
THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1991 - 96

THE SENATE

Wednesday, June 30, 1993

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, June 30, 1993, at 11.15 a.m.

PRESENT

His Honour Senator M. deL. JORDAN, (President);

His Honour Senator J. J. PAYNE, (Deputy President);

Senator the Honourable L. V. H. LEWIS, G.C.M., (Minister of State, Ministry of Finance and Economic Affairs) (Leader of the Senate);

Senator A. MORRISON;

Senator Mrs. V. C. FRASER, B.S.S., J.P., M.C.F.A.;

Senator A. J. N. PHILLIPS, G.C.M.;

Senator the Honourable Dr. C. D. CLARKE (Minister of Trade, Industry and Commerce);

Senator Mrs. M. BARKER-WELCH;

Senator J. J. PAYNE;

Senator Mrs. A. STRAUGHN, G.C.M.;

Senator the Rev. Canon J. L. SPRINGER;

Senator J. G. BELLAMY;

Senator T. E. BARKER;

and

Senator T. C. BECKLES.

Prayers were led by Fr. Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

MESSAGES FROM HER EXCELLENCY THE GOVERNOR-GENERAL

Mr. PRESIDENT: I have received the following Message from Her Excellency The Governor-General, Dame Nita Barrow, dated 25 May, 1993:

"Dear Mr. President,

I shall be absent from office during the period 2nd June to 31st July, 1993 on a visit to Trinidad and Tobago, Canada and the United States of America.

In accordance with the provisions of Section 29(1)(b) of the Constitution, the Honourable Sir Denys Williams, G.C.M., will perform the functions of the Office of Governor-General during my absence. As the Honourable the Senate will not be meeting prior to my departure, it will not be possible for the usual formal Message to be sent down to your Chamber. Will you therefore please bring my absence formally to the attention of the Honourable the Senate when next it meets."

PRESENTATION OF PAPERS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I am commanded to lay the following documents:

The Insurance Corporation of Barbados (Reinsurance Cessions) (Amendment) Order, 1993.

Guaranties under the Exempt Insurance Act, Cap. 308A to the following:

M.I. Insurance (Barbados) Limited
F.I.I. Limited
Chancery Reinsurance Limited
RAL Insurance Company Limited
Manatee Insurance Company Limited
Ablan Insurance Corporation
Auric Insurance Corporation

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

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move the suspension of Standing Order 45(2) to enable the Senate to proceed with the business on the agenda. Certain Bills require that they be dealt with in all stages.

The question that Standing Order 45(2) be suspended to enable the Senate to proceed with the business on the agenda was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I beg to move the first reading of a Bill that would provide for the management, conservation and development of fisheries and also for a Fisheries Advisory Committee which would advise the Minister on matters related to fisheries. The Bill is entitled "An Act to provide for the management and the development of fisheries in Barbados".

I also move the first reading of a Bill to amend the Supreme Court of Judicature Act in order to increase the number of judges of the High Court. That Bill is entitled "An Act to amend the Supreme Court of Judicature Act". I so move.

PUBLIC BUSINESS

ORDER NO. 4 WAS CALLED - TO MOVE
THE SECOND READING OF A BILL TO
AMEND THE SUPREME COURT OF
JUDICATURE ACT, CAP. 117A

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the Supreme Court of Judicature Act, Cap. 117A makes provision for the High Court to consist of not more than 5 judges, one of whom is the Chief Justice serving *ex officio* as Head of the High Court. The legislation also provides for the Court of Appeal to consist of a Chief Justice as President of the Court and not less than 2 and not more than 4 other judges styled Justices of Appeal.

In recent years, Mr. President, the work of the High Court has increased considerably. The Bar Association has recommended an increase in the number of High Court Judges in order to deal with the volume of work before the High Court. The Attorney General has examined the matter and has advised that there has been an increase in the workload under civil jurisdiction due mainly to the large number of proceedings under the Family Law Act.

In addition, there has been an increase in the proceedings for Constitution redress under Section 24 of

the Constitution and there have been proceedings for judicial review under the Administrative Justice Act. So that with applications for prerogative Orders under Order 53, the rules of the Supreme Court have also increased. 11.25 a.m.

On the other side, the criminal jurisdiction side, there has been a general increase in crime and there is a backlog of cases. At the end of the October 1992 Assizes there were some 33 cases which had to be traversed to the next Assizes. In addition to all of these, Mr. President, it is anticipated that with the coming into effect of the Proceeds of Crime Act there will be a further dramatic increase in the workload of the High Court – and the Bar Association has been pressing its situation – and it is acknowledged that there is need for one or 2 more Judges to serve on the High Court.

The Bill before us proposes, Mr. President, the increase in the number of Judges of the High Court by one, and it is contemplated that the allocation of the persons serving in these positions would be one to family law cases, 2 Judges to deal with criminal law cases and 2 Judges to deal with civil cases, and that the Chief Justice should be freed up from working in the High Court as far as it is possible to allow him to deal specifically with matters referred to the Court of Appeal.

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

SENATOR T. E. BARKER: Mr. President, I support the measure to increase the number of Judges from 5 to 6. I have no problem at all with it, because I believe that with the backlog of cases the Honourable Minister mentioned, and the fact that cases, especially civil cases, take so long to be heard, it is important that Government act as soon as possible to remedy the situation, so we are glad that the Government is going to increase the number of High Court Judges from 5 to 6.

However, Sir, I want to highlight a few of my concerns. We are here increasing the number of Judges, and as the Minister said, there are going to be 2 assigned to civil matters, 2 to criminal and one to family law. But we know that a court comprises not only Judges but also prosecutors as well as defence attorneys in general. I wonder if provision is being made to increase the staff in the Prosecutor's Office and the Solicitor General's Office, because you are increasing the number of Judges, hence the number of cases that will be heard will be increased, so there must be a consequential increase in the number of prosecutors and lawyers working for Government in order that matters can be expedited. That is something that must be taken into account, the fact that the Government is finding it difficult. . .

Aside.

SENATOR T. E. BARKER: I am told, Sir, that a lot of vacancies in the Public Service for lawyers are not filled as quickly as we would like. That could probably delay the work of these Judges, so Government has to make sure that the support staff is there in order that the situation can be remedied.

Sir, the Minister mentioned that the Chief Justice is a Judge in the High Court also. This brings me to a ticklish problem, that is, that on many occasions the Chief Justice has to act as Governor-General. I do not want to step outside the boundaries in this matter, but I think it is something we need to look at to make sure that the majority of the Chief Justice's time is spent in the court handling these other matters.

