THE

SENATE DEBATES

(OFFICIAL REPORT)

SECOND SESSION 1981–86

THE SENATE

Wednesday, March 14, 1984.

The Senate met in the Senate Chamber, Public Buildings on Wednesday, March 14, 1984, at 11.05 a.m.

PRESENT

His Honour Senator the Honourable Sir Arnott Cato, K.C.M.G., (President)
His Honour Senator J. C. W. Wickham, M.B.E., (Deputy President)
Senator the Hon. N. A. Barrow, (Minister of Information and Culture) (Leader of the Senate)
Senator the Hon. O' Brien Trotman, (Minister of Health)
Senator the Hon. C. A. Griffith, (Minister of State, Prime Minister's Office)
Senator StC. E. Howell (Parliamentary Secretary to the Minister of Finance and Planning)
Senator H. R. Linton
Senator Mrs. E. M. Lynch, G. C. M.
Senator D. A. C. Simmons, Q.C.
Senator Miss J. Clarke
Senator Mrs. M. O. Reece
Senator A. W. A. McClean
Senator Mrs. G. G. Reader, M.B.E.
Senator the Rev. Canon I. McK. Jones
Senator L. A. Ward, G.C.M.
Senator C. Jemmott, B.S.S., J.P., and
Senator O. S. Arthur

Prayers were led by Rev. Dr. L. A. Crawford.

ABSENT

Senators J. E. D. Williams, E. E. Greaves, W. W. Hall and C. D. Seale.

PRESENTATION OF PAPERS

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

The Travel Ticket Tax (Rate of Tax) Order 1984.

The Immigration (Forms and Fees) (Amendment) Regulations, 1984.

Statements showing the sums advanced to the Postmaster General for the payment of Money Orders for the months of July to December, 1983.

Statement showing Money Order Transactions through the Crown Agents for Overseas Governments and Administrations for the period July to December, 1983.

The Markets and Slaughter-Houses (Amendment) Regulations, 1984

The Law Revision (Rectification of Omissions) (No. 2) Order 1984.

The Estimates for 1984–85.

STATEMENTS BY MINISTERS

STATEMENT RE ESTABLISHMENT OF THE BARBADOS EXTERNAL TELECOMMUNICATIONS CO. LTD. (B.E.T.)

SENATOR THE HON. N. A. BARROW: Mr. President, I rise to make the following Statement:

At its meeting on 16th December, 1982, the Cabinet decided that Government should open negotiations with Cable and Wireless for the establishment of a local company to provide external telecommunications services. Such an arrangement already exists for the provision of

internal services, the Barbados Telephone Company being locally incorporated with a minority shareholding held by Government and private Barbadian investors.

Negotiations have been completed and on November 18, 1983 a Memorandum of Understanding between the Government of Barbados on the one hand and Cable and Wireless p.l.c. on the other was signed.

The Memorandum provides –

(a) *Incorporation of new Company in Barbados*

It is proposed that the new Company be called Barbados External Telecommunications Services (B.E.T.) and that it should commence business on 1st April, 1984.

(b) *Equity Shareholding*

Twenty-five per cent (25%) of the shares in B.E.T. will be transferred to the Government while 10% will be offered to the public. At some future date upon the request of the Government a further 5% of B. E. T. shareholding will be made available locally, the remaining 60% being held by Cable and Wireless.

Subject to the applicable law, any disposal of the Company's shares to the Barbadian public shall permit preferential purchase schemes in respect of any applications that the Barbadian staff of the Company (and if possible of CW (WI)) may make (up to an agreed amount).

(c) *Dividend Distribution Policy*

It was recognised that the declaration and distribution of dividends were matters to be dealt with by the Board in accordance with the Company's Articles of Association.

It was also agreed that in distributing profits regard should be paid to such requirements as may be necessary to maintain and develop the Company bearing in mind the investment and industrial climate in Barbados.

(d) *Management Services*

It was agreed that over a period of five years Cable & Wireless will provide B.E.T. with management services as set forth in the annex to the Memorandum of Understanding, in consideration of which B.E.T. will pay Cable & Wireless a percentage of its annual revenue at the rate of 5% for the first year, 4% for the second year and 3% for the third, fourth and fifth years and will have the right at the end of the fourth year to terminate the agreement by giving one year's notice.

(e) *Composition of Board*

The composition of the Board is to be as follows:–

(i) the Chairman proposed by Government after consultation with Cable & Wireless (W.I.) Ltd.;

(ii) one independent Barbadian Director proposed by Cable & Wireless (W.I.) Ltd. after consultation with Government;

(iii) Two Directors appointed by Government;

(iv) three Directors appointed by Cable & Wireless (W.I.) Ltd.;

a total of seven.

(f) *Operating Licence*

The Government will grant to B.E.T. a 10 year licence with effect from 1st April, 1984 to provide the external telecommunication services hitherto provided by Cable & Wireless.

(g) *Funding of Government's Representation at Certain International Telecommunication Meetings.*

It was agreed that Cable & Wireless (W.I.) Ltd. and the successor B.E.T. should fund Government's representation only at meetings of those organisations for which Cable & Wireless or B.E.T. is the designated national body. These are the Commonwealth Telecommunications Organisation (C.T.O) and INTELSAT.

(h) *Staff Rights*

The conditions of employment adopted by the Company taken as a whole will be no less favourable than those enjoyed by staff employed by the Barbados Branch of Cable & Wireless (W.I.) Limited prior to the transfer to the Company of the assets of Cable & Wireless (W.I.) Limited.

11.15 a.m.

Consultations have taken place with respect to the Chairman of the Board and the independent Barbadian

Director and these positions will be filled as follows –

Mr. C. M. Thompson to be Chairman, and

Mr. C. L. P. Carrington to be Director.

In addition the two Directors to be appointed by Government will be –

Mr. S. E. Emtage and

Mr. G. R. Cave.

Cable and Wireless currently pays a licence fee the equivalent of that paid by the Barbados Telephone Co. This arrangement will be applied to B.E.T. when it assumes the role now performed by Cable and Wireless. The present licence fee is $750 000.00

MOTIONS RELATING TO THE BUSINESS OR SITTING OF THE SENATE AND MOVED BY A MINISTER

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, we intimated, that we would wish to take the Cable and Wireless Bill through all its stages today. Accordingly, I move that Standing Order 45 (2) and (3) be now suspended.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, I beg to give notice of the Cable and Wireless (West Indies) Limited (Amendment) Bill.

Mr. PRESIDENT: Let it be recorded in the Minutes that this Bill has been read a first time.

Do I understand that copies of the Statement have been made? Have they been circulated to members?

Aside.

Mr. PRESIDENT: The Minister feels that when he is dealing with that Bill, they will be relevant.

Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, I propose to take the Cable and Wireless Bill as the first Order and to do Order No. 3, which is the CBC Resolution after that. We will take Order No. 1 on the Order Paper third, and that will be piloted by Senator Howell. Order No. 4 will be next, and that is also to be piloted by Senator Howell. Order No. 6 will be the next Order. That is being done by Senator Griffith, as indeed is Order No. 2.

Order No. 5 is not going to be offered today. Senator Trotman will be handling that Order. The Executive Ministry has asked that we do not proceed with that today.

PUBLIC BUSINESS

CABLE AND WIRELESS (WEST INDIES) LIMITED (AMENDMENT) ACT, 1984

Order No. 1 was called – To move the Second Reading of a Bill to amend the Cable and Wireless (West Indies) Limited Act.

Mr. PRESIDENT: Senator Barrow.

SENATOR THE HON. N. A. BARROW: Mr. President, Section 4 of the Cable and Wireless (West Indies) Limited Act, Cap. 275 states:

> "The Company shall not sell, transfer or lease its undertaking or works, or any part thereof, to any other company or to any body or person, except with the consent of Parliament signified by special enactment."

