be no contract. Therefore, in the cases I talked about, like Yellow Transport, where the vendor knows that at no time was the land settled, Senator Seale, operating as a representative of the business community, could not have entered in a contract because they could not award the price. What would Senator Seale then have to compensate the people for?

So I do not understand this thing about compensation. It sounds attractive, it sounds as though Government is merely taking a decision to compulsorily acquire your land and then when we decide to abandon the acquisition we do not compensate you. But compensate you for what? Before we talk compensation, Sir, we have to talk about, "why compensation?"

Section 16 of the Constitution says that you cannot just take away a man's land. If you take it, you have to give him fair compensation. That is the compensation

the Constitution guarantees, and it is fair and reasonable.

If you take the enjoyment from a man of his own property, you have to pay him for it. There has to be fair compensation. But just to tell me that you have decided to acquire and then you abandoned and there has been no wastage of the land, there has been no loss to anybody — to talk about compensation, Sir, that is ludicrous to the extreme.

But I want, Sir, to move back to Senator Greaves' point because Senator Greaves did not know that the decision to acquire this property was taken in 1971. (SENATOR E. E. GREAVES: Not at all, in 1982.) He did not know, Sir. Had he known, he would never have gotten up to speak.

What has happened is very simple. Senator Greaves is not a transport expert nor am I. Senator Greaves is not an engineering expert nor am I. And I believe, Sir, that Senator Greaves would be the first one to admit that a Minister who takes advice that a road can be widened, not necessarily by pursuing the original plan, but by another way; that that Minister would be wise to accept the advice of the experts, unless he himself has expertise.

Now what Senator Greaves' party would have done, Sir, is to have bought a piece of the President's land and run the road up under his window and then would have found themselves in court having seriously affected the gentleman's enjoyment of his property. (SENATOR E. E. GREAVES: For example.) Sir, I am just saying that is the proposal, as I understand it, that they had in 1971 and I believe, Sir, that they must have thought, Sir, that they should not pursue the matter in that way. (SENATOR E. E. GREAVES: So what is the point then?)

If we look at the present situation and we are advised that it is not necessary now.....(SENATOR E. E. GREAVES: As we looked at it. Go ahead.).....to pursue that line and that we should in fact widen the property, concentrating on the properties on the other side of the road, which are already acquired, then, it seems to me, Sir, that if the experts advise us that that is enough and that you can achieve your result that way, it would be very unwise of us to pursue an acquisition, when in these days, nobody — and I include Senator Greaves in this — wishes to expend large sums of money buying properties to widen a road when you can do the job for much less. It is as simple as that.

Mr. DEPUTY PRESIDENT: Senator Jones.

SENATOR THE REV. CAN. I. McK. JONES: Mr. Deputy President, I must say having listened to the Honourable Leader of Government business on this compulsory acquisition of land, I still do not agree with him

that there should be no compensation. This is what I am trying to find out, Mr. Deputy President. If a Resolution comes to this Chamber for the Government to compulsorily acquire a portion of land, I would like to find out from the Minister if the person who owns that property would be able to do anything with that property while there is this compulsory acquisition by Government. In other words, if the Government wanted to compulsorily acquire a portion of land that I had say, if I had it, for two years within that two years would I be able to do anything as far as the sale of that land was concerned? If I wanted to sell it, would I be able to sell it, if the Government has already passed the Resolution to compulsorily acquire it?

If I could not do anything with it within those two years and then the Government decides to abandon it, I think I would be a loser. And I think that I would be entitled to some compensation because if the Government were not going to do it in two years, it would mean that I could get rid of it locally, or do something with it for myself. That is what I would like to find out, Mr. Deputy President, I am not clear on that. It sounds unreasonable to me.

Mr. DEPUTY PRESIDENT: Senator Simmons.

SENATOR D. A. C. SIMMONS: Sir, I had promised not to give any gratuitous legal advice in this Chamber. I was holding out my hand for the money since I did not have on my gown with the thing at the back where you drop the 25 cents in.

Sir, I think we better look at Cap. 228 under which this thing is brought, Sir. The law is very simple. Section 9, subsection 3 says:

"Where compensation has been awarded for the compulsory acquisition of any land and the acquisition of such land is abandoned before such compensation is paid, then such compensation shall not be payable, but any person interested in such land shall be paid compensation for any actual damage or injury resulting to him by reason of the use and occupancy of such land by the Crown."

Compensation is only payable where compensation has been awarded, where there has been an agreement before as to the amount to be paid.

Sir, let us look at subsection (4):

"When the acquisition of any land is abandoned in accordance with this section or is deemed to have been abandoned under section 7, any compensation payable by virtue of this Act shall, in default of agreement, be assessed in the same manner as is provided in this Act for the assessment of compensation on the acquisition of land.

No compensation shall be payable in any such case for loss of bargain or for damages for breach of contract."

The point that Senator Barrow is making is that you are not in contract with the Government unless all the basic terms concerning the acquisition have been agreed between the two parties. But perhaps this is an area where the law could call for some.....

SENATOR THE HON. N. A. BARROW: On a point of order, Sir. The point I was making is that you are not in contract unless you settle the basic terms. I was making the point in relation to Senator Seale's point that in the private sector they would have to pay compensation. I am making the point that if the price is not even settled there would not be any compensation because there is no contract.

SENATOR D. A. C. SIMMONS: Yes, I think this area should be looked at. Senator Jones and Senator Seale have points which find themselves grounded in morality, but perhaps not yet enshrined in positive law, which is the difference. I seriously understand the point that is being made.

If Government published a Section 3 notice two years ago under this Act which from that date gave the Government the right to enter upon lands, they did not have to exercise that right, but they had that right vested in them to be exercised when they chose, and you know that the Government can come on to your land at any time.

It is very unlikely that you would effect any repairs, or rehabilitation of your house or whatever, but there is another question of being able to prove how your ability to enhance the value of your house in the period between publication of the notice and subsequent abandonment has been affected.

But it is an area I think that should be looked at, because there will be a case at some time in the future where somebody has taken the Government at its word and has done nothing to his property and suffered a diminution in value of that property, because he was misled. There may be a case of misrepresentation because he was misled by an act of the Government in purporting to acquire his land, but as far as the present law is concerned, no compensation is payable.

The question that the Senate concur in this Resolution was put to the Senate and agreed to.

Mr. DEPUTY PRESIDENT left the Chair and Mr. PRESIDENT resumed the Chair.

**RESOLUTION TO APPROVE THE COMPULSORY  
ACQUISITION OF LAND AT HALLS ROAD,  
ST. MICHAEL**

Order Number Six was called — To move the passing of the Resolution to approve the compulsory acquisition of land at Halls Road, St. Michael, for the purpose of road improvement.

**SENATOR THE HON. O'B. TROTMAN:** Mr. President, the Halls Road roundabout is now completed and is a fact of life. When that roundabout was being constructed we came to Parliament with several Resolutions for acquisition. There was, however, one acquisition which was not completed at that time. It had to do with a small portion of land owned by Mr. DeVere Jordan which had on a very old wooden structure which it was considered should have been destroyed in any case, because in the opinion of the Ministry of Health it was a health hazard, and in the opinion of the Fire Service it was a fire hazard.

The Government used the land for some time during the construction period, we have used part of it as part of the road now the road has been completed.

Negotiations have been going on with Mr. Jordan's legal representative, who I see seated, Sir, and the Government for some time. And whereas I do not think those negotiations are completed, at least I think we are making some progress in the negotiation procedure.

Unlike the last Resolution, the Government did have use of the land during the period of the notice, and therefore I believe that there might be some compensation for use during that period. It is quite a different situation to other Resolutions with Texaco, etc. The Government has, in fact, used the land; they have, in fact, knocked down the old structure, for which I believe the gentleman is being compensated as well.

I beg to move that the Senate do now concur in the Resolution.

**SENATOR E. E. GREAVES:** Sir, I have no basic objection to the acquisition of this area of land. The only thing is that I hope we will not have an abandonment Resolution some time subsequently. My support is based on that, because the rate at which acquisitions come in here and abandonments come after — well, I would hope that we can be given the assurance that there will not be any subsequent abandonment.

**SENATOR K. A. ROUSE:** Mr. President, I rise to support this Resolution for the acquisition of land at Halls Road, which I thought should have been done long ago. It is really overdue, because when the Government attempted to build this new road that particular land

was used by the Ministry as the site for the workmen's hut and so on.

I do believe that there are other roads in this country that Government has to acquire in order to facilitate the large trucks which are coming to this country and the containers that are coming to this country, because there are certain corners in this country that are very narrow, and therefore Government has got to look at other roads to improve them.

Also, Mr. President, the mini buses that are using our roads at this time continue to pose a problem. There was a time in this Honourable Chamber when I made reference to the roller skates being nuisances on our roads. In recent times, Mr. President, I find that the mini buses have become just as much a nuisance on our roads as the roller skaters, as I mentioned at one time.

Since the mini buses were given the opportunity to run legally in this country by this Government, they have taken an attitude which has become very embarrassing to other road users. I may say that there are a lot of people who believe, and I do share the view, that the mini buses are doing a good job, but the mini buses only run when the travelling public are in their numbers, whereas at other times they are left to the Government owned transport for which the taxpayers have to bear the burden.

Mr. President, I realise that the mini buses are doing a reasonable job and that we can continue to support them on our roads, since the travelling public relies on the mini buses to get to and from their home and work. But they do cause road blocks when they stop at junctions and other parts of the road without giving notice to the person travelling behind.

I feel that more emphasis should be put on these people to cooperate with the laws of this country so that the other persons using the roads do have a fair and proper chance of using the roads.

**Mr. PRESIDENT:** Aren't you going a little far from this Resolution?

**SENATOR K. A. ROUSE:** Sir, I am talking about acquisition of land and it is to do with road widening.

**Mr. PRESIDENT:** Try and stick a little more closely to this Resolution.

**SENATOR K. A. ROUSE:** Yes, Mr. President. I believe some enforcement should be put on the mini buses in order to help the travelling public, and the Government in its efforts to share the travelling public. I believe, Mr. President, that the mini buses should be allowed to take bus tickets from children in order.....

Mr. PRESIDENT: Just a minute. I would like to give you a little latitude, but I think that is going a little beyond the scope of this Resolution. You will probably get another opportunity some time if you want to talk on the mini buses. At the present time I think we would have to stop talking about mini buses.

SENATOR K. A. ROUSE: Mr. President, I beg to support the Resolution.

SENATOR H. R. LINTON: Mr. President, as Senator Trotman indicated, I have a professional interest in this matter and I would not speak on the substantive matter.

I would like to make a suggestion to the Government that this round-about be formally renamed "Heroes Circle." I think that would be a name most befitting the area, as it was christened on the eve of the last General Election, and that statues of various famous people of this country be erected thereon.

The other minor point I want to make is this: those trees that the former Parks and Beaches Commission so laboriously planted on the adjoining property, Delamere Land, and the smaller plants in the roundabout itself are being stolen, and those that are not stolen are being eaten up by some stray sheep which are roaming Bridgetown.

I have been asked, Sir, at an appropriate moment like this, to make an appeal to members of the public to seize the roaming sheep and give them to the nearest Parks and Beaches ranger or warden so that we can impound them and action can be taken against the owners.

I have also been asked to request members of the public to report on anyone seen stealing the plants which were put at the round-about. I think the former Parks and Beaches Commission has had to replace these plants on three separate occasions. Thank you, Sir.

The question that the Senate concur in the Resolution was put to the Senate and agreed to.

#### RESOLUTION TO LEASE LAND TO ADAMS CONSTRUCTION LIMITED

The Seventh Order of the day was called — to move the passing of a Resolution to approve the lease to Messrs. Adams Construction Limited of a parcel of land at Lodge Hill, St. Michael.