I know that before 1986 there was a different arrangement where, in the absence of the Governor-General, the President of the Senate would act, but since the change in 1986 the Chief Justice acts as Governor-General in the absence of the holder of that position, so that is something I think Government has to look at again in the light of experiences so that the Chief Justice would have more time to deal with matters that are before him.

Then, Sir, there is also the matter of Acting Judges. It is something that concerns me a little bit. We know that from time to time Judges have to go on leave, for lots of reasons, and provision is made for persons to act as Judges. It is my belief that these acting appointments should be for short periods of time only. I do not like the situation where a person is acting as a Judge for a year, 2 years or 3 years. We know that the Constitution, in order to maintain the independence of the Judiciary, gives Judges a lot of independence, I should say, so that their actions then cannot be in any way circumscribed by any other agent, but when a person is acting for so long in that capacity one has to ask questions concerning the wisdom of such a prolonged period of acting. I know it is a very sensitive area, but I think Government needs to look at that again. I do not think that the acting appointment should be for a prolonged period of time, given the sensitive nature of our courts.

Sir, a lot of us share the concern of the Minister concerning the delays in having cases heard. There is an old maxim that justice delayed is justice denied. All of us would want to support any measure which would expedite matters before the court, so I wonder if while we are increasing the number of Judges primarily to deal with delays we could also look at some of the causes for the long delays, and that certainly has to do with the magisterial system. Sometimes there is a long delay in getting cases heard in the lower courts, then to be transferred to the High Court, so unless the matter is rectified at bottom, Sir, you will not be easing the situation,

because a lot of problems surround the activities of the Magistrates themselves. I do not know if there is a case for increasing the number of Magistrates. Some people are suggesting night courts, but something must be done to speed up the judicial system.

Then, Sir, a word must be said on the physical conditions in which these Judges are to act. For a long time we were hearing that a new complex was to be built. Various sites were put forward, but I am told the latest site would be at the corner of Country Road. Perhaps the Minister, if he so desires, can tell us how far advanced plans are, because all of us are aware that the conditions at the present Supreme Court buildings are less than optimum. If you are increasing the number of Judges, and hence increasing the number of cases that can be heard, you have to think in terms of the physical conditions.

11.35 a.m.

You have to think in terms of the physical conditions. It is a matter of urgency. From what I am told, the judges and those who have to work in the Courts are suffering from deteriorating conditions. I have been hearing about the physical security of officers in the Courts and it is something we need to look at and probably we need to re-activate the plan for the Supreme Court Complex.

Sir, the Minister mentioned among the reasons for increasing the judges is the general increase in criminal activity on the Island. While I agree with the Minister that that is a very good reason for increasing the number of judges, I would want to suggest that increasing the judges is only a small part of the solution to this problem. I do not want to get into a general debate on crime because you would not allow me for the obvious reasons, but while looking at increasing the number of judges, I would want the Government to bear in mind that our long-term goal is to reduce the high incidence of crime. While the judges play an important role, it is a matter for the society as a whole and we must never feel that by just having more High Court Judges would in any way solve the high incidence of crime. We must have a holistic approach to the whole matter. What we are getting is a piecemeal approach where people are looking at the judges and the crime system but we are not getting the Government to look at the crime situation *in toto* to see how a series of measures can be put in place to reduce the level of crime in this fair land of ours.

I want to touch a little bit on the selection of judges. I want to say that I would like to go back to the old system, the pre-1974 when the selection of judges was taken out of the politicians' hands. I think that was the optimal situation and I think we need to look at the Constitution to make sure that the selection of judges is done by those independent persons who would be in a better position to judge the merits or demerits of

a particular candidate than the politicians would be. We need to go back to the system that operated before changes were made in 1974.

Sir, I know that the Member on the other side will say I am talking foolishness, but this is my opinion, Sir. I was hearing an aside. I believe that the integrity of the judicial system is extremely important and we must make sure that everything is done to ensure that the quality of justice we have and had in the past is maintained. We have been well served in the past and I just want to issue a word of caution that we need to make sure that the selection process is done without the politicians. That is my own personal view on the matter.

With those words, I want to support this Bill. I see it as necessary and hope that the judges will be given the support of the whole community as they go about this important task of ensuring that fairness and equity is not only done but seen to be done.

HIS HONOUR SENATOR J. J. PAYNE: Mr. President, I find it necessary to speak in support of this Bill which I consider an important piece of legislation in our judicial system. No one who is familiar with the judicial system in Barbados will say there is not a need for the increase of judges of the Supreme Court. It is well known that the number of existing judges do not permit an efficient functioning of the judicial system. We have been hearing the news that judges have been overworked and that the conditions under which they work need to be improved. I believe that an increased number of judges will go some way towards improving the situation and correcting some of the problems that we have.

There are 2 things that I wanted to comment on in relation to this matter of an increase in the number of judges. First of all, we have always heard the complaint that judges have had that difficulty of having to write evidence in long hand. This is something which I believe needs some attention and an increase of the number of judges, even though it will improve the situation, unless we touch on that problem of judges having to write all of the evidence of witnesses in long hand, I believe that problem will continue. In most countries, they have adapted the system of having note-takers for evidence and I believe that if we move speedily to that system of easing the judges from that additional pressure of having to write evidence in long hand that will deal with some of the problems which we have.

In addition to that, Mr. President, I think there is an urgent need to recognise that with the vast increasing pieces of legislation which pass through the House and to which judges have to pay attention, there is a need for judges to have the assistance of resource persons when they have to write their decisions. It is recognised that much of the time of judges is spent, not only in the courtroom

listening to the evidence and to lawyers, but after the courtroom procedure is completed, judges have to spend much of their time in law libraries and other places doing research. If we are to have proper decisions handed down by judges, it is most important that they have access to some of the resource persons to provide up-to-date material relating to cases. This is something which I believe should be implemented and should be looked at very seriously in our judicial system.

I do not think there is any evidence to suggest that our judges have not been doing proper research and have not been giving proper decisions in relation to matters which come before them, but I believe that if they are given the opportunity to have the resource persons, whether in the form of young attorneys or from the universities, it will go a long way towards improving the quality of decisions which are handed down.

11.45 a.m.

I think since Senator Barker has raised the point of the selection of judges I would like to comment very briefly on that point. No matter what system of selection of judges a country adopts there will be criticisms. If we examine the situation in other countries I believe it is well recognised they have their criticisms of their system. But it is clear to me there is no evidence to suggest that the method which we presently have of selection of judges that it is not working well for us.