If I refer to the Statement which I have just delivered, clearly that Memorandum of Understanding, which is referred to in the Statement, and which represents a new basis for the conduct of external telecommunications services in Barbados, would be incapable of fulfilment, unless this legislation is amended. Consequently all the Bill before us seeks to do is to delete those words: "with the consent of Parliament signified by special enactment", and replace them with: "in accordance with any agreement between the Government of Barbados and the Company." When this enactment is in place, the terms of the Memorandum may be legally observed.

11.25 a.m.

The background of this is to be found in the dispute which existed between Barbados Telephone Company and Cable and Wireless Limited over the division of revenues from overseas telephone calls. I believe we all remember that as a highly contentious issue. The fact is that external telecommunications companies generally like to get as near to all of the revenues, and keep them, as is possible. But the two businesses are so closely intertwined that the business of the external telephone services would hardly be possible, in any large degree, without the establishment of an efficient up-to-date modern telephone system being run by the internal telecommunications company.

This, however, was a matter of great complexity, and it required skills which we do not have in this country, skills based on a familiarity with the complex international accounting which takes place in internal international telecommunications. Further, because Cable and Wireless is not a separate company, but a branch of a multinational organisation, all of its accounting was being done not in Barbados, but in London, where all of the executive decisions were being taken. Therefore, there was really no way in which we could analyse the information before us and come to sensible decisions.

Accordingly, I sought of the International Telecommunications Union the services of a financial expert, and we got the services of Mr. Tom Weaver, who has had considerable experience in the national and international sharing of revenues, and costs, in the use of telecommunications circuits. Mr. Weaver's career in this field span my lifetime. It started in 1937, in which year I came upon this earth, from wherever I came from, Sir, but in which year my existence as a human being began. I am leaving it to those who have the knowledge of where people come from to tell me where I came from, and whether I should have come at all.

Mr. Weaver's report, as one would expect, dealt mainly with the resolution of the dispute and – it is a matter of record – out of that it was decided that the revenues should be split straight down the line, with 50 per cent going to each company.

Further advise was sought, and that involved the structure for the performance of these very important functions. For this reason, the advisor also touched on the localization of the two companies responsible for Barbados' telecommunications services. It was that report which pointed out how inter-dependent the companies were, and, therefore, why they should be locally registered, with some element of local equity participation.

That lead to negotiations between Government and Cable and Wireless, which started in 1983, for the establishment of a local company to take over the assets of the Barbados branch of Cable and Wireless Limited. Again, we took advantage of the availability of persons with experience and expertise in this area. The Commonwealth Fund Technical Corporation (CFTC) made available to us the services of their Head of their Technical Assistance Group, Mr. Christopher Goss; a Chartered Accountant Mr. Tim Haywood, and a Telecommunications Engineer, Mr. Robert Davey. Those talks led to the Memorandum to which I referred in the Statement.

Experience has shown that there is a direct correlation between telecommunications and development. Modern, efficient telecommunication services tend to facilitate worldwide trade and industrial activity, thereby promoting the country's economic development. Concomitantly, economic development encourages expanded telecommunication services, in that an economically healthy society usually seeks to make greater use of, and to modernise, telecommunication systems. We are therefore, talking about a mutual interaction between telecommunications and development. To quote the words of Mr. Mealy, who is the Immediate Past Secretary General of I.T.U: "A rise of the standard of living leads to a more intensive use of various telecommunications media, while economic expansion, of necessity, depends on the existence of a suitable, rapid reliable telecommunications network."

If we look at our main economic indicators, this mutual stimulation is at once obvious to us in Barbados. In tourism, for example, the state of our telecommunications is vital in having to make visitors more comfortable, because it moves the rest of the whole, wide world but a telephone call away. It makes contact of relatives easy, as indeed contacts for the purpose of urgent personal or other business.

It is important, therefore, that our penetration rate of telephones is 30 per cent of our population. There are many countries in the world which do not have that kind of ratio of telephones to people. That represents a little over one telephone per household. The fact that every household does not have a telephone is explained by the fact that, sometimes, some have two, but, in fact, there are a number of business telephones which will be caught up in this statistic.

We are not at the level of Bermuda, where there is a penetration rate of 88.7 per cent. I once worked out what that meant, and I think it came to some seven telephones for every eight people. But when you consider the business activity of Bermuda, then I think one begins to see something of the link between the telecommunications industry and the economic activity.
11.35 a.m.

By 1988, our penetration rate is expected to be 40 per cent. One of the pitfalls is that when the penetration rate is around 5 per cent you always think, once you reach 10 per cent, that you have got it made. Examination of what has happened in other countries indicates quite clearly that nobody yet has been able to find what is the limit to the number of telephones people can install and people will use.

This high penetration rate which we have is considered as indicative of a fairly advanced stage of economic development. With a highly developed internal telephone system, it has been relatively easy to establish an equally efficient international calling system, with the result that for each of the calendar years 1982 and 1983, the number of calls showed a 30 per cent increase over the previous year. I should also add that Barbadians are also taking

greater care in using phones for overseas calls, perhaps because of the telephone bills which some people have had to deal with as a result of the liberal use of the telephone for this purpose. While last year there was a 30 per cent increase in the use of telephones for international calls, the corresponding increase in revenues from that source was some 16 per cent. So people are making more calls, but they are making shorter calls.

Recently, the Barbados Hotel Association announced that it had set up an automated reservation system which would be expected to boost sales, consequently resulting in further development of the tourism industry. This is taking advantage of the modern technology which allows information to be transferred at a fantastically fast rate. Such efficient telecommunication services do have that kind of impact.

There is also a great impact on international trade and commerce, and this is particularly important for us because of our drive to establish regimes for offshore banking, insurance and the like. Indeed, one of the drives of the IDC is to get more and more into the data industries. During the five year period 1977-82, when both imports and exports doubled, significant annual increases were shown in both telex and overseas telephone calls.

The development of using data bases, which allows clients in one country to access retrieved information from data bases in another via telecommunications links, is evidenced by the work done by the Barbados Library Archives and Information Network. There, the use of these facilities permits searches to be done at a very, very fast rate, and they allow librarians from certain specialised areas not to have to carry certain kinds of stock, because they can use the systems to store, and in this case to retrieve, information at a very fast rate.

Because of the significant impact of the telecommunication service industry on development, Government therefore considered that it would be unwise to allow the situation to continue in which such a vital service remained under the absolute control of foreign interests.

There is one point which I should make, that is to put what I think is referred to as UWIDITE into context. This is the way in which our telecommunication services are able to support a teleconferencing link via satellite, linking the university campuses – Barbados, Jamaica and Trinidad – and the universities established in Dominica and St. Lucia. It has the potential of accelerating the development of tertiary education as well as effecting savings in the cost of regional conferences, thereby diverting scarce resources into other areas of productivity.

As I have intimated, we therefore need to be able to understand this sort of industry, we need to know what is going on, and we need to establish the necessary instruments for this purpose. Consequently, we have not just talked about localisation, but we have talked about substantial local shareholding. As the confidence of the local investors grows, it may well be that what has happened in the Light and Power Company, and what is clearly happening in the Telephone Company, will happen in external telecommunications, where the need for injecting capital has led gradually to the position of majority, or near majority, interests being held, certainly in the Light and Power Company, by local shareholding. In the case of the Telephone Company, the shareholding of the Continental Telephone Company has been systematically reduced.

The formula for having private investors and foreign investors is that it is important for these companies never to be seen as departments of Government. The Civil Service is not set up to run businesses, and it is important that the local investor be also given an opportunity to invest, particularly in an area like telecommunications, where there is always scope for great profit. In fact, I know of no exception to such companies making money, so if there are any exceptions, I believe they would be very few and far between. External telecommunications companies always make money, and a lot of money, therefore I do not see why our local investors should not have a chance to put something into what is a first class area of investment.
11.45 a.m.