SENATOR THE HON. O'B. TROTMAN: Mr. President, the Government owns a portion of land at Lodge Hill which was acquired by a previous Administration for use as a cemetery. We are no longer proceeding with the cemetery plans at Lodge Hill. The life profile

of people in Barbados has improved, I am told, and the urgency of a cemetery is not with us any more.

So we have changed plans for the cemetery and what we have done, instead, is that we have agreed to lease the land to three companies which are in the construction business, A.H.I., Ready-Mix and the Adams Construction Limited. As pointed out in the Resolution before us, this lease will be for three years and we are going to lease it at \$4,000 per annum.

I beg to move that the Senate concur in this Resolution.

SENATOR D. A. C. SIMMONS: Mr. President, just on a point of clarification from the Honourable Minister. I heard him mention the names of some companies, A.H.I., Adams Construction and Ready-Mix. I do not see these names anywhere on this piece of paper.

I am being asked to vote for Government to lease land for a period of fifteen years, renewable every three years, for the purpose of expansion of the Building Contractors and Joinery Specialists business of Adams Construction Limited.

I am prepared to support that Resolution, but I cannot support a Resolution, or I cannot support any intent in the Minister's mind not expressed on this paper for Government to lease 3,716 square metres of land to various companies which are not shown on this.

We can only vote for the lease in favour of Adams Construction. If he wants to say that Adams Construction is going to enter into a sub-lease with other companies, it should be expressed here. I do not know what are the arrangements, but I cannot support it on the basis of what the Minister announced in his opening on this Resolution.

He has to give some further clarification as to the status of those two companies in relation to this particular Resolution, Sir, otherwise I am supporting Adams Construction but not AHI or anybody else whose names do not appear here.

SENATOR THE HON. O'B. TROTMAN: Mr. President, before we start going up the wrong alley, Sir, let us get that clear. I did not say that the Resolution has to do with AHI or Ready Mix. What I was saying, Sir, is that in the general area of land which had been acquired previously, consideration is given to the three companies. What we are dealing with is Adams Construction. The Ready-Mix and AHI are neighbours.

SENATOR E. E. GREAVES: Mr. President, just a short contribution on this on a totally different point.

Some time ago, it must have been during the Estimates or some time previous to that, I had made reference to the general policy relative to the siting of industrial areas in Barbados. And I think that one ought to be, and certainly the Government ought to be, careful in establishing industrial areas to pay attention to the impact which certain industries can have on the environment, particularly around the area.

In Lodge Hill where this particular company is situated, Adams Construction Co., along with AHI and Ready-Mix I think it is in more or less, not necessarily the centre, but certainly in very close proximity to a development to the east and to the west of that area and, of course, added to that, you have the Cigarette Factory, and I think it is Bim Beverages, a little further down the road.

I am concerned, for example, about the kind of substances which one would find in use at AHI. They make, I think, roofing, some kind of decramastic or asbestos roof or what have you, and I seem to get the impression that substances which are used, which go in to the production of these items, can pose some danger if proper attention is not paid to the handling and the use and the general exposure of these substances. So I am concerned about the kind of impact which this could have on the environment.

I would hope, therefore, that the Government, in the future, would evolve a policy which will pay very careful attention to the siting of industries and the kind of impact which they could possibly have on people who live around there.

Additionally, Sir, in relation to Adams Construction and Ready-Mix, if you pass that way, you will find that there is always a kind of haze in the atmosphere. They use a lot of cement and further down, by Down's Construction on one side and Rayside on the other side, there is always in that area – I am not talking about DLP or BLP now. This is at a higher level. These are environmental matters. I am not in to any petty party distinctions. Up and down, I mean, you are a Barbadian. You understand what I mean. When I say up you know I mean east and when I say down you mean west.

The point is, Sir, that we have to be concerned about this. I think that as Barbadians, who are concerned about our national development, in spite of differences in approaches and so on, we have to be concerned about this and I believe that we have to pay some careful attention to this. And I, Sir, when I pass that area and I see the amount of dust which is hanging around in the atmosphere from the use of cement – and it is a fact that cement can be harmful to one's respiratory system – I get worried and I wonder what kind of controls are

being put into operation to control the pollution which is obviously taking place.

This, Sir, really raises a further fear in my mind, one which I have been expressing, about the general impact on the environment of the Cement Plant. I think that if you were to examine the records in Parliament you will see that this has been my concern at every level. I do not think that anybody could say that I have said anything on a political platform, in Parliament or on record anywhere at all, expressing any particular opposition to the construction of the Cement Plant, but I have been very concerned about the general impact on the environment.

It is all right to talk about sometimes even there may be protection on the plant but when you get the movement of, particularly cement, on the highways and on a regular basis; then, I think, you will see the general impact which that kind of development will have on the environment. And I think that this particular area is an example of what can possibly happen. I would hope, Sir, that the Government would pay some very close attention to these areas

And in as much as we are on this, and Adams Construction has been mentioned and Ready-Mix has been mentioned, some concern has also got to be expressed about these companies which set up and operate, and where there is, it seems to me, a growing increase in the number of accidents taking place at these firms. And I would hope, Sir, that even in the provision which we are making here for the rental of an area of land, that certain guidelines are given to the companies as to where the Government stands on these issues.

They are related and I think that they bear some relationship to what we are discussing. I mean, it is not just a question that a company wants to acquire an area of land and therefore you make the area available and then they can do what they like. I think we have to go beyond that particular point and give certain guidelines, and I hope, Sir, that the Government would be able to initiate a very firm and important policy in this particular direction.

Apart from that, I have no particular objection to the contents of the Resolution.

SENATOR THE HON. O'B. TROTMAN: I want to say, Mr. President, that Government is not unmindful of the problem of dust in the area. That Green Hill area is now becoming a construction industry business and I believe that people in Mahaica are complaining about dust in the area. But I understand that it is in the courts so I am not going to get into that, but we are not unaware of the problem.

The question that the Senate concur in the Resolution was put and agreed to.

# PETROLEUM WINNING OPERATIONS TAXATION ACT, CAP. 82

The Fourth Order was called – To move the Second Reading of a Bill to amend the Petroleum Winning Operations Taxation Act, Cap. 82.

SENATOR C. A. GRIFFITH: Mr. President, this matter is very simple and straightforward.

Last year, sometime around the end of May, Cabinet concluded that as far as the purchase of the assets and operations of General Crude were concerned – General Crude was a company operating in Barbados up to 1979 involved in petroleum exploration and production, and was bought out by Mobil – we had a situation where General Crude was a Corporation operating in Barbados, but what happened is that Mobil did not have, in the first stages, a local operation; and in effect, their first company which was called Mobil Petroleum Technical New Mexico, which acquired the rights of General Crude, of course had permission to carry out the petroleum operations which were carried out before by General Crude.

The Cabinet decided that the Mobil Company should pay Transfer Tax that was applicable at the time of the transfer of titles of the company. The Transfer Tax which was paid by Mobil under the agreement was \$656,250. And it also concluded that exchange control permission should be given and all expired controlled permissions should be transferred to the successor company which is Mobil Exploration Barbados Limited.

This amendment seeks to give rise, not only to Mobil Company, which is the company benefitting in this case, but all companies in the future which may be involved in petroleum winning exploration in Barbados.

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

Mr. PRESIDENT: It is proposed that the Bill be now read a second time. (Pause) The question is that this Bill be read a second time. Did you want to speak before I put the question Senator Linton? Please try to be a little more alert the next time.

SENATOR H. R. LINTON: Sorry, Sir, I thought I had my light on in time, Mr. President. In fact I just want to occupy the time of this Chamber for a minute or so.

I see that the Minister is making provisions for successor companies by an amendment to the Petroleum Winning Operations Taxation Amendment Act and I would also like to know what plans he has for provisions for the people who live in the Woodbourne area where

the petroleum is found? I go so far as, to say that our colleague, Senator Seale, lives less than a mile away and I doubt whether he is supplied by piped natural gas.

We are having several complaints by the people in the Woodbourne area. There is good reason why the last Democratic Labour Party Administration did not assist them in having the natural gas piped to their homes; the good reason being that the people in that area have traditionally supported the Barbados Labour Party. But, Sir, that reason would not hold good for the Barbados Labour Party, because the Barbados Labour Party, this Government, ought to bend over backwards to make sure that the people of Woodbourne have an adequate supply of natural gas.

We have the irony of a well being located less than one hundred feet from a particular home and that person has to walk up to Six Cross Roads in St. Philip with a bottle in order to purchase a bottle of gas.

Perhaps the Minister would let us know how soon he proposes to make the pipe gas available to the people of St. Philip South, and later on the people of St. Philip North, I should be grateful and express my thanks on behalf of the people of St. Philip South.

I thank you, Mr. President.

SENATOR C. A. GRIFFITH: Mr. President, as I have always said in this Chamber, I would like to have the opportunity to talk about the energy situation but I do not get enough debate on this. I do not know if it is not an interesting subject, but it surely is very topical, because I do not know if people realise that there is an on-going energy crisis. The energy crisis which started in 1973 never really stopped as some people may think.

Since we are waxing gratuitous today, I would not dare attack any Government for causing the crisis. We have a situation in this country where everything which happens, people tend to blame the party in power, as it were.

Usually, there is a body of opinion which says that Barbados is not affected by any international economic situation or what have you. But I dare say that anybody who still tries to push that argument in Barbados today would be assuming the posture of a Rip Van Winkle.

In 1973, we had the first oil crisis and we have been feeling the repercussions since then. In 1979, it was exacerbated by the revolution in Iran, and these things have affected Barbados.

Now I would not attack the former Administration for causing the energy crisis, neither will I stand for any attack of this Administration for causing the energy crisis.

We can clearly see that there are factors way beyond our control which have significantly contributed to the discomfiture of Barbados as far as the use of energy is concerned. But what one must look at is whether the Government of the day is taking serious steps to deal with the crisis and I would say that this Government has taken steps to deal with the problems, and is continuing to take steps to deal with the problems facing Barbadians.

Speaking to the relevant point raised by Senator Linton, who is an eloquent spokesman for the people of St. Philip South, I would like to point out that we are trying very hard to rationalize the delivery of energy to Barbados. But it is not easy as one would like to think. In the first place, even though we may have discovered certain proven reserves which are quantified, one must always remember that there is a cost of realizing those reserves for the benefit of the people.

I have been asking for some indication from the Natural Gas Corporation, now the Natural Petroleum Corporation, as to how best we can make projections for the next five years for the production and delivery of natural gas to the people of Barbados. It must be pointed out, and I believe that I have made this point before, that as far as natural gas is concerned, it must be associated with exploration and production. As long as we have a limited production activity in Barbados, you cannot make accurate projections as far as delivery of natural gas is concerned.

Only two or three weeks ago I was at Woodbourne having a tour because there is a well, which has been discovered to be a natural gas well, I do not know the volume of cubic feet of natural gas, but it is way off the line from the lines which provide natural gas for use right now.

It is not easy to just say, because you have a natural gas well it should be piped into homes and so on. There is an expense related to the running of the lines and, in fact, right now we are contemplating how best to exploit the resources in that well.

Only last week, in a meeting in my office, we have been looking at the proposal where, for instance, we would try to use some of the accumulated funds provided by the credit facility under the Mexican-Venezuelan Oil Facility Agreement, which funds now stand at some US\$4.5 million.

We are looking at ways and means of using some of this money to extend the pipelines from that producing well in Church Village to connect it to the natural gas tanks at Woodbourne.

But it is not very easy to just say that because you have natural gas that you could run it to homes. For instance, in Trinidad, where there are abundant reserves of natural gas, Trinidadians are still using LPG because of the tremendous cost involved in piping natural gas into homes.

You also have to worry about the level of pressure which can fall below a certain level at some times and, in effect, create problems for people who use natural gas.