I believe if we were to change it and go back to a previous system by which the Judicial Committee appointed judges, people would also have their criticism of that system. I do not believe in making changes just for the sake of change. Since there is no evidence to suggest that our present system is working to our disadvantage, I believe we should work with what we have at the moment until we can come up with some method which would improve on the present system.

There has been a lot of talk in a lot of quarters that judges should be selected from different areas of the profession. Many people believe that where you have a system where judges are not selected from the private Bar you do not get as wide an opportunity and scope of experience of people sitting on the Bench. I believe, quite fervently, that when we come to the question of the selection of judges all members of the profession, whether they work in the private Bar or in the Attorney-General's Chambers, all attorneys should be well considered for such positions and such persons who provide the best brains and who can bring the best experience to the Bench should be selected for those positions. In this regard I believe that so far our system has worked fairly well for us.

Now, it is clear to me, Mr. President, that the present Supreme Court building at Coleridge Street has become

inadequate to service the number of judges and the number of Courts which we have. At the present moment we have 5 Supreme Court offices and 5 Supreme Courts in operation. It would seem to me that with an additional judge they will have to look for additional room.

It is my understanding and, perhaps, I can be corrected on this if my information is not correct, that there is a need to create some additional space in the present Supreme Court Building at Coleridge Street in order to create a courtroom for an additional judge. My view is, and the view of many members of the legal profession is that the conditions at Coleridge Street are already becoming cramped. The question when the new judicial complex will be looked at is one which members of the profession, no doubt, would have to consider.

I know that in some countries there is a system where the Supreme Court is divided into different areas. For example, I know in Trinidad some of the Supreme Court judges meet at Tragarite Road and others meet in the main building in the City. I do not think we want to have a system where we are dividing up our Supreme Courts into different buildings. The operation of the Supreme Court Office has worked very well for us. I believe we should seek as far as possible to contain the judicial system and the judges into one building as it presently exists.

With those very brief remarks, Mr. President, I would like to give my support to the proposed legislation increasing the number of judges.

SENATOR A. MORRISON: Mr. President, I rise to support this Bill on the appointment of an extra judge to service the Supreme Court of Barbados. I was a bit amazed at the remarks made by Senator Barker as far as the quality of judges is concerned in this country. To my mind our judges have served us well over the years.

SENATOR T. E. BARKER: On a point of order, Sir. In no statement I made did I reflect adversely on the quality of judges and I wish that the Honourable Member will not impute to me motives or comments that I have not made or inferred.

Mr. PRESIDENT: Thank you.

SENATOR A. MORRISON: Sir, the Honourable Member made reference to the quality of judges. He even tried to imply by his remarks on the quality of judges that we need a new system. He was making the point, when I paraphrase his remarks, that the judges are being appointed from a political standpoint and therefore they have become inefficient.

SENATOR T. E. BARKER: Sir, I never said nor inferred from a political standpoint. If the Honourable

Member wants to say something, let him say it but ask him not to misquote me. I have never said that they were appointed from a political standpoint.

SENATOR A. MORRISON: Sir, the implications were there when he made the remark that judges are now being appointed by politicians which I took objection to too. I objected to the remarks even made by the Honourable Senator about the way how judges are appointed because he would make one believe or the observer who does not know the procedure in the appointment of judges that judges are now being appointed by way of political preferment. This is how I interpret the Honourable Member's remarks. I think all other Honourable Members in here would come to that same conclusion. In doing that he made reference to the quality of judges so the quality he talked about would have to be an adverse quality and not a quality in the old good traditions of our judges in Barbados.

SENATOR T. E. BARKER: Sir, the Honourable Member is imputing to me improper motives because he is saying that I have reflected negatively or adversely on the quality of judges. I am sure you would not allow me to do so. I am sure you heard every word I said and in no way could what I said be interpreted by any sensible, reasonable or sane person as reflecting negatively or adversely on the quality of judges. This is a very serious matter and I wish that the Honourable Member would be careful in imputing to me improper motives.

Mr. PRESIDENT: Thank you.

SENATOR A. MORRISON: Sir, when I analyse and try to paraphrase the Honourable Member's speech, he has a very grave concern about the appointment of judges. He further qualified those remarks by saying that because the judges would not be up to the required standard he would hope, in his remarks, that the system would be changed for the better. I am not imputing any dishonest remarks to the honourable gentleman.

Mr. PRESIDENT: All right. Proceed with your debate.

SENATOR A. MORRISON: Sometimes he does not understand what he is saying. As I have said here before in this Honourable Chamber he does not realise the full import of his remarks when he makes certain statements.

Mr. PRESIDENT: All right. Proceed with your debate.

Mr. A. MORRISON: I am debating, Sir. I can only debate in relation to what has been said in this Chamber before and using his remarks to this Chamber one would get the impression that there are political appointments of

judges and that the judges in Barbados are not up to the required standard as they should be. In so doing, Sir, I would like to reiterate and further buttress my faith in the judicial system of this country *vis-a-vis* judges and magistrates.

There is need for another judge, which I fully support. Anyone who has been acquainted with the judicial system in Barbados over the past years know that the judges have been overworked with a lot of litigation to be done. In some respects in the civil jurisdiction is where we get all the big long delays.
11.55 p.m.

One can see why that is so because with the amount of crime which we have in this country... We have our quarterly sessions. We have so many cases at sessions these days that even some cases are being traversed from session to session. It means that judges in the criminal jurisdiction are kept very busy from session to session. Hence we have overworked judges and we do not have that amount of judges that we could have available to do the civil jurisdiction because every 3 months we have Grand Sessions. It comes back on us very quickly and it goes on and on.

But, Sir, I would like to make the point that there is no political interference in connection with judges. The Judicial Service Commission functions independently. Even the fact that you are made a judge, you are not subject to any political pressure. Judges enjoy a tenure of office independently and they can only be removed from office for cases of gross misconduct and, at that, by both Houses of Parliament meeting at the same time to decide the fate of a corrupt judge. That has come down from the British legal tradition. If there is one thing I would say for judges in my own personal opinion is that I believe that the Inner Bar Queen's Counsel should be made – as a matter of fact not by way of insinuation or anything like that – but it should be a stated fact that you should go to the Inner Bar; as a matter of policy to also create your new judges. Because if you are a QC for many years' standing and you deal with High Court proceedings over the years I believe that a QC by being a member of the Inner Bar and who is supposed, by profession, to assist the court and not to try to mislead the court in any respect at all I think that from that body of people one can safely recruit the judges. But I would not be party or privy to any remarks made in here about the integrity and the ability of our judges. Because they could not defend themselves. They are supposed to interpret the law as they see it. We in here are supposed legislators and we make the law. The judges must interpret the law.