I have referred to modern technology, and while I do not wish to continue for too long, I believe it would be unfortunate if I did not at this point just briefly outline what I meant.

The great revolution in telecommunications has taken place with the use of satellite and computer technology. Satellite communication was first introduced into Barbados in 1972, with the establishment of the Earth Station at Congo Bay, St. John. This advance in telecommunications technology eliminated restrictions in long distance communications and permitted the introduction of international television wide band channels, allowing an increase in the number of simultaneous international telephone calls. It also substantially improved the capability for passing high-speed data, by the linking of computers.

Satellite communication has not only created a technological impact, but it has had a social and cultural effect, particularly through the dissemination of television programmes across national borders. This is a development which, I must add, is causing some concern to a number of nations, particularly those which consider that they are under cultural assault by U.S. Programming.

The other significant development, as I mentioned before, was the development of computer technology, and when these two were married together, what had been seen as totally incompatible computerized terminals, were integrated.

There are many advantages of these developments. We think mainly of these as a faster and more efficient use of telecommunications channels, the storage of data and voice, and the development of a terminal which could be used for several different communication services, for example, telephone, telex and the retrieval of information.

Earlier in the Statement I referred to INTELSAT. That is the international organization, which has been established for the purpose of satellite communication, of which the Government of Barbados is a member. The national body conducting our external telecommunications services in a signatory to, and bears financial responsibilities under, INTELSAT.

One of the problems in this field of satellite telecommunications is that whereas INTELSAT, as an international body, delivers services all over the world – and even though there are not full subsidiaries, but partial subsidiaries that operate in this field – small countries are able to benefit by the delivery of services via INTELSAT, because part of the cost of that operation is subsidized by the very lucrative transatlantic traffic.

There are a lot of people waiting to cream off this traffic. While it is staggering to think that if we are talking about installing a satellite, we are looking at some US$100 million, and therefore, it is out of our league, there is no problem to business interests in the United States providing that sort of money, and there has recently been an attempt to attack the entire SAT monopoly.

A group calling themselves Orion, has sought to get the Federal Communications Commission's approval to put up a satellite, which would be aimed at taking the lucrative transatlantic traffic from INTELSAT. This resulted in an unanimous Resolution at the assembly of parties last October, in Washington, very much affirming support for the continuation of INTELSAT, as the sole provider of these satellite services.

This is a different matter from the domestic satellite systems; these are satellites for the use of the international telecommunications business. It is important therefore that we understand that INTELSAT has real meaning for us, because the efficiency of our services is, in fact, tied in with the efficient operation of that organization. We need to be concerned when private business interests threaten the organization with the kind of action which would result in very serious loss to the small countries, because, after all, we are a very small country.

I want now to make reference to the capital structure of the new company. There will be an authorized share capital of Bds. $50 million in $1 shares. Issued capital will be $36 million. The shareholding of the Government, as I said before, will be 25 per cent.

The authorized share capital of the Telephone Company, if one wants a comparison, is $48 million made up of 10 million shares of $4.80 each, obviously in the days of the good old pound. The issued capital at 31 December, 1983, stood at $34 550 064. Continental Telephone holds 65.2 per cent of the issued capital. The issued capital of B.E.T. would be $36 million, so the two companies are clearly comparable, if you look at it from that angle.

There is one point which I want to mention in relation to management. Because Cable and Wireless was run as a branch, as I mentioned before, executive decisions were not taken here, except to a very limited extent. To get financial information out of Cable and Wireless was a very complex business, with they, indeed, having to send in people from London. None of the control really was here.

In this particular situation, it therefore became necessary to give serious consideration to arrangements for management of the new company. In any such venture, of course, you do not take chances. It is necessary that someone familiar with the operating of such a service at a very senior level should be around to guide the company in its first two or three years of operation. The one person in Cable and Wireless here who, although not being fully exposed to the management of the company, had, however, sufficient experience and, I believe, insight from having operated the local branch for so long, was the local General Manager, who had opted to retire this year. With his retirement, it is therefore necessary for an agreement to be made to allow a manager to be brought in for the first three years. The condition, however, of bringing in a manager is that the Ministry must be satisfied as to programmes of management training. So, looking down the road, we do not wish to hear that this person did not work out or that person did not work out, and therefore in three years' time there is nobody and you would like another work permit. That is not the agreement and that is not the name of the game.

I am making this point because there are people who feel that once you designate somebody to take over, you have done all you need to do. Indeed, the best arrangements for succession are always made where a competitive situation is introduced, so that you have more than one person to look at in considering who should take over an organisation. That is the arrangement in so far as any work permit business is concerned.

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

SENATOR O. S. ARTHUR: Mr. President, given the absence of certain Senators from their seats this morning, I do believe that it is necessary that some of us should play the Devil's advocate in this matter, and of course I am making a distinction between playing the role of Devil's advocate and playing the role of the Opposition.

Having lived in Jamaica for ten years, I must confess that I have certain mixed feelings about localisation and nationalisation. I am aware that nationalisation and localisation are very important in enabling developing countries to exercise some control over the direction of some of the major sectors of the economy, but we always have to be very conscious of the economic financial costs incurred. I should say. A large scale process of nationalisation normally leads to a situation whereby a country, which begins with a scarcity of capital, uses that very scarce capital to merely transfer rights of ownership of existing stock without expanding the economy's productive capacity in the process, or enhancing its capacity to generate employment, and I am very concerned that we in this country do not proceed towards rampant nationalisation and localisation, in the interest merely of local ownership, without consideration of the financial costs that are incurred.

In relation to the matter under debate this morning, I have to suggest that we are dealing with purely a financial transaction, because there is nothing in Senator Barrow's brief to suggest that the arrangement will enhance our capability to provide an expanding external telecommunications service. There is also no evidence of a change in management, as indicated by the fact that provision had been made for the existing management of the institution to continue in that role.

I am inclined to support the localisation particularly because I am of the view that the telecommunications capacity of this country is very important to our development as a service economy; and given the importance of the service economy to our national development, I am satisfied that it is quite proper for both the Government and local interests to have a toehold in the operation of that vital sector. So I support the move in general, but I must insist that it is purely a financial transaction at this point, since we are neither seeking to change the management of the institution, nor to expand our capacity to provide the service involved.

I have some questions, which therefore, are largely of a financial character: By what means do Government propose to finance its equity holding? Will this be by way of loans? What has been the method employed in valuing the assets of the existing facility, given that Senator Barrow has indicated that the information pertaining to the operation of the old Cable and Wireless has been very difficult to come by? Finally, what does Government expect as the likely return on its new investment in this new facility?

I thank you.

SENATOR H. R. LINTON: Mr. President, I just wish to ask a question. I wonder if the Minister would pander to my inquisitive mind and tell us what would be the real name of this new entity, that is, whether it will be the Barbados External Telecommunications Company Limited or Barbados External Telecommunications Services, or indeed, whether it will be incorporated as the one and be known as the other, in truly Barbadian fashion?

Thank you.

SENATOR THE HON. N. A. BARROW: Mr. President, if I may be allowed to deal with the last question first, it is the Barbados External Telecommunications Services Limited, which has been abbreviated as B.E.T.

Senator Arthur's points are points which we clearly gave a great deal of attention to in our whole approach to this matter. That is why, unlike what has happened in Trinidad and Tobago, or Guyana or Jamaica, we went neither for full Government ownership nor Government ownership of the majority of equity. In Jamaica and in Trinidad, the Government owned 51 per cent of JAMATEL and TEXTEL respectively. In Guyana, it is a little unclear as to whether the Government owns all of GUYTEL, and still owes Cable and Wireless money, as I think is the case, or whether the Government owns a majority of interest and Cable and Wireless cannot get any money by way of dividends on their equity. That is a little unclear. Indeed, while I said I know of no external telecommunications company that does not make money, I do not know whether an analysis of GUYTEL will not reveal the first such example.