But I would like ideally to see every house in Barbados served with natural gas. It is not something that is going to happen overnight; it will have to be an ongoing process. Now that the National Petroleum Corporation has come on stream, I am trying to push them, to come up with all speed, to develop a programme which will be presented to the public at large as far as our own energy situation is concerned.

But we cannot forget that energy is not something that you wake up today and get free of cost. As I have said before, the days of cheap energy are already past, long gone into history.

For instance, in 1971, Barbados Light and Power was paying something like \$2 million a year for fuel and I know that there has been considerable talk about high electricity rates and so on, and we know this, Mr. President, that there is also a Resolution dealing with that but....

SENATOR A. W. A. McCLEAN: On a point of order, Mr. President, it seems as though we are getting another opening address. There are many points there that, if he had made them initially, I would like to respond to. I do not think it is proper to go into all of these things in reply to one simple question.

Mr. PRESIDENT: Well, I do not think that there is any real restriction on the Minister, who is replying to debate, if he makes points in response of points made critical of the Government. Anyway, let him have his say.

SENATOR C. A. GRIFFITH: For the enlightenment of all, I would just point out the kind of constraints under which this country has to operate in terms of the delivery of energy and the cost related to the delivery of energy.

In 1971, before there was any energy crisis, Barbados Light and Power was paying \$2 million a year for fuel oil. Only last year, they paid \$50 million for the delivery of fuel oil, which is something like 2500 per cent increase in ten years.

These are the kinds of things you have to look at when you think in terms of the energy situation as it relates to Barbados. I just thought I would point that out as a general matter of information, because people take it for granted that when you say energy that it flies from somewhere and there is no cost to bear, and it can simply be provided at the drop of a hat.

I just want to assure this general body that this Government is doing all in its power to resolve the crisis, because there is still a crisis, and as long as the situation in the Middle East remains as volatile as it is we will have a critical problem on our hands. And the test of time, the test of this Government, as far as its energy programme is concerned, is how well we take steps, and what steps we take, to resolve the crisis in favour of Barbadians.

SENATOR E. E. GREAVES: Mr. President, I was hoping to catch the Minister before he sat down. I wonder if he could give us an indication as to the amount of oil which we are currently producing.

Mr. PRESIDENT: When I intervened just now, I think it was Senator Linton who asked some questions about the distribution of gas and the reasons why people in particular areas who were near to the wells did not get gas. I thought it was quite legitimate for the Honourable Minister to make a general reply in terms of the questions involved in costs and distribution and other matters relevant to those areas.

I think that if you want an answer in the sort of detail that you have just indicated, opportunity will be provided when you are discussing clauses to make a point. The Minister having finished, I think I must put the question. You could make a point in Committee.

SENATOR E. E. GREAVES: Mr. President, if I may crave your indulgence one minute. It is just a question, nothing to do with the Minister. It is a question of procedure. I am not questioning your authority or anything like that, but the point which Senator McClean has raised is a point which has been coming up over and over again; it is a question of method of presentation.

You see, if information is given, it would enable Senators to make the kind of contribution from which the Minister might be able to gain some additional ideas. But coming at the end, when the Minister comes and makes a long speech, giving new information and making policy statements, technically no other Senator can get up and speak after the Minister has replied.

Mr. PRESIDENT: And you are doing your best to do that. I am going to put the question and if the Chairman of Committee finds a way of allowing a debate on

certain clauses in the Committee; well, that is his authority and his privilege.

The question that the Bill be now read a second time was put to the Senate and agreed to.

On the motion of Senator C. A. GRIFFITH, the Senate resolved itself into a Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

#### COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clause One was called and passed.

Clause Two was called.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move that Clause Two do now stand part.

Mr. CHAIRMAN: It is proposed that Clause Two do now stand part of the Bill.....Senator Greaves.

SENATOR E. E. GREAVES: I believe that since the Minister started to give some general information about energy, I was wondering if he could give us some indication as to the level of production of oil at the present moment, the forecast and also an indication of the number of wells which are productive. What is the programme like in terms of offshore drilling — whether it is going to be a physical proposition; and indeed, how soon would the company which is drilling be able to embark on offshore drilling?

I believe, Sir, that this kind of information is very, very important. And, I certainly would not want my questions to go beyond petroleum operations because there are other aspects of energy which I would want to make some comments on, but I would not want to get into talking about solar energy and other forms of energy, biogas, when we are talking about petroleum. Sorry, I do not want to be talking about mini buses you know, when we are dealing with roundabouts. (Laughter) I know that opportunity will be provided for that, but I hope that the Minister would give us some indication, Sir, about progress in this particular area.

Mr. CHAIRMAN: Senator McClean.

SENATOR A. W. A. McCLEAN: Yes, Mr. Chairman. In this section, I see reference to things like allowances, deductions and charges and so on which somewhere along the line, I believe, would be involved in the pricing of energy; whatever fuel is recovered and so on, which presumably could find its way into the pricing of fuel to the Light and Power.

We heard some reference to Light and Power earlier and we all recognise that the price of fuel is going up. But what the people, who often make this point in relation to the cost of electricity, always fail to tell us, is that the price of fuel, no matter how rapid the increases, has nothing to do with a rate case — that there is a fuel adjustment clause where the price of electricity goes up automatically with the price of fuel.

I mean, you hear about a rate case, but this is because of other elements in cost apart from the cost of fuel. And so, the people who often drag this into discussions to suggest this is why you have the rate case, and you are carrying up the thing by five cents per kilowatt hour, are trying to mislead. It is an automatic adjustment process to cover fuel increases, and these are increases for other reasons.

Mr. CHAIRMAN: Senator Griffith.

SENATOR C. A. GRIFFITH: To answer Senator McClean's point first, the one about the fuel adjustment and so on. Everybody will appreciate that a significant portion of the electricity bill is the fuel adjustment, a significant portion. And if you look at a \$2 million cost to the Power Company in 1971 as compared with a \$50 million cost this year, quite naturally, you can appreciate where the heaviest burden is applied as far as alleviating the cost to the power company. I am sure that is why the whole concept of fuel adjustment was introduced in the first place. I do not know if that will satisfy your question.

As far as the allowances and deductions and so on are concerned, this would not really, in effect, have any sort of impact on the level of pricing — it will have to do with the allowances with regard to increased production activity. For instance, you know in some taxation situations you will get an oil depletion allowance and so on, so this is nothing to fear.

Right now, the pricing in Barbados is tied into the benchmark Saudi Arabian light crude, which is something like \$34.50 a barrel, and we are tied into contracts as far as that is concerned. As a matter of fact, while we have been experiencing internationally significant drops in prices because of the so-called glut, we have to remember that when the international media talk about a glut and they talk about pricing activity because of the glut, they are talking about the spot market as opposed to the contract market.

Most of the oil in the world is sold on the spot market, but the contract market really is one in which Barbados is involved. Our oil supplier is a member of OPEC, and again Barbados is tied into a situation, since 1962, where the refinery prices are quoted on the basis of

what they call the Caribbean Platts Oil Gram, which, in effect, is based on pricing out of Curacao and Aruba, and it creates problems, but not for the consumer.

I should not say that. It creates problems for the consumer in a way too, because the price from the refinery to the marketing company in Barbados is based on the quotation from the Caribbean Platts Oil Gram.

And I must say that it is a bit unrealistic for that to happen in this day and age, because we must remember that in 1962 the agreement between the then Government and Mobil was signed, and at that time there was no OPEC influence. Even if there was an OPEC, there was no OPEC influence, and what has happened since then is that while we are stuck with buying crude oil from a country that is a member of OPEC, we are still being affected by Platts quotations in the second largest refinery in the Caribbean area.

The refineries in Curacao and Aruba process something like over 800,000 barrels of oil a day, and here in Barbados we are talking about something like 3,000 barrels a day, and I do not see why we should have been affected. But the point is that nobody would have known in 1962 about the influence of OPEC in the seventies, so I would not even want to blame the then Government. The thing is that we have to look at this whole situation in 1987, or before, when the current Mobil Agreement expires.

As far as Senator Greaves' question is concerned, the level of production is moving up from 750 barrels a day to 800 barrels a day. There is a little fluctuation, because we are talking about some wells that produce sometimes 20 barrels a day and some that produce 100. We still have to appreciate that oil exploration and production in most cases, as the experts say, is a hit or miss thing, because the argument is that 80 per cent of the time you are in effect hitting on dry wells. In Barbados, we have something like 54 wells — we are now drilling the 54th well — and we have about 40 of those that are producing, so there are problems.

What we have been able to get Mobil to do is to appreciate the importance of a shallow drilling programme, and we can see the success of this. In that last year, when Mobil concentrated on exploration — because they were using only one rig on the island — they fell upon many dry holes. This year, they have sacrificed the exploration for production, where they do a lot of in-field drilling, and the production has increased significantly from something like 400 barrels a day at the end of 1981 to the present point where it is 750 barrels a day. And up to July, the projections are that they will go up to 1100 barrels a day.

But we are still not taking any chances on that; we are also looking at the possibility of using some of the funds available through the Venezuela credit facility to enter into joint ventures so that the National Petroleum Corporation can be involved in the production in Barbados very very shortly. The money has been sitting down there for some time, and because of the negotiations the Government recently successfully concluded with Venezuela, we will see more money flowing from the credit facility in a very short time.

As far as the question asked by Senator Greaves on the offshore exploration is concerned, the seismic data has shown that there are good signs, what they call good formations, off the north coast of Barbados in some 1500 feet of water. And we have been preparing data packages — if you read the Budget Speech of the Prime Minister you would have seen all of this for sale to prospective companies, which will not only be interested in exploring in Barbados, but who have the capability to explore in water.

We must not forget that, even though the formations may look good, we have to think in terms of the expertise available for drilling in 1500 feet of water. Even in the North Sea, the water there is only six or seven hundred feet; so we are talking about a situation where we have not only to attract companies which can drill, but who have the technology available to drill in 1500 feet of water.

I hope that answers your question.

SENATOR E. E. GREAVES: I am wondering, Sir, if there is drilling anywhere in 1500 feet of water. I do not know, I am seeking to find out.

SENATOR C. A. GRIFFITH: We are not aware of that as yet, we have been trying to find out. That is why we are preparing the packages to see who would come forward and then determine who would qualify.

The question that clause 2 stand part of the Bill was put to the Senate and agreed to.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move that the Senate be resumed.

The question was put to the Senate and agreed to. Mr. CHAIRMAN left the Chair and Mr. PRESIDENT resumed the Chair.

SENATOR C. A. GRIFFITH: Mr. President, I beg to report the passing of one Bill in Committee without amendment, and beg to move that it be read a third time forthwith.

The question was put to the Senate and agreed to.

SENATOR C. A. GRIFFITH: I beg to move that this Bill do now pass.

The question was put to the Senate and agreed to.

#### THE CONSUMPTION TAX (AMENDMENT) ACT, 1982

The First Order of the day was called — to move the Second Reading of a Bill to amend the Consumption Tax Act, 1980.

SENATOR C. A. GRIFFITH: Mr. President, I believe that this is going to generate some heat.

Mr. PRESIDENT: Honourable members should not read newspapers when members are speaking.

SENATOR C. A. GRIFFITH: I would like to be a bit expansive, but I believe this will create a lot of debate. There has been a need for an amendment to the Act for several reasons, but the primary one is that there have been various difficulties of an administrative nature which have been encountered by the Comptroller of Customs and his staff after the Consumption Tax was enacted, and we are taking steps to help alleviate some of the problems that the Comptroller and his staff have.

In addition to that, what we are seeking to do under this Bill is to include provisions for the collection of Petroleum Taxes which are more suitable for collection under this Bill than under the Petroleum and Storage Act, which is Cap. 172 or the Petroleum Products Act, Cap. 61.