I believe that this is a step in the right direction to provide another judge. We might need 2 more judges for that matter. The Honourable Member also made the remark

that the Chief Justice being the one under the Constitution who is supposed to act as Governor-General in the case of the absence of the Governor-General from her office, he also finds fault with that thinking that he should be available to do cases in court. But he is also the presiding officer in the Court of Appeal. I see nothing wrong with the Chief Justice having, from time to time, to act as Governor-General because we are well served by our judges. Anyone who has watched the system develop over the years cannot find fault with that arrangement.

I would like to make a plea in this debate for more magistrates because from my own conception the magistrates in dispensing summary jurisdiction in this country have had to deal with the bulk of cases which come before the law courts. The magistrates are those hard working people who have to cope with the bulk of cases in summary jurisdiction which is a very wide, very big, very long, arduous task.

I think that as we have now solved the position with the appointment of another judge, if we can have a look at the magisterial pensions and appoint more magistrates we should be on the road to providing a better and more efficient judicial system. Because right now, in the Supreme Court civil jurisdiction we are handicapped with all the divorce matters which are before the court and which take a considerable amount of time before they are adjudicated going 4, 5 years in some cases. Other civil matters take just as long. It seems to me that when things are hot and you are pursuing certain rights on your own behalf in the law courts of this country and they are drawn out that long, sometimes people die before the matter is eventually adjudicated. It seems to take all the steam out of the contentions which go on in society and which get people frustrated due to the fact that it is not because of lack of effort, lack of going to the courts to get your wrongs righted that you find yourself in a position that you have not been able to get an adjudication on your matter.

There are some cases where because of the long drawn out process where judges have not been able to bring back judgements on behalf of litigants in court because of the amount of cases that you have to deal with, that some judges die eventually and leave litigants almost spellbound. All the money has been spent, all the evidence has been taken, everything has been done and there is no decision on those cases. That puts the Government in a big dilemma. How do you solve those problems? People have paid their fees to the contending lawyers, they have gone to the Registrar and filed their cases, all the evidence has been taken and then, after 3 or 4 years, there is no decision. In the meantime, human life being what it is these days, Sir, people die very quickly these days, the judges die and then we are back to square one. It is very important that we have the adequate amount of judges in this country to deal with those matters that we can get more positive

results from our labours because you know, Sir, the courts is the ultimate place you go when you have tried all the other areas of co-operation, you have eventually to end up in the law courts. When you reach there and you do not get a move on to suit what you have been suffering from then you know that you are at the crossroads and you could become very frustrated and eventually you can die leaving everything in the same way as it was before.

I would just like to say in closing that acting appointments which the Honourable Member referred to again... He said he does not want people to be acting. There must be acting appointments in the judicial system because judges must get vacation at some time and some person or persons will have to act in the post. To say you have these long acting appointments is not an indictment on the judicial system.

12.05 p.m.

Once the establishment calls for X amount of judges you cannot make an acting appointment, a man who has been acting for a long time, a judge because there is no post of Judge to appoint him to. Therefore I thought the Honourable Member would be very glad that the Government sees fit to increase on the establishment of the country another judge so that somebody could be appointed to that particular post. Once there are no comparative posts to appoint people to you must have acting Judges. So he must not be able to think he can kick up a fuss and lay that to the charge of the Government that the acting appointments have been too long. He could only act for a Judge if he is sick or if he is on leave, so there is no problem with acting appointments at all. Only when you have got a post of Judge created then you can appoint people to that post. If we continue in this vein, Sir, if we are able to create more posts when the economy improves, then there will be less need for acting appointments.

And, Sir, with those remarks I commend this Bill to Senators and I feel the Government should be complemented on its effort in a very small way to solve the problem of High Court Judges. We will watch it as we go along in the provision of more judges and more Magistrates in this country.

Mr. PRESIDENT: Senator Springer.

SENATOR THE REV. CANON J. L. SPRINGER: Mr. President, I will be brief. First of all let me say that I intend to support the Bill. I see it as a good thing for the system. In referring to the method of allocation mentioned by the Honourable Minister in introducing the Bill, I was pleased to hear that one Judge would be allocated to family cases. I hope that that does not mean that there will be a judge from time to time allocated to family cases but that there will be provision or the possibility of specialisation

where there will be a specialist judge to deal with matters of family. Even though the other areas are special areas I think they are more in keeping with the normal run of the law but family matters have become very specialised and complicated and in addition to the speeding up of these cases I would like to know that there is some specialisation.

In the matter of a speeding up, Sir, I know that many persons within families, and as it happens it is mainly women and children who have been put to great inconvenience because of the long delays where some family cases were concerned so that this arrangement I hope will speed up the process somewhat.

Two other comments, Sir. The other one has to do with the antiquated nature of the recording of evidence in courts. I have gone, for different reasons, into courts and continue to be surprised that in this electronic age we still continue to have evidence hand written.

Even Parliament has made progress here where we could hardly complain about the method of the recording of these debates, and it means that somewhere along the line the politicians took the necessary steps because it was not always so to ensure, that there was the speeding up of the recording and the ultimate reporting of these meetings.

I do not understand why, up to now, no steps have been made to introduce legislation or to change the law to make it possible for the evidence in the court to be recorded electronically and also to have it recorded by experts who could record it speedily.

I am going to stop in a moment, Sir, because we are forced to do so but let me before ending say this. The matter of allocating a Judge mainly to appeal cases is important and I hope that we will in due course go further than that and get involved in an arrangement where there is a Caribbean Appeal Court because the matter of appeals going overseas cost a lot of money and a lot of time. I hope that some steps will be taken to remedy this in due course to recognise the authority of our own appeal court in our area. Thank you, Sir.

SENATOR THE HON. L. V. H. LEWIS: I beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

On the motion of Senator the Hon. L. V. H. LEWIS, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, Mr. DEPUTY PRESIDENT in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 to 3 were called and passed.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. CHAIRMAN reported the passing of one Bill in Committee without amendment and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR THE HON. L. V. H. LEWIS, the Bill was read a third time and passed and cited as the Supreme Court of Judicature (Amendment) Act, 1993.

SUSPENSION

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I believe Senators are aware of the circumstances of the House meeting at approximately this time. I therefore move that this sitting be suspended until Friday July 2, 1993 at 11.00 hours, so we may continue the matters on the Order Paper.