The points made by Senator Arthur relating to nationalisation, such as diverting scarce resources from areas that could perhaps better use them because a service already exists and is being run, are points which I found myself making at a telecommunications conference at East Castle last November. So I do not have any difficulty with his arguments.

12.05 p.m.

The position of the Government is very direct. Telecommunications service is far too fundamental to our economic development for us to have no knowledge, and no real control, over what is happening in the industry. We do not, however, believe that it was adequate for us to rely on say, Central Bank controls, to put us in a position of sufficient knowledge, particularly since negotiations over the

revenue sharing made it clear that, in the first place, the information is not even kept in Barbados. It meant, therefore, that only by localization and by taking an equity shareholding would we be in a position to know and understand exactly what is happening in an industry that is so vital to our own economic well-being. That is the reason for Government's action.

Secondly, I think implied in that is the point about new management. First of all, if you are going to run things the old way, one presumes you are satisfied with what is going on, and we say that if we do not even know what was going on, we cannot say that we are satisfied. If there is no change in management direction, it will be because the company is being run in the best interest of Barbados. In other words, we cannot go for cosmetics, we cannot go for change for the sake of change. So that is a matter which has to be decided on the basis of the information available as the company is being operated. I believe that Senator Arthur understands that point.

His other point is that in these companies, there are plans available to show what Cable and Wireless, for example, planned to do in terms of the expansion and capacity. The putting in of a new earth station and when that will be put in and so on.

Our own position on that is we always have to be seeking advice as to whether that investment programme is a feasible investment programme. Whether perhaps, for purposes which we do not directly understand, somebody is not front end loading an investment programme. Whether front end loading of the investment programme is necessary, or indeed, in the interest of the organization.

So again, unless you are inside, there is no way in which you can influence the development of the capacity in the national interest.

By "national interest", I am not talking about rendering a social service. It is a business. It has to be run as a business. It has to be very properly and efficiently run. An efficient telecommunications service brings us social benefits. If you try to run it like it is an Al social service, you may not get the economic benefits which are absolutely necessary.

Finally, the Senator enquired whether it was not a straight financial transaction. I should at this point say that it cannot be a straight financial transaction, because we are not diverting any monies from anywhere to acquire our twenty-five percent shareholding. What monies we will have to pay will be paid by a loan provided by Cable and Wireless at very concessionary interest rates. In short, we will be paying our interest out of dividends.

I trust that that is a satisfactory reply.

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

On the motion of Senator the Hon. N. A. BARROW, Mr. PRESIDENT left the Chair and the Senate resolved itself into a Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

Clauses 1 to 3 inclusive were called and passed.

On the motion of Senator the Hon. N. A. BARROW, the Senate was resumed and the Bill was reported as having been passed in Committee without amendment, Mr. PRESIDENT in the Chair.

On the separate motions of Senator the Hon. N. A. BARROW, the Bill was read a third time and passed.

COMPULSORY ACQUISITION OF LAND AT WHITEPARK ROAD

Order No. 3 was called – To move the passing of the Resolution to approve of the compulsory acquisition of land at Whitepark Road, for the purpose of inclusion in the plan for redevelopment of the Caribbean Broadcasting Corporation.

SENATOR THE HON. N. A. BARROW: Mr. President, this Resolution relates to a matter which has come before us before. The position is that now that the consultants have drawn their plan, they have recommended to Government that for the redevelopment project, that part of it that is being done at Whitepark Road, there is a need to purchase an additional area of land to provide adequate access to the site, to provide additional parking facilities and to facilitate better physical exposure to the complex.

Action for compulsory acquisition has been taken. This additional area contains some 519.8 square metres, of which 422.3 are owned by British American Insurance Company. A narrow strip of 97.5 metres falls between the site for CBC and that owned by the British American Insurance Company, and is owned by a Mr. Arthur Proverbs.

This Resolution has come because we now need parliamentary approval so that the legal processes of the acquisition for the additional land may be finalized and the land owners duly compensated.

Since the first time this matter came before us concerning the redevelopment programme for CBC, there was some debate. I do not believe I need to make any great

points at length, but I just want to say that by the end of this month, I expect the full redevelopment plan, not only the plans relating to radio, but also the plans relating to how additional television services may be provided.
12.15 p.m.

A number of proposals were put before the Board concerning the provision of additional television services. A lot of the proposals related to cable television. Indeed, one such recommendation did come to me, which I asked the Board to reconsider, in the light of my concern that there were other technologies available which ought to be considered rather than our assuming that the cheapest and the best was going to be cable.

This has resulted in the look at a number of other things. It seems as though while a cable system, which is a very expensive system, would have cost some $8 million to $12 million, there is one technology which may be applied, and for which the figures seem to be very, very much better. This is what is a Multi-directional Microwave Transmission System, known as M.D.S.

In looking at this system, there are a number of factors to consider. One consideration is whether your signal needs to reach a radius of more than 25 miles. I believe we will agree that that condition is not difficult to fulfill. There is the question of forests. Again, I do not think Turners Hall Woods would qualify for a forest. Another factor is whether weather conditions are such that you have heavy rains. I do not know of any monsoons in this part of the world. In other words, we seem to have the kind of conditions that would make this technology applicable to us, and although the work is not fully completed, and, therefore, the recommendation has not come to me yet, things are tending in that direction. With this system, you can add channels as you need them, and it looks as though one M.D.S. channel can be established for as little as U.S.$200 000, so let us say a half million Barbados dollars. It would mean that if the figures and technology data available are correct, you can expand by one or two, or by three channels if you think it is necessary, and meet the demand which everybody is feeling for some alternative television service.

What is also attractive about that is that it is within the means of CBC to handle, although things may be a little tight with them right now. The fact is that a million dollar development is a totally different matter from a capital development programme of some $12 million. The cash flow position of CBC does not indicate that it could handle its redevelopment programme if a television development of some $12 million was included.

A lot of people are excited about the talk of cable television and the number of channels which would be available. It is almost like a child's game we play. I have a couple of points to make about cable television. The best advise I have is that cable is a rich country's technology. It is very expensive to establish and it is very expensive to maintain.

Secondly, if you have that number of channels, two things will happen. One is that there is not all that amount of programming on the satellites that can keep all those channels active with new material all the time. So you get what happens in a lot of these systems – a recycling, where Channel 4's programmes today may be Channel 7's programmes some day next week and so on.

What is more important is that you cannot possibly have any control over what you put out. I think all of us would immediately agree that a broadcast without control of selection is undesirable. But let me go a step further.

What is meant by not having any control was graphically expressed recently in Costa Rica, when my Permanent Secretary went to a conference. He and a group of people were seeking to persuade an American lady, who also attended the conference, of the cultural implications of that kind of uncontrollable system. The lady not only disagreed, but in the end gave up on the discussion, left and went to her bed. But she decided to turn on the television before retiring, and next morning she was a convert to the cause, because what she saw was not only "blue", but "very blue". At least one example I know of in the Caribbean was a fairly explicit sex movie at half past ten on television in Dominica, where there is a cable system operating. I think we should remember that while within the privacy of our homes we ought to be free to do what we feel like, that involves being free to choose to do what we feel like and not having it beamed at you.

So that has always been a strong reservation I have had about cable television. I am indeed rather relieved to find something that can give you control over programming, which allows you to have one more channel, if you think that is what you need, or two, if that is the case, does not commit you to all of this expenditure, and which should be able to operate in our topographical circumstance. I am also glad to find something of dimensions where careful selection of programming can take place.