I was just talking about administrative difficulties and so on, but in 1980, a survey of the Customs Department was done by an OAS consultant and some recommendations were made which would, in effect, not only improve the operations of the Customs as far as the collection of levies and so on are concerned, but try to assist in speedier resolutions of problems.

Some recommendations were that a legal officer should be attached to the Customs Department and that the Customs should institute a policy of selectivity, which would mean they would alternate investigations, searches and so on of people coming in, at the airport especially. It was also recommended that they should set up a completely new operation at the airport, which would involve structural alterations and renovations; which, in fact, are presently being done by the Civil Aviation Department.

There was also a recommendation that Customs should detail an officer at the Parcel Post to assist in a situation which has developed where a lot of importation,

instead of being done through the airport, is being done by parcel post, and hence people have been able to get around certain regulations by using this method.

These are some of the recommendations that have been made, and I believe to all intents and purposes that these recommendations, if they are implemented, would lead towards a more efficient and effective tax collection service at the Customs, because if we can improve our efficiency as far as the operation of the Customs is concerned, then, conceivably, it could mean that there may be some opportunity for easing some of the Consumption Tax burdens that are imposed.

When I get into the Consumption Tax, I know that there will be some very strong views expressed about the efficacy of collection of Consumption Tax, and whether it is a regressive type of tax.

I know that in Barbados there is a very strong view that Consumption Tax is a regressive tax and that it is a heavy burden placed on the lower income section of the community and so on. But we should not forget, Sir, that indirect taxes, like the Consumption Tax, have accounted for a considerable portion of Government revenue, particularly in the Sixties.

As a matter of fact, it was about 50 per cent of Government revenue in the Sixties, but certain things have happened which have changed the figures and the relationship of Government revenue. For instance, we had this country being a part CARICOM, where the CARICOM provisions affecting the imposition of Consumption Tax, thus lowering the tax incident. We also had an increase in manufacturing, and because of the exemptions and investment goods, as it were, then the tax fell off somewhat.

I just want to point out, Sir, that we should not think that this Consumption Tax is a new idea introduced by the present Government, but that it has been around for a long time. As a matter of fact, this year the whole system of Consumption Tax imposition in Barbados will be twenty years old.

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

SENATOR E. E. GREAVES: Mr. President, I shall be very short. It would seem as if Senator Griffith attempted to anticipate some of the advice, not criticisms — he might consider them criticisms — which would be coming from my speech here this afternoon.

I would just like to start off by saying that I do not think that he, or anybody for that matter, could say that the Democratic Labour Party is opposed to Consumption Taxes.

Having said that, what we are concerned about, and what we are very strong on, is the incidence and the rate of Consumption Taxes which has been imposed by the Barbados Labour Party Administration; particularly after 1980, when one saw a shift away, as it were, from direct taxation into the area of indirect taxation; where the Government sought to rake in considerable revenue by increasing the rate of Consumption Taxes which were improved previous to that.

You will recall, that in 1980, when this was done, it was pointed out that, contrary to the estimate which was then given, if my memory serves me correctly, the estimate at that time, when the shift took place in the Budget Speech, was given at somewhere in the vicinity of \$25 million, that it was nearer to \$60 million.

So what we said at that time, and what we repeat here this evening, is that this kind of emphasis does impose tremendous hardships on the general masses of the people of Barbados; from the point of view that it is generally accepted, Sir, that poor people spend all or nearly all of their earnings on consumer type earnings — food, clothing, shelter and so on — and so, unlike a person who might be a high income earner, and who would have reserves, and whose income would not be affected in the same way, one must make the point that Consumption Taxes, and the kind of emphasis which is being placed on this area of taxation collection by the Barbados Labour Party Administration, does impose very serious hardships on the people of this country.

It is a fact, Sir, that the result has been a tremendous increase in housing costs, even to the extent that the National Housing Corporation has been affected, the price of houses has been affected by this. There is provision made in this particular bit of legislation to exempt Government departments and I am saying — I hope I am correct — that the National Housing Corporation would no longer be subject to the payment of Consumption Taxes on building materials. Am I correct in assuming that?

Mr. PRESIDENT: You will get an answer.

SENATOR E. E. GREAVES: Yes. I am assuming that Senator Griffith will probably reply to the effect that this is no longer the case, but the fact of the matter is that the cost of housing has been affected considerably, and the cost of food and clothing. And I am saying that what we have witnessed in Barbados since the imposition of the Consumption Taxes is that there has been a general deterioration in the standard of living.

I make no apology for saying that, because people are really finding it difficult to cope with, not only the Consumption Taxes, but with the other taxes and levies

which have been imposed by the Barbados Labour Party Administration.

So that rather than easing the burden on the people, what we find is that the Consumption Taxes have had this kind of effect. And as Senator Griffith rightly anticipated, we have, and will continue to contend that this shift, and this emphasis, which has been applied by the Barbados Labour Party Administration is, in fact, regressive. And, again, I make no apologies for using that particular term, because it is a fact.

The Government, of course, has found itself riding a very dangerous horse because it has, to some extent, linked its revenue collection to the collection of Consumption Taxes and, as I pointed out during my contribution in the debate on the Estimates, when we get into a situation where there is a recession, this is reflected in the revenues which are earned by the Government. So that the Government has found itself in the situation where, maybe, the anticipated earnings did not come up to expectations.

And we have seen, of course, the possible result — that the Government has had to find other ways of imposing additional taxation, because in truth and in fact, Sir, without reflecting on the Bill which we passed just before lunch, the one on the Stamp Duty, that is consumption, just by another name. But rather than increasing the Consumption Taxes by 2 per cent, the Prime Minister took an opportunity to introduce another measure, which is Consumption Tax just by another name, and at the same time roped in a number of other areas.

I suppose that some credit ought to be given to him for the way in which he has been able to camouflage this particular imposition. Only a mere 2 per cent, because I remember hearing the Prime Minister, when he was driving this taxation to the people of Barbados — and it went in so easy, Sir, so easy — saying only a little 2 per cent, and the people at that point in time did not realise what had struck them at that time.

But back to the Consumption Tax. We are concerned, Sir, that this is a matter which the Government ought not to continue to impose as harshly as they are imposing on the people of this country and I think that there is a very serious case which can be made out for relief. I would expect that the point which I had made in the other bit of legislation, relating to the business community can be made here — again, I do not think they have any particular problem with it — and I would expect

that Senator Seale, who is an independent spokesman representing the business community in this August Chamber, would welcome this bit of legislation because it serves the interest of the business community only too well. The point which I made earlier on....

Mr. PRESIDENT: Just a minute. I did not reproach you earlier on today when you were speaking along those lines, but I think I ought to direct your attention that you are sailing very close to the wind when you are imputing motives to members. You must not take it for granted that when members take particular lines in debate that they are speaking out of a conscience and not anything personal. I think a word to you in that direction is necessary.

SENATOR E. E. GREAVES: I take your point, Sir. What I am saying is that the business community, without any reference to the honourable Senator, would welcome this particular line because, as I had pointed out, what happens very clearly is that they are given an opportunity to even charge a higher price as a result of Consumption Taxes, because the taxes are passed on to the consumer and in addition to passing on the taxes to the consumer, the markups go on on top of that. That is why we are expressing this particular concern.

Sir, I know that Senator Griffith might very well respond to the effect as he responded earlier on today, that the Democratic Labour Party imposed a Sales Tax in 1974. That was true, but it did not have the kind of coverage that we find even in the little, as it were, 2 per cent Stamp Duty, or indeed in the additional Consumption Tax revenue which we find being collected, and which will be collected as a result of these increases which we are now asked to look at.

If you recall, Sir, the Sales Tax in 1975, I think it was, in a full year only brought in about \$6 million. It was estimated in the 1974 Budget to bring in \$8 million and I do not think it ever reached that point. The \$6 million was the maximum.

But even so, Sir, it did not have the kind of impact on prices and on the general standard of living which the increased Consumption Taxes have had in Barbados since they were imposed in 1980. And there were a wide range of goods including food which were exempted from the Sales Tax. Like the Government which responds to criticism, when criticism was raised about the removal of Sales Tax on medicines, this was done.

I want to say, Sir, the call which this side made here today for the reduction of taxes on food and medicines, we know the Government will have to do it. I make bold to say that, in the not too distant future, the Government will see the wisdom of the pleas which have been coming from the Opposition Democratic Labour

Party on behalf of the poor suffering people of this country in this particular direction. I believe that they like the former Administration, when certain things were pointed out, will change their direction in this matter. So I am now worried about that, Sir.

But we have, in this general area of taxation, Senator Griffith admitting that the Consumption Taxes were burdensome, because he used the words of "easing" the Consumption Tax burden. Well you only ease something if it is creating a problem, and I really hope we will see some ease come in the not too distant future.

Let us look at the general impact of the Consumption Tax and the Stamp Duty, on let's say a motor car, if you take that as an example — I know it is not the best kind of example, because there are a whole set of people who are not in the motor car bracket, as it were; in terms of being able to purchase a motor car — but as a result of the new arrangement for Consumption Taxes on motor cars, on page 12, at the bottom, you will find, Sir, that it is quite possible that a motor car which might have been valued before the Budget at about \$16,000 from my calculation could well be in excess of \$20,000, and I have been informed that it could be in the region of \$29,000.

This is the stark reality of the situation when you consider the application of the 70 per cent or the 50 per cent. If you take a car which exceeds \$16,000, the rate of tax on that is 70 per cent, and this is in addition to duty, and to Stamp Duty. So you could have a situation where there could be a very serious downturn in that particular area.

I have no particular grief for the persons who import motor cars or anything in that line, but I would think, Sir, that a look ought to be taken at that situation, particularly in view of the fact that there are a number of people who aspire and who would like to own motor cars.

When you take into consideration the general state of public transport, I believe, Sir, that if the public transportation system in Barbados was such that people could move easily and if it was a reliable type where people could time their movements, then the need for independent transport might not be there.

So we will find that it will become almost impossible for the average person, if one could find such a person to own a motor car, as a result of this Consumption Tax, because the price of the cars will go up and the price for a second hand car also will go up. If you examine even the second hand market, and the prices which are being asked for a second hand car, it is really tremendous — I cannot even change mine. *(Laughter)* Sir,

quite seriously, I think that the impact of these taxes are passed on and are being and will continue to be felt, by the public at large in Barbados, and we in the Democratic Labour Party are concerned about this.

When you get a situation where a Government is imposing taxes, increasing the rates of some kinds of taxation and then want to tell workers that they have to practice restraint in their demand for wages, where the Government is not practising any kind of restraint whatsoever in the imposition of taxes — taxes which have to be paid by these same people who you are asking to hold restraint and take things easy — this is a matter of concern. All of these things are impinging on the general quality of life in the community and we are concerned about these things.

I know that Governments do not easily change their positions, particularly when they have proposed taxes. But I believe, Sir, that a reasonable Government, when once they have been informed, and certainly convinced — as I hope that this Government will be convinced — about the general impact of their taxation measures, particularly in this area of Consumption Taxes, and the rates which are being applied, that we can see, not a further increase in the rate and a further extension of the general sweep of the Consumption Taxes, but one would see a change in direction.

I know that there are certain, as I say, exemptions which are provided under the Second Schedule and I think that the agencies listed here are exempt, or will be exempt, from the application of Consumption Taxes — Government Ministries and departments, the Governor-General, United Nations organisations and agencies, the University of the West Indies.

We want to see this widened somewhat. And, Sir, an idea just struck me, Sir, it just struck me that there are other agencies which are involved with very important contributions — everybody seems to be anticipating what I am going to say — to national life; for example, in the area of housing.

Take the Barbados Workers' Union for example, Sir. We are involved in the construction of houses and I seem to recall that we had written to the Minister of Finance enquiring about relief from the Consumption Taxes when this was increased, considerably, in 1980. The reply, which was received from the Ministry of Finance and Planning at that time, was that not even the National Housing Corporation was exempt from the payment of Consumption Duties.