The question that the Senate be suspended until Friday July 2, 1993 at 11.00 a.m. was put to the Senate and agreed to and Mr. PRESIDENT suspended the Senate accordingly.
12.15 p.m.

RESUMPTION

Mr. PRESIDENT: This Session of the Senate is now continued.

PUBLIC BUSINESS (RESUMED)

ORDER NO. 1 -

RESOLUTION TO APPROVE LEASE TO BARBADOS CITIZENS BAND RADIO ASSOCIATION

SENATOR Mrs. M. BARKER-WELCH: Mr. President, this Resolution is in connection with a lease of 1 568.9 sq. metres of land at Constitution Road, St. Michael to the Barbados Citizens Band Radio Association.

The Barbados Citizens Band Radio Association has been in existence since 1976 and is presently located in Strathclyde, St. Michael. This Association provides several community services free of charge. These services include fire watch exercises during crop season, assisting in the locating of drifting boats with CB sets, participation in the CERO network, provision of communications coverage in a variety of national and sporting events such as the 10K marathon inter-school sports and several sporting activities. They also assist in passing traffic reports to the Police.

The Association has been in communication with the Ministry of Housing and Lands in the past few years in an effort to locate a property for use as their headquarters and station. Members of this Association consider that their

present location hampers and limits their activities. They are desirous of finding a more central place where they are in line for proper transport. In this regard, an area of Crown lands at Constitution, St. Michael has been identified. This parcel accommodates a derelict building which formerly housed the St. John Ambulance Brigade.

The Barbados Citizens Band Radio Association has indicated that it will take financial responsibility for carrying out extensive repairs on the derelict building in order to make it habitable. The Association has also indicated that the approximate cost of the works to the building and the grounds is \$50 000. Government is willing to lease to the Association the parcel of land it has identified, having given consideration to this request. However, in view of the important voluntary service that they render, it is proposed to charge a nominal rental fee of \$400 per annum.

The Commissioner of Land Tax has assessed the open rental value to be \$4 000 per annum as up to October 1991. The Citizens Band Radio Association's request for accommodation has been supported by the Community Development Division and the former Ministry of International Transport, Telecommunications and Immigration. The Chief Town Planner has also indicated that he has no objection to the proposal.

In the meantime, the Ministry of Housing, Lands, Community Development and Culture have granted permission to the Barbados Citizens Band Radio Association for the commencement of repairs to the derelict building on Constitution Road and parliamentary approval is now being sought under the following terms and conditions:-

- (1) that the lease will be for a period of 10 years,
- (2) that the rental will be at the rate of \$400 per annum and will be subject to review in the 5th year,
- (3) that the lessee will be responsible for putting and keeping the building in a state of good repair, and
- (4) that the lessee will be responsible for the payment of all utilities and land taxes.

That is the background to this Resolution, Mr. President, and I now move that this Resolution do now pass.

The question was put and agreed to.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I crave the indulgence of the Honourable the Senate at this juncture to introduce 2 matters and to lay a document.

Mr. PRESIDENT: Permission is granted.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I am commanded to lay the following document:

The Income Tax (Amendment) Regulations, 1993.

Mr. President, it will be recalled before the sitting was suspended that Honourable Members were circulated with a copy of the Consumption Tax Bill and a copy of the Bill to amend the Income Tax Act, Cap. 73.

I now beg to move that these Bills be read a first time. The Act to amend the Consumption Tax Act and the Bill entitled an Act to amend the Income Tax Act.

The question was put and agreed to.

ORDER NO. 6 – BILL TO AMEND
THE CONSUMPTION TAX
ACT, CAP. 63

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, the Minister of Finance and Economic Affairs, in his Financial Statement and Budgetary Proposals of March 15, 1993 announced that in keeping with a decision taken at the CARICOM Council and given Barbados' firm commitment to its obligations under the Treaty, that is the CARICOM treaty, at that time proposed to abolish the 20% surcharge on goods which were manufactured within the CARICOM region. This provision was to take effect from April 1, 1993.

In addition, the Minister of Finance and Economic Affairs went on to state and I quote:

"that with respect to the need to recover the revenue which would be lost from the introduction of the Common External Tariff and that which will result from the removal of the surcharge on selected imports from CARICOM origin, I now propose that effective from April 1, 1993, the ad valorem rates of consumption tax, except for liquified gas and natural gas, will be increased by 4 percentage points."

He gave as an example, items now subject to 17% rate will go up to 21%. In addition the specified rate which applied to alcoholic beverages and tobacco will be increased by 15% as shown in the appendix to that document. He further went on to state that gasoline, kerosine, diesel, fuel oil, liquified gas and natural gas would not be affected by these changes.

He further stated that he is always conscious of the impact which such changes in the rates of consumption tax would have on the retail price index. Therefore in any variation within the consumption tax particular attention

will be paid to ensure that the retail price index which is a measure of the rate of inflation does not get out of hand.

What is being attempted here is that you are substituting an increase in one tax, the consumption tax, to offset the revenues which would be lost from the implementation of the Common External Tariff and the abolition of the surcharge on goods originating within CARICOM.

11.35 a.m.

In short, then this effort is one to ensure that the revenue effect remains neutral. This does not mean, however, that this Government is unmindful of the burden of the tax. To this end it has, and is, as an ongoing process, continuing to monitor the incidence of the tax to ensure that groups who are not so well off within the society, that is, the most disadvantaged groups, will not have to bear the burden because of any transfer from one group to another while retaining the revenue neutrality of the change in the tax structure.

As a caring Government, we will continue to ensure that the incidence of the tax is not borne by those least able to afford it. We can assure this Honourable Chamber, Mr. President, that should any observations be made whereby any disadvantaged groups within the society are bearing a disproportionate share of the readjustment in taxes, then a further correction will be made.

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

SENATOR T. E. BARKER: Mr. President, we are glad for the revelation that this Government is a caring Government because, looking at their misdeeds of the past 7 years, one is left to wonder. Indeed, Sir, I am sure all of us will agree that the actions, especially with regard to Consumption Tax, show that either they have a total ignorance of economics or, secondly they have a callous disregard for the same groups, the poor, the pensioners and other such groups they claim they cater to. I am very glad that at least we got words from Senator Dr. Clarke that it is a caring Government. I am sure that the people of Barbados would be most relieved when they hear the news that this DLP Government is a caring Government, and I share in the applause.