Mr. President, I beg to move that the Senate do now concur in this Resolution.

Mr. PRESIDENT: It is proposed that the Senate concur in this Resolution. Senator Simmons.

SENATOR D. A. C. SIMMONS: Mr. President, I just want to ask the Minister a few general questions about CBC. I hesitate to get involved in CBC debates

or business because of my 18 months of public unhappiness spent there. Nevertheless, I think there are some matters of which some concern has been expressed.
12.25 p.m.

First of all, when it is forecast that the new premises will be constructed at Whitepark? Secondly, I have not seen a balance sheet or financial statement of CBC's affairs for many years. I would like to know if CBC is making money, and if so, in what proportions in respect of the immediate past financial year?

Thirdly, I wish to know about policy in terms of management. I have noticed within the last two weeks, that the gentleman who was the General Manager of Radio around the time that I left, Mr. Fernandes, has been doing a show on mornings which used to be done by Mr. Callendar. I believe, in fact, he is still doing it, while Mr. Callendar, I believe is now working in the afternoon. I also notice that the news, which is the only programme that I watch on television, is being read by the Manager of TV.

I wonder if this is a permanent shift in policy that demands that the station managers get involved in the day-to-day operations and public dissemination of news or information, with a view to keeping their hands in, or if there is a staff problem, either by way of resignations, or persons on leave, or what, that requires the general public to see or hear the managers actually performing? Years ago, their role was more in operations, hidden from public view, than appears to be the situation now, and questions are being asked. I feel myself bound to seek some explanation from the Minister.

Fourthly, in relation to sports on television, there was a time when we went through two or three weeks without there being any sports news on television. This was just around December. I gather that there is a Mr. Morgan who has some responsibility for sport, I do not know what. We are again getting some sports news on television during the World Scene programme, but it tends to be more read than seen.

There was a time when CBC was trying as a television station, to allow sports, which in their very nature lend themselves to television and have a visual impact. We were trying to put on things that people could actually see sports in operation, but we are going back now to just reading CANA reports or something about sport. Is there going to be an effort made to return the sports news towards a greater balance in favour of the visual, rather than somebody just reading an item?

I understand that they have had problems in attracting staff of sufficient quality or eminence, but all companies go through these problems from time to time. I would just be grateful if the Minister could answer those queries.

SENATOR J. C. W. WICKHAM: Mr. President, I quite realise that this is not a debate on CBC, but a debate on acquisition of property by CBC. The Minister has, however, introduced the question of control of programmes, and he has hinted at the much broader question of the role of the television station of the kind of size and character which we hope Barbados television should be.

I therefore have a number of questions to ask, which are probably involved in only a single question, as to whether the plans for the development of CBC, and the use of the new technology, point to the improvement and promotion of local television programming, especially as a means of improving our cultural product. I do not mean indifferent reproductions of performances at NIFCA, I mean imaginative use of camera to reflect our environment, our role in history and our role in the Caribbean.

We have just had a meeting of the Heads of Missions, and it is quite clear from the announcements, or the hints which have been dropped by the Minister of Foreign Affairs, that Barbados has a role to play in the development of the eastern Caribbean, in which the television station ought to be in the forefront. Barbados television is seen in other Caribbean islands, pirated sometimes, and I wonder if the CBC powers understand what a tool they have and how easy it is to be prostituted and corrupted.

Thank you very much, Mr. President.

SENATOR THE HON. N. A. BARROW: Mr. President, questions sometimes reveal the history of the people asking them. Otherwise, neither Senator Simmons nor Senator Wickham could have been so kind to CBC.

Senator Simmons has referred to the fact that he has not seen a financial statement for God knows how long. I had not seen one for a long time either, but last week I think I saw the one for 1981. I know two were laid. The financial statements which we have been managing to get from CBC have been as a result of intense Ministry pressure, with undertakings being given and undertakings being discarded and disregarded.

The present schedule which, I had been informed, the persons who are responsible for the production of accounts are not going to be allowed to ignore, call for the 1982 accounts to be ready – we got the 1981 at the beginning of this year – by the end of February. I believe we are in mid-March. Anyhow, although that was not to have been departed from, there is now a promise to have it ready by the end of March. I really cannot understand an attitude that does not see the need to have up-to-date, audited financial statements.

The corporation has for many years been in breach though not of the letter of the law, of the spirit of the law. Because while the law does not say in what period of time the audited accounts must be laid before Parliament, it does say they must be, and nobody could possibly mean by that two years late.

The 1981 accounts are going to be laid in Parliament at a time when the 1983 accounts should be here. Work on the 1983 accounts, I am told, should now begin somewhere around the end of March, and they should be ready for the auditors to come in by the 15th May. I have to see it happen before I believe it.
12.35 p.m.

The point is that the consultants had finished their plans for the Whitepark aspect of the redevelopment since last year. But, as Senator Simmons knows, there is no way that they are going to come to the Ministry, far less get to the Planning Priorities Committee, without up-to-date financial information. So the consultants have finished, the staff at the corporation need proper facilities, but the accounts are ready and everybody is holding on – waiting. It is, of course, a matter of embarrassment.

I think the answer to the question: "When will the new premises be constructed?" has been given, unsatisfactory though the answer may be.

We thought that by the middle of this year building could have begun. In late January, I had a telephone call one day from a gentleman from the European Development Bank coming through the area looking for telecommunications projects which the bank could finance. The only project of any size which we had was the CBC project. We agreed to see the man, and he did not seem too keen on broadcasting at first, but as we talked, he seemed to be won around. At the end of the conversation, came the embarrassment – he asked for financial information!

Government is, in fact, sitting very well disposed towards the idea of funding expansion. At the Estimates Committee Meeting, I refused to hear the question when the Prime Minister asked: "What about the CBC project?" So we moved on to the next item. But the fact is that if CBC is going to do the things which are implied in Senator Wickham's question, they need to be put in a better position than they are in now.

I am not seeking to excuse anybody. Just let me get this very straight. I am not saying that better cannot be done with what they have. I am only saying that for them to do the kinds of things, and of the quantity and quality, we expect, they need to be put in a better position. But it is not the policymakers, nor the Board either, who have been holding up the business of CBC being put in a better position. I believe that it is only fair, having been embarrassed by it for so long, and having sounded off inside, that if the question is asked in here, I really would have to speak the truth. There is no point covering up for anybody.

Senator Simmons asked a question relating to the policy in terms of management. I really am in no position to respond, except in a very limited way. The television news readers were Mr. Gibbs and Miss Shepherd. Mr. Gibbs who is again a television news reader was on holiday recently. Miss Shepherd is away on, I think, a masters programme in Communications, and somebody mentioned to me the other day that all the reporters are extremely good.

The person who is running the News Room now, Miss Marshall, is the person on whom it has fallen recently to have to do a lot of news reading. All I can say is that, for somebody who is not an experienced news reader, I find her amazingly good. The first night I actually saw her reading the News, I got a telephone call which said that "she reads the news as if she understands it".

I think that aspect reflects a staffing problem, but I do not know about the other question that was asked. I can make an enquiry and speak to Senator Simmons privately.

In relation to sports, I believe, that the business of sports is caught up in a larger question, so I am beginning to answer Senator Wickham's point while I answer Senator Simmons' question. If people are on the look-out for things to write about, they tend, assuming that they are reasonably good newspaper writers, to be able to produce a variety in the content of their column. In a same way, if people are going to make programmes for the electronic media, they have to be on the lookout for things to feature.

I think our misfortune has been that the attitude to television has been just like the cinema owners attitudes to the cinema. They cry out about competition, they say that the video trade is hurting them. But when there was no competition, not one of them seemed concerned about how much garbage, and in what consistency, they were serving to the public.