When I saw this legislation and I saw the exemptions, I eagerly looked to the back of the document for the Second Schedule to see those areas which were exempted; and I saw that the National

Housing Corporation through, of course, Government Ministries and departments under (1) presumably will get exemption.

I just make that point and leave it there to indicate that this is an area to which some consideration could be given since, of course, the request was made, and it went sometime, I believe in 1980, when we were involved in this. And we are still involved in this because we are hoping in the not too distant future to start another phase.

But, overall, Sir, we on this side, will not be able to give our support to this further imposition on the poor people of Barbados. We think that Barbados has now become, in my view, an over-taxed country. We are over taxed. And, I Sir, am appealing to the Government to relieve the people of Barbados of some of the burdensome taxes which it continues to impose on people, so that people can have an opportunity to improve their standard of living and to feel that life is worth living in this country.

There is need, Sir, for a very serious look to be taken at this matter of taxation. People are just crying out. Levies, taxes of all sorts, coming in all sorts of forms. I do not think that the Government, Sir, is showing the kind of sympathy which it ought to show in these areas. So, Sir, I hope that this short contribution will move the Government to be a little more sensitive to the cries of the people in this country.

Thank you.

Mr. PRESIDENT: Senator McClean.

SENATOR A. W. A. McCLEAN: Yes, Mr. President, I would like to begin by addressing those points on which I believe I can agree with Senator Greaves, perhaps starting with one of the last which he made relating to the Consumption Tax on motor vehicles, and motor cars in particular.

I do believe that taxation on motor cars at the moment has really gone beyond all reasonable limits in Barbados. The tax on motor cars is now well in excess of 100 per cent and that is getting a bit unreasonable, having regard to the levels of incomes in Barbados and so on.

You must remember that time is a very scarce commodity. For many people in Barbados in certain types of occupation time is a scarce commodity. And, given the type of public transport system we have, this country would be in chaos if large numbers of people who now find it necessary to use their own private means of transport had to rely on the public transport system. And given the levels of incomes in Barbados the number

of people who can reasonably afford even the most modest type of motor car is reducing.

When you consider that the people also have to concern themselves about housing and the cost of housing is really out of line with salaries at the moment, you can see the desperate plight of the average Barbadian citizen. And all of this in the context of wage restraint.

So I think that Government has, in some way, to moderate the taxes in certain areas. If Government wants to dissuade people from importing cars, and they do not believe that the quota arrangement is sufficient to ensure this, and they need high taxes, this should go along with some type of accommodation to people who do not contribute in any unreasonable way to the high import bill in motor cars.

What I am saying is that there may be a point in making someone pay high taxes if they want to change their car every two years or every three years. But if someone is going to keep a car for ten years and twelve years, that person should, by virtue of that fact, be given access to a new car at a reasonable price. For one thing, to force them to hold on to that old car, when, now, the maintenance cost is high, and it is inefficient in terms of the use of fuel and so on, is not saving the country anything. So it is in the country's interest to allow that person to be able to change the car after a certain age.

And so, at least if this tax structure is not going to come down in relation to cars, it should go along with another modification, which says that it would only apply to people who change their cars within less than a certain span of time and then you have a whole reasonable structure for other people.

Also, I must agree with Senator Greaves in his reference to what has happened to housing costs. I think I remember, quite vividly, that the Consumption Tax imposition on building materials, or the increase therein, came about three years ago when observations were made from certain official economic analysts that the construction sector was overheating, and there was some particular suggestion that this was a measure to prevent the overheating. People believe in old fashioned economics, that you can bring down prices in some way by dampening demand. You see?

One way of dampening demand is imposing taxes. You impose a tax on a house and then people would not want to build as many houses, and construction costs would come down, but apparently it does not go that way in Barbados. Even if people are not in a position to buy a house, you find that the cost is going to be based on the cost of materials and the cost of labour rather than on the demand for houses, and I would think that housing should be at the centre of a Government's

concern in terms of improving the conditions of people in the country. For this reason, building materials should not be seen as an appropriate area for revenue raising, and I would think that Consumption Taxes should be removed from most building materials, if not all, at least the basic building materials.

Now, there are other areas, however, where I cannot so readily agree with Senator Greaves. Indirectly, he seemed to have been making a comparison between Consumption Tax and Sales Tax. He made the point that the Sales Tax was not as wide in scope and so on, and that it did not raise as much revenue. The reason why it did not raise as much revenue is not necessarily related to the extent to which it made a contribution to an increase in the cost of living. One of the reasons why it did not raise as much revenue is because it is not a tax which is easily collected and there can be pretty widespread default. It does not mean that the customer is not charged the Sales Tax but, between the collection and the payment, there is a big slip. So that type of comparison is basically neither here nor there.

There is another argument which has been used. It has not been used by Senator Greaves today, but it has been used quite recently, in relation to these Budgetary Proposals, in the Press, that if you apply a tax lower down the distribution chain, I think it is about 2 per cent, by the time it comes out at the top it is about 7 per cent. That is not true.

It is true that 2 per cent of, let us say, the landed cost or the C.I.F. value of an item in the case of the Consumption Tax, the landed cost is rather less than 2 per cent of the retail price of that item, but basically if you are following a system of mark ups and so on, if you can add 2 per cent to the base and maintain the same level of mark up, by the time you come out at the end it is only 2 per cent more. The difference is that a Government 2 per cent would be a smaller 2 per cent than that later 2 per cent at the end, but this does not mean that it would be more advantageous for Government to impose the 2 per cent at the end of the chain rather than at the beginning, for all sorts of reasons.

When you impose it at the end of the chain there is a lag in terms of revenue collection, you have to wait until a retail sale is made, so getting the money later you can make an interest rate adjustment for that.

The second thing is that the base is not quite the same. Everything that is produced or imported that can attract a Consumption Tax or Stamp Duty will not end up at the end of the line as a retail sale, for all sorts of reasons. You have shrinkage by way of spoilage, breakage, pilferage, all sorts of things, and even when they do reach the end of the line, as I said, you have the

problems of ensuring that you will be able to get all of the tax in.

So, effectively, a 2 per cent tax at the beginning of the distribution chain probably nets more revenue for Government than a 2 per cent on at the end, having regard for the need of an interest adjustment and all that.

I cannot really agree with those who tend to suggest that the Sales Tax was a superior mechanism. Senator Greaves again repeated — and for the second time he is not here to hear my response to that, but others have heard it so I need not repeat it — that the Consumption Tax — or rather, indirect taxation — is less buoyant than direct. That is not true, as I explained last time, but he is not here. I would have explained it if he were here, but he is not here again.

Senator Greaves also expressed some measure of concern over the question of estimating the Consumption Tax revenue, and I do believe that again this is an area in which I can express some support, because the whole history of estimating revenue by the people responsible for that, the Government of Barbados — I do not think that is the responsibility of the politicians — is not a particularly good one.

We have had a considerable tradition of under estimating revenue, except in times when there were some unforeseen circumstances which lead to a rapid decline in the economy, and I would think that this is something that is unfortunate, because it is as bad to under estimate revenue as to over estimate it.

The secret of skilful budgeting and planning is to be able to predict, within very fine limits, the outcome of whatever you are going to do, so you can know what to do well. So it is just as embarrassing to know at the end of the day that you have \$20 million more than you thought you had, because you would have been making plans minus that \$20 million, either imposing too heavy taxation or refusing to engage in expenditure which would push the country forward at a much faster rate.

I would really like to commend to Government that this is something which they have to examine within the appropriate Ministries and departments — the question of budgeting; estimating revenue and expenditure in realistic and reasonable terms.

I do recognise that civil servants are usually inclined towards what they perceive to be caution and what would avoid personal embarrassment to them. They might feel that it is no great embarrassment if they under estimate revenue and Government had more; that the embarrassment in their eyes will be less if they under estimate

than if Government has a problem of not being able to pay bills.

But I think that, somewhere along the line, what we have to do is to try to be true to ourselves and estimate as well as we can, and as accurately as we can, and if unforeseen circumstances set in we will see them as they come and we can adjust on that basis.

Beyond that, Mr. President, apart from those observations of areas where I believe the Consumption Tax is probably too high, I am in a general sense supportive of the tax measures here, because quite evidently Government has the need for increased tax revenue, and this is one of the areas which is as appropriate as any to make a contribution. I thank you.

SENATOR C. D. SEALE: Sir, I wish to support this Bill, because, in all honesty, I think the rise in the Consumption Tax has been rather modest. I believe I would be echoing the sentiments of many people around who really thought that the price of gasoline, the price of liquor and what have you, would have gone up a lot more. So I think the rises are modest.

However, Sir, there are two rises that give me a bit of concern. I am referring to the 100 per cent rise in the Consumption Tax on blended brandy and blended whiskey. Blended whiskey and blended brandy are manufactured here in Barbados, and I think the Government's policy has been to encourage manufacture and to encourage industry.

We now have a situation where blended brandy which used to carry a Consumption Tax of \$84, including duty, on a case, has now gone to \$169.60. However, the imported brandy which used to pay in the vicinity of \$140 and \$160 has just moved to \$166.20, so that the local manufacturer's duty is much more than the imported.

I think the Government should take another look at this. I do not think they would want to hinder our industrial effort.

Sir, one other Consumption Tax rise I would refer to is the rise on beer. Now this has had a funny effect. This had the effect of a highly respected company in this island, Banks Breweries, waging a vicious campaign against shopkeepers, vicious and slanderous.

Sir, you would have noticed in the past few days advertisements in the Press and over the radio where the impression is being created to the public at large that any shopkeeper in this country charging more than \$1 for a cold Banks beer is a robber.

Sir, I do not know if you realise that 70 per cent of Banks beer sales comes from shopkeepers. I think that if we had a little look at the prices, we would see that these gentlemen are really performing a function for Banks and not necessarily for themselves.

Sir, a case of beer costs \$14.90 plus \$6 for the deposit. In other words, a shopkeeper has to push out \$20.90 cash before he can get a case of beer. That is 87 cents a bottle. I do not consider it could be an exorbitant charge to retail it at \$1.25, cold.

Sir, I noticed a letter in the Press which has even attracted an editorial in one of our newspapers, but nobody has really taken time to investigate it. Did this gentleman buy the Banks beer at \$1.25 at midnight or did he buy it during working hours? Did he buy it on a Sunday or did he buy it on a Bank Holiday?

These people are open constantly and for a 42 per cent mark-up on their cost there is a big hurrah and you bring out the whole force of Banks against them.

I have never in this country heard Banks come out and complain against a hotel selling beer at \$3.00. Even supermarkets sell beer at \$25.20 a case or \$1.05 per bottle, and there is no war waged against them, but the shopkeepers are the whipping people that you get at.

This country cannot succeed, go forward and progress, without the support of the small businessman, and I think it is uncalled for, and a use of tactics, to have Banks carry out a campaign like this.

Sir, there are advertisements which say in the end something like "not a cent more". Sir, if I were the shopkeepers I would say "not a bottle more".

While on the subject of the small shops too, the liquor licences have been moved from \$200 to \$350, and I am wondering if it is about time that Government introduce a category of liquor licence, because you have shops and shops. Senator Greaves is not here now, but you have shops in Josey Hill in St. Lucy that only draw on a clientele of 20 people. They cannot really improve their sales any. To move their liquor licence from \$200 to \$350 is an imposition, I feel, and just as we have categories for hotels we should have categories for shops.