Sir, the Consumption Tax Act is about to be changed. The changes, as we all know, were first proposed by the Honourable Minister of Finance and Economic Affairs in the Budget Speech of March 15, 1993 where, as the Honourable Minister mentioned, the introduction of the Common External Tariff meant that certain import duties were reduced. The top rate of 45% is to be reduced in a series of steps from 45% to 20% by the year 1998.

The Honourable Minister, in his presentation, would have us believe that the increase in the Consumption Tax was only to offset the effects of the reduction in tariffs caused by our imposition of the Common External Tariff. That is not quite true but rather, there have been a lot of over-adjustments. The increase in the Consumption Tax is as much a revenue raising measure as anything else. It is, basically, a measure to raise revenue.

Sir, it would be instructive to examine this Government's record since 1986, especially with regard to indirect taxation. When this Government came into office in 1986, the base rate of the Consumption Tax, that is the lowest rate, and the rate on which most goods are levied, was 5% and every year, with the exception of 1990-91 fiscal year, the 1991 year was coincidentally the year of the General Election, this Government has raised Consumption Tax. To make up for their omission of 1990 they have raised it 3 times in the 1991-92 fiscal year so much so that the base rate which was 5% in 1986 is now 21%.

In addition, there is a 20% surcharge on luxury items. I would, Sir, with your indulgence, read from the Budgetary Proposals, 1991. It is a document of the House. These are the items on which the 20% surcharge is levied: beer, stout, wines, and all sorts of alcoholic beverages, cigarettes. I have no problems with those because my views on those are well known. But, Sir, look and see what it has also levied on: clay tiles, ceramic tiles, tableware, kitchen ware, household articles, toilet articles of porcelain or china, glassware, toilets, all of those luxury items because cutlery is now a luxury item. Kitchenware is now a luxury item in Barbados so we are going to levy a 20% surcharge on these items including, and I want to stress this, water toilets at a time where for all sorts of reasons we should be encouraging people to move from the dry pit to a waterborne system. We are told now that these are luxury items and hence we are going to impose a luxury tax on knives and forks.

Sir, the Minister said this is a caring Government. I have never known him to be a liar. I have always known him to be a truthful man in my 2^{1/2} years here with him. I have always known him to be a truthful, upright and honest person so if he says it is a caring Government I would have to agree with him. But look how they care? They do not want people to use knives and forks because they are now luxury items.

Sir, the drinking glass is a luxury item. There are not even anymore tinsmiths around that you can get an Ovaltine container handled as many of us used to in years gone by. How are the poor persons, the ones that the Minister says the Government has so much care for, going to survive when you are taxing all of these items. Sir, I thank God that I have the luxury of having a drinking glass in my home. I have thrown away the tot.

Sir, the point is that this luxury tax was introduced on these items in 1991 and the Minister, again I am reading from the same Budget speech, "The tax is not designed as a revenue-raising measure since it is hoped that the demand for such articles will decrease." This is on page 11 of the Budgetary Proposals of September 17, 1991. He is hoping that the demand for cutlery will decrease. But they are a caring Government.
11.45 a.m.

Sir, the effects of this consumption tax meant that whereas in 1985-86 this tax was bringing in \$100 million, in 1991-92 it brought in \$228 million. The final figures for 1993 are not available to me. I do not know if the Minister has them. I only have the 1991-92 fiscal year. The tax has more than doubled in those 7 years. That is not the end of the story because in 1985 - these figures are taken from the Economic Report laid in this Chamber in March of this year - that \$100 million in consumption tax was levied on personal consumption expenditure of \$1.391 billion, 7% of personal expenditure. In other words, Sir, 7% of personal consumption expenditure was levied in the form of consumption tax. But in the 1992 calendar year when personal consumption expenditure was \$1.716 billion we have a consumption tax take in calendar year 1992 of \$226 million. That is 13%. We have an almost doubling of the percentage of personal consumption expenditure that has been levied in the form of the consumption tax. I am talking about consumption tax alone. I am not talking about the other duties like import duties and stamp duties. We see a doubling of the rate within a short space of time of 7 years. So much so, Sir, that we have a situation where the tax is now causing economic stagnation because of the high incidence of consumption tax, consumption expenditure has declined. Because the same figures indicate that there has been an almost 25 per cent decline in personal consumption expenditure from 1991-92. A lot of it is a result of the increase in taxation brought about by the Budgets of 1991 and 1992. So you have an almost slow down in personal consumption activity. Some may argue it is a good thing. It cannot be. I would argue to the contrary because the wholesale retail sector contributes about 14% and 15% to GDP. So if you, as a result of your taxation, increase activity in the wholesale retail sector then, as a consequence, you are going to cause reduced growth and when you have reduced growth it means that you have reduced employment.

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Sir. I did not want to interrupt the Honourable Senator. I think that in all fairness to the Chamber Senator Barker should put his argument within the context. At that time the Government was concerned with preserving the foreign exchange position of the country. Nothing would happen without foreign

exchange. It was the number one priority. I would wish you would say that and then continue your argument. Just be fair and open to the Chamber, Senator Barker.

SENATOR T. E. BARKER: Sir, we do not have March this year. The foreign reserves of this country because of the reduction in activity is now I think \$301 million. I am speaking, subject to correction. I can check it. But it was over \$300 million at the end of March this year which is a good figure. I have no problem with that. But look at the cost. As a result of the cutting of expenditure, personal consumption expenditure, you are going to have almost $\frac{1}{3}$ of our people unemployed. We cannot even get the official unemployment rate because Government had it since the end of April and refused to release it for the first quarter of this year.

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order. I am a member of the Government and I do not have the figures. The latest figure I had was 23% or something per cent. If you have it and you are a member of the Government, fine. Put it on the Table and make it a document of the Chamber.

SENATOR T. E. BARKER: Sir, I strongly suggest that the Honourable Minister check with the Minister of Finance because in the third week of April the figures were sent to the Ministry of Finance and the Government. The Government has refused to release the figures. I can only suggest it is because the figures are showing that it is not 25% but rather that it is close to 30%. That is why the Government of which the Honourable Senator is a member...

Mr. PRESIDENT: Senator Barker are you stating, as a fact, that the Government has refused to release these figures? You said that they are in the possession of the Government and that the Government has refused to release the figures. I take it you fully appreciate what you have said. I therefore take it you know this to be a fact.