I believe that our problem with television is, perhaps, that we had it a little too early, and that people were not concerned with creating what they were showing. They were concerned with getting something to put out, and what they saw in the movie houses, or what they saw if they travelled to North America, is what they considered good enough for local consumption.

CBC Television has never had a dynamic approach to programming. At no time since I have known the institution and I am referring not just to when Senator Simmons was the Chairman and I was the Minister, I am

going back to when Senator Wickham was the Chairman – CBC Television had never had an attitude that said that television was an important creative activity. So the orientation of that station has nothing to do with understanding what is going on in the society, understanding how to package it, and how to present it to people, isolating themes and seeking ways to bring them to the public's attention. And I can talk to them about that in the same way I am talking about it in here now, but I do not believe that the situation is likely to change in a hurry. We are into the process of gradual change, and how gradual only the Lord knows!

That is why sports on CBC Television is so absent. There has never been a more perfect thing for the television medium than sport, but over the years, nobody has ever been able to understand how to organize to show Barbadians in their own homes what Barbadian boys, girls, young men, even middle-aged swimmers, might be doing in the field of sport.
12.45 p.m.

There is no attempt to use the medium to allow the community to identify in a positive way with its own activities. Consequently, the orientation has to be altered entirely if we are to carry out the Caribbean mandate, in the same way it must be altered if we are going to satisfy the mandate in terms of this local community.

I hope that I will be forgiven for criticisms of the corporation, for which I have constitutional responsibility, but at the same time I believe that there is no real point in concealing these things. After all, if I do not say them, that does not mean people are not going to say them, and if we are not prepared to criticise the things we care about, there is no chance of improvement in those areas.

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

COMPULSORY ACQUISITION OF LAND AT STATION HILL, St. MICHAEL

Order No. 1 was called – To move the passing of a Resolution to approve the compulsory acquisition of land at Station Hill, St. Michael, for extension of Glendairy Prison.

SENATOR St. C. HOWELL: Mr. President, the Resolution which is before the Senate seeks approval for Government to acquire some five parcels of land situated in the Station Hill area, lands adjacent to the Glendairy Prison, two pieces of land owned by the late William Maughan and three others, for the extension of various activities to be carried out at the prison.

The acquisition arises out of a report made in 1976 by the Visiting Committee of the Prison. The Committee made a number of observations, and Government, in turn, studied these observations. Almost at the same time, Mr. Maughan, who was then living, approached the Government and offered the sale of his two parcels of land, and after due consideration, agreement as to price and so forth was reached.

The facilities for female offenders was among the main things noted by the Committee in 1976.The building which housed such offenders at the time was in a deplorable, dilapidated condition, and it was badly in need of repairs. A development which criminologists and penologists have always complained about was also observed, that is, the very undesirable sort of circumstances where first offenders, in particular young offenders, mixed with hardened criminals in the prison. I think it is true to say that in developed countries, and in most developing countries, there is always a desire to cut off first offenders, and young offenders in particular, from mixing freely with hardened criminals. With these views in mind, Government decided to acquire the properties contained in this Resolution.

I recall that, some three or four years ago, the Chief Justice of this country, having presided at the October Assizes, really urged the authorities to do their best and come together as quickly as possible and see to it that there was some sort of intermediate stage between sending first offenders, particularly young people, to prison; and in any event, in such a way that they would not come into contact with hardened criminals. One of the major recommendations for the acquisition is the construction of a new building, using, as far as possible, skilled labour from among the inmates, in which they would seek to separate female offenders, young offenders and first offenders. The existing building used by the female offenders will be extended so that there could be more activities for the inmates.

Some two and a half acres of land will be used for the development of this new building, but there are another two acres which, on the advice of the Ministry of Agriculture, is very good land, and indeed suitable for agricultural purposes. Recently, in one of the newspapers, I think it was Monday, the Superintendent of the Prisons announced that the inmates were making themselves more useful than perhaps ever in the history of this country, that the prison was almost self-sufficient in meat and poultry production, and that about 50 per cent of the vegetables used are now produced by the prisoners.

He avers that the wood work of the prison is among the best in the country, and that the tailor shop makes a lot of the uniforms for the officers, all of the uniforms for the prisoners, and does all of the repairs as well. This, to my mind, clearly shows that the upkeep of the prison is becoming less of a burden to the taxpayers of this country, and that could only be a good thing.

The acquisition of the land and the building of the new structure for the female offenders, young offenders and first offenders are definite steps in the right direction. It is a new dimension in custodial social engineering. I know the Attorney General was very interested in this.

He is really doing his best, but recently he observed that of the number of inmates in the prison, over 50 per cent had already been to the Industrial School, what we once called "Dodds", and that over 70 per cent have been to prison on more than one occasion.
12.55 p.m.

I think Government must be commended, because implicit in the five acquisitions will be a desire to enable inmates to become more self-sufficient, so that the prison does not become such a heavy burden on the purse of the taxpayer. This also serves to help the prisoner to be more reformed and to live a more natural and honest life when he returns to society.

I would like just a little latitude here. This is really an acquisition for land, but in view of the fact that the acquisitions are to be put to such things as building and moving towards the reform of prisoners, I would hope that Government, as soon as the physical and economic constraints make it possible, would take it a step further so that we can reach a stage in this country, in the not too distant future, when, in addition to making the prison more self-sufficient and starting the rehabilitation process in the prison, we would see an introduction of the non-custodial sentences, such as the suspended sentence. I also hope that in the not so distant future, there will be some movement towards the criminal injury compensation scheme to compensate victims of the crime of violence.

As I said, I think Government should be commended, because after so many years, it is trying a rehabilitation process from in the prison itself and to make inmates more useful citizens. I think this is a very good thing. Mr. President, I beg to move that the Senate do now concur in this Resolution.

The question was put to the Senate and agreed to.

GRANTING OF A RIGHT-OF-WAY TO GENERAL TRADERS LTD. OVER GOVERNMENT-OWNED LANDS AT UPTON, ST. MICHAEL

Order No. 4 was called – To move the passing of the Resolution to approve of the granting of a right-of-way and the right to lay water mains and to erect public utility poles to General Traders Ltd. over Government-owned lands at Upton, St. Michael.

Mr. PRESIDENT: Senator Howell.

SENATOR St.C. E. HOWELL: Thank you, Mr. President.

This is a relatively simple acquisition. It is to give private developers permission, in the process of developing land, to lay water mains and put up utility poles on land actually owned by Government, in order to service their area of land.

The Chief Town Planner has acknowledged that the request to use a road on lands that are owned by the Government, close to the Caribbean Development Bank, would indeed enhance the area, and that the existing road is capable of taking the extra load of traffic.

That is all that is to be said. It is just to enable Government to grant this right-of-way in order that these services be laid by the private developers for private housing and some industry.

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

The question was put to the Senate and agreed to.

Mr. PRESIDENT: Just before I suspend the sitting for the completeness of Item No. 6, which I understand the Minister is proposing to do afterwards, let it be recorded in the Minutes that that Bill has been read a first time.

SUSPENSION OF SITTING

Mr. PRESIDENT: The sitting is suspended until 2.00 p.m. today.
1.05 p.m.

ON RESUMPTION

Mr. PRESIDENT: This sitting is resumed.

THE DEVELOPMENT (CANADIAN LOAN) (PETROLEUM DEVELOPMENT) ACT, 1984

Order No. 6 was called – To move the Second Reading of a Bill to authorise the Government to borrow from the Government of Canada a sum not exceeding CDN. $6,000,000 and to provide for related matters.

Mr. PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Thank you, Mr. President.

Sometime in March last year, the Barbados Government was represented at the World Bank sub-group Meeting for the Caribbean Group for co-operation in Economic Development, which was held in Paris. At that meeting, the Government was trying to obtain balance of payments support, and the Canadian Government, through its agency CIDA, offered $6 million in line of credit for that effort. But it was only in January of this year, after we had identified an area where the funds

could be used, that I was able to sign an agreement with the Minister of State for Foreign Affairs in Canada for the use of the funds.