Sir, on motor vehicles, there is an anomaly that has been operating with the Consumption Tax on motor vehicles for a long time. We have a situation where commercial vehicles, which are considered trucks and upwards, pay 45 per cent duty in all, between Consumption Tax and duty. However, Sir, pick-ups, that is, things like Datsuns, Toyotas, and those which are used by farmers in the main to bring their produce into Bridge-

town and around, because they arrive in this country at a weight of less than one ton have to pay something like 120 per cent duty, so that you get them really moving out of the realm. A small Datsun diesel pick-up is well over \$30 000 because of duty.

Sir, you also have a situation with small trucks that has been counter-productive. you have a situation where a truck used to come down without the platform and little traders here built the platforms. However, to get in now over the weight it is cheaper for the garage to bring it down with the platform ready-made, so that the truck is actually more than two tons, and therefore the employment here for carpenters and a few other people in that trade is lost.

Sir, the last point is the question we get all the time coming up about the rise in Consumption Taxes, that it is a rise in tax that businessmen appreciate and that they are going to add on more mark-ups and what have you.

I think Senator McClean answered reasonably well, but what I would just like to say is that, as a trader, we price on the in-store price, that is, the price at which the article arrives at the store door.

I do not know if when I buy an article and I pay the bank the cost and then I turn around and pay the Customs Duty, and I add the two of them together, that I should say all of a sudden that the duty is not a cost and that I am going to only attract what the article cost from the bank.

Sir, the mark-up is put on the in-store price and, therefore, like anything else, if the duty goes up the cost of the article will go up.

Let us say that an article costs \$10 in-store and it was attracting a mark-up of 20 percent and it goes to \$15 and it is attracting a mark-up of the same 20 percent, surely there is going to an increase in there, but there are other increases. There are increases in the cost of everything and therefore that is just a matter of business. Sir, I thank you.

SENATOR W. W. HALL: Mr. President, I was not really going to say anything on this, but now obviously I have to. Sir, the honourable Minister, I must say, is learning quite well. In introducing this Bill, he attempted to give us some more information and he even was knowledgeable enough to know when the Consumption Tax was started. He was going quite well, and then, with one imperceptible change of gear, he anticipated and talked about the Act being regressive. I feel, Sir, that....

SENATOR C. A. GRIFFITH: On a point of order, I did not say the Act was regressive.

SENATOR W. W. HALL: .....we would say so.

SENATOR C. A. GRIFFITH: I did not say the Act was a regressive Act. I said that there is a body of opinion which says that this type of taxation is a regressive tax.

SENATOR W. W. HALL: All right, Sir, the point is taken. I did not really mean to impute that he said it was regressive. Anyone with a modicum of commonsense would know that a Minister, in introducing a measure, would not term his Government's legislation as regressive. What I intended to say, even if I did not say it, was that he intimated that even coming from this House it might be thought as regressive, or other people have said so. So there is no problem there, Sir.

It was said that the Sales Tax had raised about \$6 million, and we have heard arguments advanced as to why it did not really realise its full potential. We have heard Senator McClean say that it was not easily collected and there was some lag — this might well be true — and the comparison between the Sales Tax and Consumption Tax was quite well explained, the situation being that it was generally felt that the Sales Tax was applied at the final stage so that if it was 5 percent on say \$200 it would be just \$10.

And there was a consensus of opinion, which was refuted by Senator McClean, that Consumption Tax, having started at the beginning, would tend to escalate and recur and obviously would not be a good money collector. But Senator McClean has given the lie to this. He said that, in fact, with some adjustment, the one with the taxation at the beginning could well accrue more money to Government.

When the Consumption Tax was extended, I think it was in 1980, it was estimated that the yield would be some \$27 million. If my memory serves me right, Sir, I think they collected something like \$60 million. And indeed, judging from the just completed Estimates, it seems to me as if the Government hopes to collect something like \$63.5 million, this year, 1982/83.

I think that honourable Senators this evening have actually given their opinion on the increases in cost of housing, in cost of food, in cost of clothing, manufacturing produce, natural gas, even increases in gasoline.

In some countries, Jamaica, for instance, when the price of gasoline goes up, there is a human cry, strikes and rumours of wars — but we in Barbados do tend to have some God-like tendencies. We are slow to anger and are of great mercy. These things do not particularly bother us, Sir, but I think the time comes when one has to let those in authority know that this type of legislation

is burdensome to the inhabitants of this land and invite Government to look at it now and again.

I think Senator McClean has expounded on the cars. In fact, he has agreed with Senator Greaves on the high cost of cars. What I would like to say about that is that I do not really think there is any such thing as a car salesman in this country, Sir. If you want a car, there is no great competition among salesmen with cars.

Senator Greaves mentioned second-hand cars. It seems to me that with no new cars around there is a great trade for second-hand cars. Things like the high rate of interest for the fully comprehensive nature of insurance is of great concern to most people, Sir. And, indeed, one has to look at it this way, that if you do not have private transport that it is imperative then that the public transport, or buses, mini buses, your roads, that these services are of reasonable standard, because then if people do not have cars to drive to work in then they will obviously have to depend on public transport.

I think one other area, Sir, is the fact that you really cannot deduct payment for full insurance premiums. You cannot get your full benefits for house repairs. I think there is a limit. These are things, even though one is not particularly critical of them, well worth remembering so that people would understand that, in fact, that things would be far in excess of the reliefs that are given.

One relates, for instance, to the relief just given to the rental of housing. You will probably find that if housing and building costs go up, that the people who get the relief rent would then be far in excess of it. So I think these are very strong areas that the Government must bear in mind.

Senator Seale alluded to the fact that Banks Breweries had launched a vicious and — I want to quote him right, Sir — slanderous campaign against the shopkeepers. Sir, I would say that that is not true. It depends on which way you look at it.

I am not even inclined to get too involved in it but I would think that it would be remiss of me to sit in this Honourable Chamber and knowing the facts — most of which, because of my interest, I would not divulge — but certainly, you can know some of them, Sir, and perhaps Senator Seale, at the end, would be in a better position to gauge for himself.

Now, about a year or so ago, Sir, the Government and the officials at Banks Breweries met — and the price on beer was generally regarded as one dollar — and the Government said that they would need a roll-back in prices because the consumers of the country should be protected. And true to form Banks rolled back to one dollar.

Sir, up to this day, up to this very day, shopkeepers throughout the length and breadth of this country have never sold beer at 90 cents so when the advertisement alluded to \$1.00, it was in good faith. It was not even referring to the .90 cents that it should be today, as indicated by the Government, Sir. So with the Budgetary Proposals, with the increase in taxation of light whisky and the other liquor, Sir, people, without any increase to them, have said that there is now an increase up to \$1.25 for a bottle of beer. The Brewery had not increased their prices to the shopkeeper. That is it, Sir.

Now, you have to look at it from a position, Sir, where beer is now being sold for \$1.25 that should be sold for 90 cents. There has been no increase to the shopkeeper so the company has simply said that they have not increased their beer and that it should not be passed on to the consumer — a logical conclusion.

But what is paramount, and what is very important, and what is something that every honourable Senator in here should know, is that the problem started when Red Stripe was imported from Jamaica here with a non-returnable bottle. That is the point, Sir.

Glassware that could be got in Canada very cheaply and which we cannot match even through the CARICOM was used. That is the fact, Sir. I cannot give the prices, because I might get fired tomorrow, but the point is that the Barbadian shopkeeper now, after 20 years of selling beer with the bottle — incidentally, a bottle of beer does not cost 87 cents, ridiculous. It cannot cost that. A case of beer is \$14.90 plus \$6.00 for the refund, and when the case comes back in you get your refund of the \$6.00. That is a fact.

SENATOR C. D. SEALE: On a point of order. I would just like, as the Senator, to buy a case of beer at Banks Brewery. How much money do you have to pay, Sir?

Mr. PRESIDENT: He said that he has agreed with what you said except that the \$6.00 goes back to the person when they return the case. Anyway, I do not see much point in....

SENATOR W. W. HALL: I am hoping to be totally elucidatory in nature, Sir. I am not waging a war in the Senate, Sir. I am just telling Senator Seale what the score is at great risk to me, Sir, great risk. You might well know that, Sir.

Mr. PRESIDENT: I would advise you not to take the risk.

SENATOR W. W. HALL: No, on the contrary, Sir. Having talked in here I might be in trouble, but what I mean, Sir, it is a fact. Banks is a Barbadian product, Sir.

The Senator did say that it was a classic company. He did say so. I am sure he did not mean any harm, Sir. What has happened is this: after 20 years of receiving a Bank's bottle, drinking it and putting it back, we have suddenly become sophisticated. This is what has happened now because of the introduction of the non-returnable bottle. People can now drink a beer and throw away the bottle. I say, pollute this place. There are a lot of bottles lying about this place. They are not like cans that can be recycled, Sir. There are bottles all over this place.

I do not want to share licks for sharing them sake, I am simply saying that we have become very sophisticated now. We do not see the need for getting the return of the bottle — you see my point, Sir — so what has happened now, having been in a position to have a foreign beer with a non-returnable bottle, when the local beer with the returnable bottle, which has been the norm for years, comes along, people seem to think that they must put on the 25 cents for the bottle and if you get back the bottle then you do not get back your 25 cents.

Sir, that is what we are against because we have not increased the price of beer following the Budgetary Proposals, and do not feel that there are no increases on beer, there are — of course, there are, but I am not saying what they are, and honourable Senators know too — but what I am saying is that it is a little unfair to suggest that we are waging a scandalous and vicious attack.

The company simply feels that having not increased the price of beer, that people who have been buying beer for one dollar should continue to do so — if we have absorbed the increase, there should be no need for people — I don't wish to use Senator Seale's words, Sir, and say "rip off" — I don't want to do that at all — I would say that we do not think it is necessary for any escalation in prices simply because it is not justified. A simple thing.

I do not know why the advertisement offends, but, Sir, I would just like to say that it is simply a case of an imported beer coming into the country with a non-returnable bottle. And mark you, the mark-up on that is a mere 25 cents. You can go into town and buy a case for \$24; that is only 25 percent. But because of the non-returnable nature of the proceedings, it is remarkable. As a matter of fact, it is paradoxical, Sir, that that could happen; because here you are getting a markup of over 60 percent — more than the brewery — and you are more inclined to think in terms of the non-returnable nature.

I had to rise — I do not feel good about it — because I do not feel that we should let anybody get the impression that this reputable company would in any way wage war against the shopkeepers. After all, the company is a company with a great record — not only its

corporate image is substantial, but indeed its contribution to life in Barbados is substantial — and I would hate for any of the honourable Senators to get the impression that this company has waged war against the shopkeepers.

There might have been a misunderstanding. I was hoping that Senator Seale would get up and say that he did not really understand it that well and he no longer thinks we are waging a scandalous war against the shopkeepers.

I hope now that I have explained it, that honourable Senators will understand that there is nothing wrong with saying that a case of beer is for \$14.90 and you pay \$6 for the return of the empties, as indeed the case of Coca Cola. The case of cokes could be no more than \$4.00 and some cents, but you have to pay \$8 for the return. Sir, that has only come about of late, that is a fact. Only two years ago, Sir, you would return the case for only \$1.

But what has happened is this: you may have 200,000 cases in your stock and you would probably find that because it is only one dollar for returnable, you would find another 100,000 cases are out in the trade; and only at Christmas time when there is a demand you would find you are getting adequate returns. That was the reason for the increase.

So when you raise the price from \$1 to \$6, and in some cases \$8, in the case of the green bottles, it was a considerable loss, because simple mathematics will show you that the company would lose in the region of about half a million dollars. Because if a man buys a case for \$1, and then three weeks later he can take from under the cellar and sell it for \$6, and he has 100,000, simple mathematics will show you that that is a considerable loss.

But the business angle of it was this: that it might be cheaper in the long run to do that than to have to import those same bottles. I will tell you, Sir, and I have alluded to the fact, that the importation of bottles from Trinidad was nearly twice, about 90 percent the charge, to be exact about \$9.75 as opposed to \$5, with the foreign company getting them from Canada, simply because of the quantum.