SENATOR T. E. BARKER: Sir, whenever I speak in here, I speak on fact. The fact of the matter is – and I want Senator Clarke to deny this – that since the second half of April unemployment figures were compiled – I am talking about the first quarter of this year – and the agency that compiles the figures does not have the power to release them because the releasing of the figures is done by the Ministry of Finance. The agency that compiles them can send them to the Ministry of Finance but they have no power to release them. The Ministry of Finance is the only agency that has the power to release these figures. I am saying the figures were sent but they have not been released.

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Mr. President. I cannot sit here, as a Member of this Chamber and allow Senator Barker to keep on stating that this Government is withholding information. As a Member of the Cabinet of Barbados I say that these figures have not been presented to Cabinet. It is erroneous and leads the Chamber to believe that the figures are available and have been made available to Government and the figures are being suppressed.

SENATOR T. E. BARKER: Sir, I stand by my accusation that the figures were presented to the Ministry of Finance. The Honourable Member cannot speak for the Ministry of Finance. I have no problem with that. I have no quarrel with that. But let him contradict me. Let him say that they have not been sent. If he cannot say that, he cannot criticize me for saying that because they have been sent but he does not know that they have been sent.

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: On a point of order, Mr. President. Such figures have not been presented to the Cabinet of Barbados. This is the normal procedure that they come in and are presented to Cabinet and then they are presented to Government. They have not been presented to Government.

SENATOR T. E. BARKER: Sir, the fact that they have not been presented to the Cabinet does not mean that they have not been presented to the relevant authority in the Cabinet.

If, Sir, they went to the Ministry of Finance and the Ministry of Finance did not seem to see it fit to carry it to the Cabinet, well then, that is not my concern. But the figures have been compiled and they were sent to the relevant authorities. Senator Clarke can check that. He can leave now and make a phone call and check it. But I know for a fact they have been sent.

I am willing to say, Sir, that if the figures show that the...

Mr. PRESIDENT: All right. Senator Barker, you are being repetitious. You have repeated the same point several times. You may now continue with your debate but you cannot continue to be repetitious like this. That is against the rules of the Chamber.

SENATOR T. E. BARKER: Thank you, Sir. But I was just answering a query, an attack on me by the Honourable Minister because when I come in here I like to have my...

Mr. PRESIDENT: All right, Senator Barker.

SENATOR T. E. BARKER: Sir, the point that I was making was that this reduction in consumption activity brought on two things (1) a drastic rise in the unemployment rate and (2) a decrease in investment activity. Because consumption and investment are intertwined in large measure, because you build a factory to produce goods for consumption basically. So if there is drastic reduction in consumption activity then as a consequence of that there is going to be reduction in investment activity. And, Sir, we see that this year there has been a large decrease in investment activity in Barbados. I think I spoke about this in an earlier – probably in the Estimates debate.
11.55 a.m.

Sir, I mentioned the high incidence of indirect taxation and I mentioned, Sir, the fact that a surcharge has been imposed on certain so-called luxury items. Sir, the effects of these measures caused decreased consumer activity but more damaging, Sir, the effects of this high taxation has put our tourist industry at risk. Our tourist industry is suffering the effect of this high level of indirect taxation.

Sir, a lot of talk has been made about wage cost. A study was done on the tourism industry which showed that the wage costs, as a percentage of revenue from rooms, is not out of line with our competitors in the Eastern Caribbean. That is what the figures are showing. That wages do not seem to be a major factor in explaining our lack of competitiveness in the tourist industry but, Sir, it points us to the fact that using data available to the end of 1990, that our level of indirect taxation, both in terms of consumption tax and stamp duties and import duties, put us second only to Jamaica and this is at the end of 1990. If we calculate the duties that have been imposed on tourism-related products it shows that when a basket of 14 goods were taken that duty to the level of 53.5% was levied on these goods. Sir, that was 1990 but since 1990 the base rate has moved from 10% in 1990 to 21% as proposed by the Minister in the budget of this year. In addition, Sir, we have the 20% surcharge on things that the hotel use a lot of, for example, alcoholic beverages, cutlery, glasses, kitchen ware, air conditioning units and all of those things. Sir, the result is that I have not been able to give ...

Mr. PRESIDENT: Senator Lewis.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, my information is that that last set of items which the Senator referred to are exempt items and I would have thought that he was aware of that.

SENATOR T. E. BARKER: Sir, I was quoting from the September...

Sir, the Honourable Minister is talking about refurbishing but buying glass ware is not really refurbishing. Sir, the point is that in 1990, the average duty on goods used by the hotel sector was 53% and since 1990 we have the base rate increased from 10% to 21% and we had a surcharge on alcoholic beverages and cigarette and other items.

Sir, I have not been told that alcoholic beverages are exempted but a surcharge has been imposed on those. Sir, I was looking at the figures only this morning. Sir, this is the actual Act itself which has been sent to us. Sir, on things like gin, vodka and so on that \$19.55 in tax alone is levelled on one litre of these beverages. Brandy is \$23.00 This is the consumption tax on one litre. When you add on the other duties you see, Sir, the effect of this on the hotel costs because the reports are showing that the determining factor in cost and competitiveness is the price of food and beverages. That is why the hotels are getting trouble, the cost of food and beverages. That has been identified, Sir, as being a way out of line with our competitors in the Eastern Caribbean.

Sir, if that is so, and Sir, the Prime Minister has said on more than one occasion that the economic recovery is to be led by the tourism sector. It is only common sense that in doing those things which would give the sector the help it requires to lead us out of the economic quagmire in which the DLP policies have put us. But, Sir, all we are seeing is that every time the Minister of Finance has to present a budget, except 1990, he raises indirect tax levels, but still, Sir, he wants the same tourism sector that he is bleeding to lead the economic recovery. It cannot work so.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I believe that when I interrupted Senator Barker just now I made a point and he is repeating the matter over and over again. Senator Barker ought to be aware that the Hotel sector since 1991 has been relieved of the burdens that he is saying they still carry. I think he should correct himself.

Mr. PRESIDENT: Thank you.

SENATOR T. E. BARKER: Sir, I have no intention of correcting myself because these duties are on alcoholic beverages. Is he telling us, Sir, that the duty on alcoholic beverage way from a degree of assurance then I will have to take his word, but he has not told me the hotels are exempted from paying the taxes, he has not told me that.

SENATOR THE HON. L. V. H. LEWIS: On a point of order, Mr. President, it is one thing to take words and twist them. The tax is paid by the consumer not the hotel. The tax is paid by everybody who consumes alcohol, whether he is in his house or whether he is in a hotel.