Essentially, the money is a line of credit for a period of 40 years. It is interest free, and has no commitment on service charge. Payments commence in March, 1994, and will end sometime in September, 2033. The line of credit support will be used primarily in the area of procuring equipment and supplies for the drilling and production activities of the Barbados National Oil Company.

This is not the first attempt by the Canadian Government to give us assistance in this very important field. Indeed, it is widely known in Barbados that the Canadian Government, through another agency, Petro-Canada, made a significant effort in 1982, when the petroleum sector became locally owned, to help Barbados develop this vital sector. We have reaped tremendous success with the co-operation of the Canadian Government.

This is not the first attempt the Canadian Government has made, through CIDA, to help us in our energy sector. Within another week or so, the Government will be in receipt of a feasibility study, made possible by a grant of Can.$200 000, which has been looking at the conversion of refuse to electricity. The project started out as one which was looking at the conversion of refuse to electricity, but it has become more important to look at refuse disposal, given the fact that right now we are becoming more and more concerned about the facilities for refuse disposal in Barbados. While the project had as its priority the need to look at technology for generating refuse to electricity, the priority now is to find some means of effective disposal of refuse.

This action by the Canadian Government, through CIDA, is another demonstration of the confidence that the Government of Canada have placed in the operation that we have in Barbados at Woodbourne and the petroleum sector as a whole. I dare say that the results of the decisions taken by them to give us assistance are a major factor in encouraging them to be so forthcoming.

Let us take a look at some of the achievements so far. In 1981, local production only helped us with 17 percent of our domestic needs last year, the production which was recorded in Barbados contributed to 37 per cent of our domestic needs. This year has started out on an even more promising note than last year, because only last month the average production at Woodbourne was over 1500 barrels a day, which is another record.

The international institutions which have been monitoring the situation in Barbados feel fairly confident that we are on the right track with our oil field operations, and they can feel quite comfortable in making the contributions the Canadians have made.

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

The question was put to the Senate and agreed to.

Mr. PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Mr. President, I beg to move that the Bill be not committed.

The question was put to the Senate and agreed to.

SENATOR THE HON. C. A. GRIFFITH: I beg to move that the Bill be read a third time.

The question was put to the Senate and agreed to.

SENATOR THE HON. C. A. GRIFFITH: I beg to move that the Bill do now pass.

The question was put to the Senate and agreed to.

INCOME TAX (AMENDMENT) ACT, 1984

Order No. 2 was called — To move the Second Reading of a Bill to amend the Income Tax Act, Cap. 73.

Mr. PRESIDENT: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Mr. President, in the Budgetary Proposals delivered by the Minister of Finance and Planning on April 27, last year, certain submissions were made in respect of Income Tax. These proposals have necessitated some amendments to the Income Tax Act, Cap. 73.

The main amendments to the Act are as follows:

Section 8 and consequential amendments by way of new Sections 48B and 48C and Section 68. Section 9(1) (f), Section 11(1) (c), Sections 37A and 37B, Sections 65A and Section 69.

In Section 8, the section is amended by inserting a new paragraph to take account of the proposals to impose a tax on all payments made on termination of employment, other than retirement plan benefits. The new paragraph reads:

"Payments made on termination of employment other than retirement plan benefits, but including severance or redundancy payments or compensation for loss of earnings for wrongful or unfair dismissal."

Such payments will attract varying rates of taxes and these rates are dealt with in the new Section 48B. The rates of taxes are as follows:

"Section 48B (3) (a) – 30 per cent on every complete dollar exceeding $25 000 but not exceeding $50 000.

Section 48B (3) (b) – 50 per cent of every complete dollar exceeding $50 000."

2.10 p.m.

A new section 48C makes provision for rebate of the tax to any person who satisfies the Commissioner of Inland Revenue that he has been without gainful employment for a continuous period exceeding six months from the date of termination of his employment. The rebate payable is one sixth of the tax paid for each month or part thereof of unemployment after the qualifying period, subject to the payment of a maximum singular or cumulative amount of $25 000.

The background to the proposal stems from the fact that Barbados has some of the most generous severance payment provisions which can be found anywhere in the world. For example, a worker made redundant in Barbados can receive up to almost three years' pay tax free, and enter new employment the next day. Employers contribute to a fund at the National Insurance pay limit, but have to pay severance for the years before they contributed – at whatever level the employee earns, no matter how much higher the National Insurance limit.

It is to be noted that the rates of tax proposed on severance payment, 30 per cent on amounts between $25 000 and $50 000, and 50 per cent on amounts in excess of $50 000, are significantly lower than current rates of tax on taxable incomes in these ranges. The rate of tax on a taxable income of $20 000 is 50 per cent, and on a taxable income of $30 000, the rate of tax is 60 per cent. The lower rates therefore are in consideration of the problems associated with a person being severed, and the difficulties usually encountered in finding employment in a short period of time.

There are other amendments which are reflected in the Bill itself, so I do not propose just to go through every one.

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

SENATOR THE HON. N. A. BARROW: Mr. President, I shall not be too long, but when this matter was debated in the Other Place there were comments made which have made it necessary to set the record right on a particular point.

In the Other Place the Bill was dubbed as the Cable and Wireless Bill. I do not know how the Minister of Finance would have known that Cable and Wireless would have had redundancies. Secondly, I do not know how he would have known the order of the redundancies. The fact is that this Bill has nothing to do with the redundancies at Cable and Wireless, no more than it would have had to do with any other redundancies. What distressed me was that one Member in the Other Place, who is in a position to know better, was party to that rather unfortunate accusation.

The point, and this is why I am standing, is that because of changes in technology, Cable and Wireless has been faced with a serious problem of redundancy for about ten years now. The Cable and Wireless operation has changed from an operation in which a number of telegraph operators were employed to an operation where the emphasis is on the employment of technicians and engineers, whether engineers within the context of the Act or not.

If you go to the Cable and Wireless building, the effect of the change in technology is obvious. If you see the amount of building they built at that time for their needs as they then perceived them, and the amount of space that they now have, you will see the impact of new technology. Some of the space is leased out – I believe the CDB is one of their tenants – but there are floors where they have rented nothing to anybody, which is a lot of space.

That technology change not only had an impact on the amount of space needed for performing the operation, but also on the character of employee they would need. Instead of severing those employees that they needed to sever at the time, they kept postponing and postponing the issue, until I think it was some time late last year when they said that there were a number of people they would in fact have to sever.

My only concern at the time was that nothing be done to make it look as though that was taking place as a Government initiative or because a new company was coming in. It was their problem and they had a right to deal with it. There had been a lot happening, because there were people in Cable and Wireless who hoped to be severed and who were not severed. As one colleague of mine will tell you, there were people who cried when they were not severed.

I will go one step further. One gentleman, who made a very unfair attack on this Government over this business of severance, sent a message to me to intercede with the Cable and Wireless authorities on his behalf to try and get him severed. I tried too, and they told me they were not severing engineers! That is the end of that, so

I do not know why that gentleman should give comfort to those who wanted to spread false rumour. But the money paid in severance is perhaps instructive. I have seen a sum of $37 800, and I have also seen a severance payment of $98 390.

The point I want to make for those who are talking about this tax is this. Severance payment attracts tax in other countries. There is no reason for Barbados to continue to be the exception to the rule, but I want to know what is the objection to a tax of $31 695 on a severance payment of $98 390. The net severance payment there is some $67 000. If you were at the other end of the scale, where you only got a small severance, a severance of $29 000 only attracts a tax of $1 233. A severance of $46 570 only attracts a tax of $6 471. A severance of $51 000 attracts a tax of $8 000.