Sir, if we sell a million cases of banks beer a year, we must understand that Jamaica will sell a million cases of Heineken, which they make under licence. And because of the fact, that they also have a soft drink company, it means quantum is so great that they can get it at special rates and push them down here.

Sir, I believe that we made representations in the company and I said some retrenchment should be going on as far as I am concerned. Some people may think this

is privileged information, but I cannot let this go on, it goes down in history. Twenty years from now, people will believe that was true ;and it is not true.

I would have to say that as far as the company is concerned we are sorry, in fact we deprecate suggestions of our being slanderous to shopkeepers. Sir, we go out of our way in a public relation venture, of which I happen to be in charge, — to invite shopkeepers to our compound and not only to show them around. In fact, these people are shareholders. Bank Breweries is one of the modern firms in this country.

The poor people own it, and some rich ones too. There are over 3,000 shareholders — I am sure Senator Seale has a good slice — but the point I am trying to make Sir, is that we go out of our way to make sure that our public relations are good with our friends and colleagues.

Most of those shopkeepers might not have thousands of shares, but they do have their fifties, sixties and three hundreds. And I would hate to think, I would really, Sir, hate to think that we are thought of this way, because tomorrow, if the reporters were here, you know we may find that Senator Seale's comments, as usually is the norm, Sir, will get into the front page; and the thing in here — Bank's Breweries in vicious war against shopkeepers.

Sir, I cannot stand for that, Sir, I want to diffuse it. I want to suggest that we never do such a thing. We are just trying to let them know that all is fair in love and war, but at the same time, we have no war, it is all love existing here, Sir.

So I would just like to say that we just do not want to let go of the rope, we are just hanging on and we are hoping, Sir, that somebody would get up and compliment Banks Breweries for not increasing their prices. I really feel that somebody should do that.

We could have gone down bat and pads. You know, Sir; you know the score. We could have gone down the road to say that with the Consumption Tax, and this, and all of that, we could have gone down the road and increased the prices. We have not sought to do that, Sir. (SENATOR D. A. C. SIMMONS: Not yet.) Well, a cautionary measure, Sir. The honourable Senator has said, "Not yet." So true. We have not seen the need so far to do this. Even so, people should still give us some measure of praise for having not just jumped the gun and jumping on the bandwagon and gone straight down the line with a price increase.

One must consider the business sense of this angle. (Aside) Sir, I am getting heckled from that young Senator, Sir. Imagine that. The youngest Senator in this Honourable Chamber, and he is heckling me.

Mr. PRESIDENT: Order, order.

SENATOR W. W. HALL: I am saying it is sound business sense if the competition is coming from overseas and they are coming in, Sir, and you are telling me that you are narrowing the gap between your price and theirs, Sir, you are looking for a reduction in sales with its obvious retrenchment tendencies.

The Government boasts of maintaining the job opportunities, the jobs that have been created and things like that, Sir. Surely, they could not be happy if we are following a policy that would tend to retrench people.

It is common knowledge, Sir. If the Opposition comes in here, they could sell beer at a price that one wonders — one would never be so rude as to suggest things like dumping and that sort of thing, but we say, it is a low price for an imported product, when you look at the taxes you pay the transportation, glassware and things like that, and if we get too close to them, it is common knowledge then, Sir, that fall in sales would result. One needs not to be a marketing genius to know that.

So, Sir, I rose just to refute those allegations. I know that the ramifications might be great and even so, as a man who has got integrity, I feel that it must be said; and if it must be said, it will be said. What I have to do, I will do, so help me God — I hope that is not blaspheming, Sir — so help me Father.

I am saying what I have to do, I will do. I had to get up and explain to this Honourable House, and indeed to all Barbados, that the allegations were not founded. And I do hope, Sir, that Senator Seale — I do not think he can get up and speak again, Sir— but I am sure that he can get up on a point of elucidation or even of order. I am trying a bit to give him a chance to get up and say so, Sir. But I do hope that I have actually said enough to convince him that we have not done what he said we did.

Mr. PRESIDENT: Senator Simmons.

SENATOR D. A. C. SIMMONS: Mr. President, I wish to speak a little bit, generally, about the question of Consumption Taxes and indeed make some responses to some of the charges of Senator Greaves, whom I threatened today to reply to various things he was saying, Sir, — he has absconded.

Sir, I think, in looking at the question of Consumption Tax, it would be instructive if honourable Senators did a little research.

Senator Griffith says that Consumption Tax came into the nomenclature of Barbadian politics, in its vocabulary, in 1962. That is so, Sir, in a very haphazard way.

In 1980, Sir, on Wednesday, April 9, 1980, the present Prime Minister, in trying to deal with the question of Consumption Taxes, both at the level of principle and at the level of practicality, gave some historical insight into the reasoning behind the introduction of Consumption Taxes. I would like to quote, Sir, from the Hansard of the same date, April 9, 1980, at page 3625. Under the general Head of "Indirect Taxation", Sir, he said:

"Indirect taxation measures include mainly excise, customs and other import duties and Consumption Taxes. For many years, Barbados depended heavily for funds to run the Government on revenue from customs and excise duties, but with the coming into force of the Common External Tariff in 1973, the tax base of customs duties was immediately reduced since imports from our Caribbean countries began to enter Barbados free of duty"

and was therefore, in competition with Barbadian products.

"the Government, also as a result of the Common External Tariff lost the power of unilateral alteration of import duty. Consumption taxes which have since then increased in an effort to take up some of the shortfall in import duties resulting from CARICOM, have however been unscientific in scope, haphazard in application and disappointing in result."

Now, 1980, Sir, was the first year that an attempt had been made to put the whole question of Consumption Taxes, in relation to the Barbadian economy post 1973, into some kind of proper perspective because prior to 1980, in 1975 or 1974, Sir, the then Prime Minister, the now Leader of the Opposition, imposed a wide range of Consumption Taxes on a large variety of goods in this island, I think over 375 items were liable to Consumption Duty at various rates.

What was done in 1980 was in contrary distinction to what was done in 1974; in that in 1980, even though the number of items which were liable to attract Consumption Tax had increased, the rates of Consumption Tax tended to be standardised as far as possible in the area of 5 per cent. And certainly in many cases, the outstanding one being fridges and stoves, the rates which were chargeable under the Act of 1974, were in fact reduced by the present Prime Minister.

Now, Sir, it does seem that Consumption Taxes became a necessity, or a necessary form of indirect taxation, in the Barbadian scheme of things as a result of the Common External Tariff of 1973 and the consequential effects that that had on allowing imports from CARICOM countries duty free into Barbados. And

both Governments have made use of Consumption Taxes in the last few years.

If the general movement is away from direct taxation to indirect taxation, I believe that the country as a whole would welcome it. What is happening is that even though there is greater emphasis being placed on indirect taxation, in the sense of Consumption Taxes, at the same time, at certain levels of income earning there is not the corresponding ease.

I think the Prime Minister this year in his Budget — I was not here for the whole of the Budget exercise, Sir, those three or four days I was out of the island — but having read it it seems clear to me that he is cognisant of the fact that self employed people, professional types and so on, middle class people, perhaps upper middle class, if there is that, are still going to feel the pinch, because in 1982, he is not able to interfere with the tax bands as they affect people in that particular type of income bracket, Sir.

But it is also his clear assurance that as soon as the economy shows some more equilibrium, he will attempt to assist those of us who have been adversely affected in this way.

Having heard Senator Greaves, if one were a casual visitor to this Chamber for the first time, unaware of the full implications of the politics of Barbadian political parties, the impression would surely have been conveyed that the present Government is unthinking, ignorant and heartless as far as the question of taxation is concerned.

Before I get into details of some of the things the present Government has done to counter that kind of impression, I just want to make a couple of observations using the statement of revenue for the ten year period 1971 to 1981 that appears in the Estimates for this year.

In 1972, for the very first time, a new form of land tax was introduced in Barbados which proved itself particularly burdensome to land owners. The taxes on property for the year 1972-73 were \$2,775,831. After that tax, which has been known elsewhere as the Franklin tax, was devised, in the following year the taxes on property were multiplied by four times to produce income of \$9,319,547.

Similarly, in the three year period between 1973-74 and 1975-76, the taxes on goods and services by the supposedly humane Democratic Labour Party Administration doubled from \$20,689,667 in 1973-74 to \$40 million in the year 1975-76. Senator Greaves will not be able to find any comparable doubling of taxation on the part of this Government in the period 1976 to 1981.

The impression must not continue to go down in this country that the Barbados Labour Party Government is without any semblance of humanity in relation to taxation; it just is not true. To that extent, I would like just to include in the record some of the measures that were taken during the five years to reduce the burden of taxation.

Before I mention a few of those items, Sir, there is a feeling abroad, which has caused the Government some discomfort and some worry, that in 1981 an impression was given that all was well and rosy and by the time elections were over, CARIFESTA had fiascoed, and we had come back to the reality of existence, all of a sudden things had got tight and the country needed an explanation.

Members of the Opposition, in particular the Leader of the Opposition, is always careful to say that when the present Prime Minister speaks one must listen very carefully to each word. The significance of that, of course, Sir, is that as a lawyer, having been trained as a lawyer, he is apt to choose his words very, very carefully, and the shade of meaning and so on will be important, the nuances can become important, especially under pressure. Not that they provide a way out or an escape route, but they may make a fool of the one who is trying to attack. So that it seems that in the build-up to the election of 1981 everybody paid no heed to the third page of the Prime Minister's Financial Statement and Budgetary Proposals on March 31 last year. He said:

"Mr. Speaker, I want to make it clear that it is not my intention this evening to create an atmosphere of complacency in Barbados. Indeed, it should be apparent to all observers of the international scene that the world around us in the next two to three years is not going to be a particularly comfortable place for developing countries. In the past eighteen months oil prices have increased by 15%, and the combined GDP of the OECD countries which contain some of the world's major developed economies has hardly increased.

"I feel it necessary to repeat earlier calls for the cooperation and restraint of the Barbadian public in enabling us to chart our way through these rough waters successfully."

I would like to say, Sir, that the Government of Barbados has not in any way misled the country in the year 1981. The record is there in black and white for those who could read and who had ears to hear, and who were willing to analyse that things were not going to be good.

Where I think the country has misled itself, or not chosen to be sufficiently analytical, is that undoubtedly

in the period 1976, and particularly so from 1978, to the end of 1980, the calendar year 1980, the economy of Barbados had shown some stability, and it is clear that in a kind of way there was increased prosperity, people's standard of living had improved.

The Government had done many things at great pace, and in some cases with high degree of skill, and the Government was able at election time to place before the country a record of achievement and a record of success during the period of its tenure, and we were able to say that we had promised many things and we had performed them.

We were able to say, in this context, that whereas in 1976 when we took office, this harsh, unfair, inhumane Government that they talk of, found a situation where people were still paying tax on earnings of \$25 a week, but by last year you had to earn \$116 before you started to pay the first cent in tax. This unfair, hard, wicked, ignorant Government was able to do that.

We were able to parade before the electorate a line of achievements and a line of measures designed to increase the general prosperity of the people. And in that context, perhaps, in that state of, for want of a better word, supposed euphoria, people have confused and have allowed themselves to be blurred between what had been achieved and what was actually happening in 1981, both domestically and in the international economic community, that could perhaps happen, and in fact it happened, that could have interfered with a continuation of the prosperity which we had been able to parade up to the end of 1980.

Perhaps it would be tiresome to go through the number of tax benefits which this Government has given during its time in office. Perhaps, on another occasion, I might have occasion to list them, but this debate has gone on at length now and I am not going to cause its protraction much longer.

I would just want it clearly understood – and I am sorry that Senator Greaves is not here because he would have forced me to talk longer to convince him – I think it needs to be understood that in matters of taxation there is no Government in the history of politics in Barbados that has attempted to ease the burden of taxation on the people of the country in the manner that the Barbados Labour Party Government has done in the period 1976–81.

We were the ones who announced in 1977 that we were willing to tackle the question of personal taxation and revise, amend, alter, and if necessary, repeal parts of the Income Tax Act of 1968 to bring it in harmony with conditions existing in Barbados, and to some extent

we followed in some of the revisions the Canadian precedent.

The Democratic Labour Party, during its 15 years' tenure of office, was unable to tackle, in any way, the Income Tax Act. We have done it. We have given-increased allowances; we have introduced tax credits; we have widened the bands of taxable income and so on, and there is more to come that has been promised, Sir.

At the same time, we found it necessary, in 1977, to impose an employers' levy for three years as an inducement to businesses to expand and to assist in the relief of the problem of unemployment.

We have found it necessary to introduce a Transport Levy because the Transport Board, true to the form of nationalised transport industries virtually all over the world, found itself running at a loss and the Government just cannot take taxpayers' money to subsidise an enterprise which systematically gets worse and worse and makes a greater loss. We are asking the whole public to pay towards the levy to improve the transport system and to improve communications system in terms of roads and infrastructure needed for ground transportation. But the impositions of these levies are small having regard to current wage levels.

I hear talk about poor people all the time, and the masses, and they have never been able to identify these persons to me. We know that in every community which has stratified class systems, such as we have, that there are going to be rich, not so rich and poor and so on. But the impression sometimes, listening to public speakers, is that we have people out there like they have in Pakistan round the airport, lying in the dust, hundreds of them stretching out their hands for money and a glass of water and so on.

I am not minimising the question of poverty. Of course there is poverty, but Barbados is not at that level and I do not believe that our political system will allow us to entertain a society in which there is abject poverty. We won't get there.

At all points, both sets of Government, the Democratic Labour Party and the Barbados Labour Party, within the limitations of our resources, human, natural, financial and otherwise, always condescended and made concessions — perhaps condescended is a wrong word and I withdraw it — we have always made concessions to those less well off, those at the bottom, those working for the lowest wages to pull them up, to give them tax credits to see that they do not start paying tax until they work for \$115 a week and so on.

So it is grossly misleading, even for the sake of scoring cheap political points, to give the impression to the public that this Government keeps imposing taxes.

I know it has been said at the very highest level in this country that we are a very highly taxed country. I think the Government is aware of this and the Prime Minister has indicated that he really cannot ask certain groups to bear any more tax.

I said I was not here, and I was only able to read it quickly last week, but, as I see it, there has been no increase in the levels of direct personal taxation; and there has been none — let us get it straight in the record — for two years. In the election year there was none and there was none in this budget this year. (ASIDE) Indeed there might not have been any in 1980. I am obliged to Senator Trotman.

There has been no increase in the level of personal direct income tax for three years. Well that must suggest very strongly that the Government is conscious of the fact that it cannot go to that source again because the people who can be affected by personal Income Tax are already, as we say at this time of the year in kite flying terms, "out to the baller".

I cannot give an assurance on behalf of the Government. I can never do it from my position here, but I would like to predict that by the year 1983, assuming that there is an ease in the international recession, that by the end of the next year and by the Budget of 1984, members of the Opposition will come in here with their heads down.

And they will not have the courage to withdraw some of the strictures that they have levelled against the Prime Minister, his ability, his inability and so on. They will not be able to withdraw those because they will have conveniently send what they said today on holiday, but they will not be able to inveigh against the Prime Minister as perhaps they are now taking pride and glory in doing.

I am supporting this Bill to amend the Consumption Tax Act, Sir. There are areas of difficulty in relation to cars as pointed out by other Senators. Well, the whiskey and the cigarettes I left here the same day as the Budget, March 31, to go to a conference in Puerto Rico and met the Governor of Puerto Rico the same night. He asked me how was Barbados and I told him we were having some balance of payments problems and being buffeted by the international recession, but there was one thing I was prepared to predict as it was Budget Day, that there would be an increase in the price of cigarettes and whiskey and brandy and those things, but that I would still continue to smoke my cigarettes until two of the leading physicians in Barbados who are themselves great smokers stop.

SENATOR C. A. GRIFFITH: Mr. President, after such an erudite contribution from Senator Simmons —

not to say that the other contributions were not erudite, I think that this item really encouraged some considerable input — a lot of the points that I would have liked to touch on Senator McClean touched on them, and Senator Simmons, but there are a few things that I would like to comment on briefly.

You hear about the high duty on motor cars and so on and I wonder if people stop to think that a fiscal policy is not only something that is designed by Governments to raise money but it is, in effect, designed to do several other things, constraining construction behaviour, providing incentives and so on. So I hope that we are not just looking at the imposition of a tax or some other act relating to taxation as just a revenue raising measure. That point must not be lost in us all.

Now, some figures have been bandied about here and there and I would just like, for the record, to correct them. I have heard the statement made in the Other Place, and twice made by the Opposition in this Chamber, that there was some \$60 million collected in Consumption Tax last year. Well, I have some figures here which would give lie to those claims.

Now in 1979/80, these figures were provided to me only this afternoon — the Consumption Tax collection was \$28.3 million. In 1980/81, it was \$53.2 million, which show an increase in the last fiscal year of something like \$24.9 million. I do not know where the figure of \$60 million came from but it has been bandied about somewhat by the Opposition in both Chambers. I would hope that that would try to correct what the Opposition is saying.

I know that when it comes to the question of fiscal management we get a lot of very broad statements from the Opposition spokesmen and, of course, the statements are always designed to generate headlines and not really to deal with specifics.

We have had a lot of attacks on the Government about its taxation policy and how it imposed unnecessary burdens on certain sectors of the community and so on. I think Senator Simmons very properly dealt with those kinds of attacks because if people would stop and look at the figures themselves, they will see that this Government has been taking steps to ease the burden from the time it came into power in 1976.

There has been talk about the Sales Tax and how it only raised \$6 million, but I still make the point that not only was the Sales Tax a terrible tax, in that it had certain adverse effects on the general populace, but it was not the kind of tax where you can generally project, with any accuracy, the amount of revenue that you want to raise from it; and I believe that in 1976 the Democratic Labour Party realized this.

I heard Senator Greaves allude to the fact that they succumbed to the representations made and started taking the Sales Tax off certain items, but there were not taken off because there was any belief that the party in Government had seen the error in its ways and had decided that the best thing to do was to make life easier for the populace. What really happened is that they were convinced that the Sales Tax was having other effects which were not necessarily beneficial to this country. I mean, for instance, there is something called leakage in the Sales Tax and there is no way of determining how much the Sales Tax can generate.

As a matter of fact, when you have the imposition of a Sales Tax, you might even be contributing to the increased profits of the taxing agent for collection rather than the increased revenue accruing to the Treasury. All of these are the kinds of arguments that have been made successfully against the imposition of the Sales Tax, even in more sophisticated collection systems. So the Sales Tax idea was dropped, quite mercifully, when this Government came into power in 1976.

Even in 1976, when the last budget was presented by the Opposition Democratic Labour Party in Government, there was a tacit admission that the Sales Tax had failed, because what did they do? They started to impose the tax at the wholesale end instead of at the retail end, as they had done in the past, without realizing that when you impose a percentage tax on the wholesale, in the middle channel, as it were, that you are in effect creating a price increase as long as you have to have a retail price, which is based on a percentage mark-up, because you are having a bigger base on which to use your mark-up.

When you are talking about \$6 million collected in 1975 — this is 1982 — look at the value of \$6 million in 1982 as compared to 1975. As I said before, the Sales Tax was collected in conjunction with the Consumption Tax which was introduced. So when I keep hearing about all the money that this Government rakes in from consumption tax — I mean, a lot of wrong figures were used — and how it is a tax which hits the poor harder.

We have a situation here which encouraged a considerable amount of debate and speechifying from Senator Hall who was wearing the other hat this afternoon, and quite rightly so. I believe that he had a right to speak on behalf of the concern which employs him but it was another opportunity at blaming the Government. This is what happened — I am not saying that Senator Hall blamed the Government — but some of those people who carried up the price of beer at the time blamed it on the Government's Budget Speech.

This is the unfortunate situation in which we find ourselves, that people use the opportunity to say that Tom Adams caused the price of beer to go up, so I was very happy to hear the advertisement from Bank's

Brewery. I think it was a very good public relations exercise, because not only did it have the effect of making the consumers aware that the incidence had not been really passed on to the retail outlets but it took the Government off the hook, which is very important, and God knows how much more of that goes on in this country when people use these occasions to really profiteer at the expense of the consuming public.

I believe that whenever these things come up there is always a call for price control and Price Control Commissions, and we know what fully functioning Price Control Commissions have done in this country. I believe that it is better to have more effective price monitoring than price controls. That would be better.

And I believe also that instead of some of these razzle-dazzle organisations that call themselves consumer groups, you need activist consumer groups in this country. That would be better for the consumer, and indeed better for the Government of the day, rather than people using these opportunities to put blame on the Government, just to put more money in their pockets at the expense of the consuming public.

Now I am sorry that Senator Greaves is not here because I had so much to deal with — well, I have to leave that out because I think we are getting tired and everybody wants to get home. I just want you to remember that people talk about restraint and they say that this Government ask for restraint and still we are putting more taxes on them. But I want to make it perfectly clear that when things are good in this country this Government pass it on to the public. Remember Christmas, that was a tax free month.

We are in the middle of a national recession, which is affecting Barbados, and we are not afraid to take steps; like the Opposition did in 1976, when they started saying that things are hard and you must tighten your belts. We did that in 1976, and found that things were really rough and we introduced measures that would control the situation by introducing the Hire Purchase Act, and was heavily criticised by the Opposition because they were afraid to take any steps, and Sir, it proved beneficial to this country.

The question that the Bill be now read a second time was put to the Senate and agreed to.

On the motion of Senator C. A. GRIFFITH, the Senate resolved itself into Committee; Senator J. C. W. WICKHAM in the Chair.

#### COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 — 7 inclusive were called and passed.

Clause 8 was called.

SENATOR C. A. GRIFFITH: I beg to move that Clause 8 do now stand part of the Bill.

SENATOR E. E. GREAVES: Mr. President, in Clause 8 on page 9 there seems to be a typographical error and there are a number of errors without any designation as to measurement, I believe, but I do not know whether this would lead to some misinterpretation and I would like Senator Griffith to explain.

SENATOR C. A. GRIFFITH: On page 9 there are some omissions due to typographical errors on 22.05, 22.06 and 22.07. It should be \$5 per litre in each case. The measurement has been omitted — \$5 per litre in each case.

Mr. CHAIRMAN: Will the Clerk please take note of those corrections?

The question that Clause 8 stand part of the Bill was put to the Senate and agreed to.

Clauses 9 and 10 were called and passed.

SENATOR C. A. GRIFFITH: Mr. Chairman, I beg to move that the Senate be resumed.

The question was put to the Senate and agreed to. Mr. CHAIRMAN left the Chair and Mr. PRESIDENT resumed the Chair.

SENATOR C. A. GRIFFITH: Sir, I beg to report the passing of one Bill in Committee and beg to move that it be read a third time forthwith.

The question was put to the Senate and agreed to.

SENATOR C. A. GRIFFITH: I beg to move that this Bill do now pass.

The question was put to the Senate and agreed to.

#### ADJOURNMENT

SENATOR THE HON. O'B. TROTMAN: Mr. President I beg to move, Sir, that the Senate do now adjourn *sine die*.

The question that the Senate do now adjourn *sine die* was put to the Senate and agreed to, and Mr. PRESIDENT adjourned the Senate accordingly at 6.02 p.m. 6.02 p.m.