I am mentioning these sums because it is important to understand that, while as a matter of policy Government cannot continue a situation in which we have the severance payment beyond the tax pale, the level of tax we have instituted is not by any means a crippling level. Also, if you are genuinely unemployed as a result of the loss of a job, then you will not be paying the tax, because people who are genuinely unemployed as a result of the loss of a job, and are unemployed for six months, do not pay the tax. If it is five months they only pay one sixth of the tax, if it is four months, they pay a third of the tax and so on.
2.20 p.m.

People who genuinely need to have that severance payment in their hands will be more generously treated under this legislation than people in other countries, whose severance payment would have attracted a tax, no matter what. I think it is important to mention this, because even though the people have received severance, it is important that we recognise what are the proportions in these things. It is important that we put the matter in a proper perspective.

If somebody got a severance of $98 000, as referred to here, that person would have put in nearly 30 years. We are talking about $98 000, about people whose pay would be somewhere in the $2 000 or $2 500 bracket, but because of a certain amount of built-in overtime in the system, then the actual pay becomes larger, and therefore the severance which is paid on the whole pay becomes quite significant.

But in addition to those benefits, then all these staff would have got their retiring benefits, which would have been contributed to by them and the company – I think it is 5 per cent and 10 per cent. So if it is these staff that people are focusing on, I think they would have to find other examples. Also, there is, of course, the fact that there is an additional six months' pay in these cases, which would have gone somewhere towards offsetting the tax.

I thought I would mention this, Sir, because I do not like people, who should know better, to be in a position where their statements might result in the public being misled.

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

On the motion of Senator the Hon. C. A. GRIFFITH, Mr. PRESIDENT left the Chair and the Senate resolved itself into Committee on the Bill, Senator J. C. W. WICKHAM in the Chair.

Clause 1 was called and passed.

Clause 2 was called.

SENATOR THE HON. C. A. GRIFFITH: Mr. Chairman, I move that Clause 2 be deleted and the rest of the clauses be renumbered consequentially.

The question that the present Clause 2 be deleted was put to the Senate and agreed to.

SENATOR THE HON. C. A. GRIFFITH: I beg to move that Clause 3 now become the new Clause 2, and the following clauses be renumbered consequentially from 2 to 26.

The question was put to the Senate and agreed to.

The new Clause 2 was called.

SENATOR THE HON. C. A. GRIFFITH: Mr. Chairman, in the new Clause 2, I beg to move that the words "of the principal Act" appearing in the new Clause 2, be substituted and the words "of the Income Tax Act referred to in this Act as the principal Act" be inserted.

Mr. CHAIRMAN: Just for the clarification of the Senate, may I read the text of the new Clause 2:

> "Section 9(1) (f) of the Income Tax Act referred to in this Act as the principal Act, is amended by inserting immediately after the word "limit" appearing therein, the words, "in respect of each person,".

The question that Clause 2 stand part of the Bill was put to the Senate and agreed to.
2.30 p.m.

Clauses 3 to 9 inclusive were called and passed.

Clause 10 was called.

SENATOR THE HON. C. A. GRIFFITH: Mr. Chairman, I beg to move an amendment here. After the word "is" appearing in the very first line of section 48B(1) the words "charged and" should be inserted, and the new line would be "Tax is charged and payable on payments received.".

I beg to move that Clause 10, as amended, stand part.

SENATOR A. W. A. McCLEAN: Mr. Chairman, I should just like to point out that, given the provisions in this clause here, in actuality what we are having is an arrangement which would ensure that severance pay of about $98 000 would be tax free. It would mean that a person, by remaining unemployed for any given month during those six months, would be getting back $5 000, if the tax on $98 000 is $31 000.

He would be getting back $5 000 per month after tax, so to speak, and he would have to get a job which when grossed up would give him an after tax salary of $5 000 to break even. Unless he is going to get a job which is sufficiently in excess of that amount to be worth his while, he will stay at home for the six months. So in actuality, you have a situation there where you are arranging for these salaries to be virtually tax free.

SENATOR THE HON. N. A. BARROW: Mr. Chairman, I thought nobody was going to see it, but Senator McClean has in fact put his finger right on it. The situations which the legislation is designed to catch are clearly those in which I do an arrangement with you, call it severance, and you go home with a piece of change and go to work next day, which is not something that is normally available to persons in ordinary employment. By having the six months period, it is fairly clear that the person who is properly severed is unlikely to attract tax at all. This is really the point.

But there have been so-called severance in this country where in one case I think the figure was $340 000. I am not going to identify anybody or his problems, but there are situations in which people do not want to do what really they ought to do in running a business, and what happens is that the person is being given what is really straight income. The only thing that loses is the Treasury, and if the Treasury loses, of course all Barbadians lose.

The idea is not to catch genuine severance. One would normally expect that people who are genuinely severed would be out of work for a period of time, and in that case they are not going to be paying tax.

I believe Senator McClean also wants perhaps to advert to another problem, which has to do with whether, as the present law stands, Government is perhaps paying enough attention to whether the present severance payments legislation is not acting as a disincentive to employment. This is something which we have been thinking about, and which the answers to are not easy, because the more you force an employer to add to the ordinary wage, obviously the more opportunities for employment you are closing down.

If a man is going to stay in business, he has to make a profit, and if he is going to make a profit, he can only spend a given amount in wages. If he spends that amount in wages, what the man who works for him gets in his hand is one thing, but if the other benefits now become too burdensome, all the employer does – in fact all he can do – is to say that the real salary bill is not 12 months a year, but 14 months a year, and therefore the 16 per cent more people that might have been employed, I just simply cannot employ.

We are not the only Government to face this problem. But we do have overly generous severance legislation, and therefore, it is causing a problem. I am glad to see that beyond the pale there is probably a visitor who would know this thing better than I would.

The question that Clause 10, as amended, stand part, was put to the Senate and agreed to.

Clauses 11 to 13 inclusive were called and passed.
2.40 p.m.

Clauses 14 and 15 inclusive were called and passed.

Clause 16 was called.

Mr CHAIRMAN: Senator Griffith.

SENATOR THE HON. C. A. GRIFFITH: Mr. Chairman, I beg to move the deletion of the following words in this clause:

"Sections 2, 8, 9, 11, 12 and 13"

I beg to move, Sir, that in place of those words, the following should be inserted:

"Sections 7, 8, 10, 11 and 12"

The question that Clause 16 as amended do now stand part was put to the Senate and agreed to.

On the motion of Senator the Hon. C. A. GRIFFITH, the Senate was resumed and the Bill was reported as having been passed in Committee with amendments, Mr. PRESIDENT in the Chair.

On separate motions of Senator the Hon. C. A. GRIFFITH, the Bill, as amended, was read a third time and passed.

Mr. PRESIDENT: The Clerk will take the necessary steps to have the message sent to the Other Place regarding these amendments.

Mr. PRESIDENT: Senator Barrow.

ADJOURNMENT

SENATOR THE HON. N. A. BARROW: Mr. President, the debate on the Appropriation Bill and Estimates of Revenue and Expenditure for the Year 1984–85 will begin in the Other Place on Monday the 19th, that is next Monday, and will be dealt with over the course of that week. As we only deal with the Appropriation Bill, it is possible for us to conclude our business in rather less time than the Other Place.

I believe that we should make as early a start as is possible, so that if we can conclude on Monday 26, we will do so. It we have to go over to Tuesday, March 27, we can do so, but certainly, by Wednesday 28, whatever happens, we would be finished. I believe we have usually managed to keep it within a two-day framework.

Accordingly, Sir, I beg to move that the Senate do now stand adjourned until Monday, March 26, 1984 at 10.00 a.m.

The question was put to the Senate and agreed to and Mr. President adjourned the Senate accordingly.
2.50 p.m.

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