SENATOR T. E. BARKER: Sir, therefore it must be reflected in the cost of a drink to the consumer, hence the hotel has to charge him more for the drink so while the hotel is not paying it, the consumer is paying it. That is not the point. The point is that it is a cost that the hotel charges and the final cost to the consumer is increased. That is elementary. The fact that the visitor is paying it is irrelevant, it is adding to the cost of the tourism product, and we are worried about the cost of the product *vis-a-vis* other countries in the region. So if a glass of wine costing \$4.00 here and it cost \$1.00 in St. Lucia or wherever the fact that he is paying and not the hotel is beside the point. The point is, he is paying it.

Mr. PRESIDENT: All right, Senator Barker, we have heard you make your point. You have repeated it several times. You may move on.
12.05 p.m.

SENATOR T. E. BARKER: Yes, Sir, I have repeated it but the Honourable Senator does not appreciate the point.

Mr. PRESIDENT: Never mind, Senator Barker. You have repeated it several times. There is no further permission for repetition. Go ahead.

SENATOR T. E. BARKER: Sir, I remember the first year that I was in here in my first Estimate Speech, March 1991, I made the sensible point if I may say so, Sir, whenever you increase consumption tax that you are going to add to the rate of inflation. A Member on the Other Side who is a trained economist berated me for my lack of ignorance about the cause of inflation. Sir, I took it because I was not in my seat at the time. So I had no choice but he lambasted me for saying that the high incidence of tax causes inflation.

Sir, I shall read the Honourable Prime Minister's words found in the Budget of this year, March 15, 1993 on page 31. I am quoting him:

"Mr. Speaker, I am always conscious of the impact which changes in the rate of consumption tax will have on the retail price index. Therefore, every effort has been made to keep it to a minimum. It is expected that the net impact on the consumer price index of the increases in consumer tax and the reduction of the rate Common External Tariff will be about a one per cent increase."

The Prime Minister who, as far as I know, is not a trained economist, and the fact that a trained economist who has been trained at the highest level conveniently, did not seem to accept that an increase in consumption tax must as a consequence have a direct effect on the retail price index. That is commonsense. Sir, we all know from our experience that commonsense is not always common. If at the same time that he is increasing the consumption

tax, he is decreasing the other taxes and still we are getting a net increase, means that if we did not decrease the other taxes we would see what the 4 percentage in the consumption tax would have.

The Prime Minister appreciates the fact that an increase in consumption taxes has a direct effect on the retail price index. I am saying, Sir, without contradiction that if you increase the consumption tax, you are immediately going to add to the retail price index. That is commonsense. If we examine the retail price index over the years, we will see that whenever the consumption tax has been increased, 3 or 4 months down the line we get an upward movement in the retail price index. So quoting from the Prime Minister's words, these changes are going to result in about a 1 per cent increase. Sir, we know from our own experience that when we talk about a one per cent, we normally end up with a 3 or 4 per cent because obviously for a lot of reasons...

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, on a point of order. The Honourable Senator Barker is imputing certain motives to the Minister of Finance who is not here in this place to defend himself against them. I do not think that is parliamentary, Senator Barker.

SENATOR T. E. BARKER: Sir, the Honourable Minister did not give me a chance to finish what I was saying. If he would just listen and be a little more patient since he stopped me in mid-sentence, I was about to say that the effect could be in the rate of maybe 1 to 3 per cent. Sir, the Minister of Finance is quite right to say that it is going to be about a 1 per cent knowing full well that it could raise to as much as 3 per cent or maybe 4 per cent. But he is going to gage for obvious reasons the minimum of the range that was probably given to him. Sir, I am not calling him a liar. I am saying that he is using the minimum of a range. I expect that the effect could very well be in the order of 3 or 4 per cent. Sir, do not forget that this is coming as a result of the same Budgetary Proposals of March 15, 1993 and what do we get? The Prime Minister is calling on every worker in Barbados to accept a wage freeze. He is saying in one breath to accept a wage freeze and in the same speech he is saying that I am going to introduce measures which are going to increase the cost of living. This means, Sir, that automatically the real standard of living of the people would obviously decline.

Sir, we have the situation where the Prime Minister who is conscious of the fact that all these tax increases would add to the retail price index, yet he still persists. In my view, it is because he does not understand fully how Government finances work. There is a mistaken notion especially in the Cabinet that, if you increase the base rate on tax, you are going to bring in more money.

SENATOR THE HON. L. V. H. LEWIS: On a point of order, Sir. The Honourable Senator cannot presume to make a comment like that, that especially in Cabinet they do not understand something about base rate. If he wishes to say that it appears that somebody in Cabinet does not understand, he could get away with it. But to say that Cabinet does not understand is nonsense and cannot be truthful.

SENATOR T. E. BARKER: Sir, it appears as though the Cabinet does not understand the simple facts about public finance. Every time you agree to the rate, it does not mean that you are going to bring in more income. I have pointed out this in the Estimates of this year that Government last year raised a lot of the rates on taxes and what happened? That brought in less revenue primarily because spending declined as a result, because the goods have become more expensive and people are buying less. If they buy less, well obviously you will tax at a higher rate or tax less. If the decline has been marked, of course, then the tax take will obviously decline as a result.

Sir, if that is so and evidence is there that it is so, then we can go on the other side of the coin and say that a reduction in the tax rate would not necessarily lead to a decline in the tax take because when you reduce the rate the goods would become less expensive and hence, people can buy more of them. The net result could very well be that the amount of tax take could be increased. I have been saying this for a long time that the Government can increase its revenue by a downward adjustment of the consumption tax rate especially, Sir, noting that Government is boasting that there has been this marked improvement in the external balances as measured by the foreign reserves. The thing about this is that Government can reduce the rate, encourage a little more spending because the economy can tolerate a little more spending. The result would be that Government would get more revenue and as a direct result of this we can get more jobs going in the economy.

Sir, I cannot support an increase in the consumption rate because it is contrary to all of the economic principles. We are already in a depressed economy and increasing the consumption tax rate will further depress economic activity. The result will be that unemployment can keep on sowing. The way out in my view, Sir, is for Government to reduce the incidence of indirect taxation, especially since we know that there has been an improvement in the external balances.

12.15 p.m.

I do not know why Government does not try this approach. I have said this on a few occasions and I am sure that Senator Clarke appreciates the point I am making. I just wish that he had more influence in the Cabinet so

that he could pass on some of his knowledge to the powers that be. I know, from talking to him privately, that he is a knowledgeable man.

Mr. PRESIDENT: All right. Just let us carry on with the debate.

SENATOR T. E. BARKER: Sir, I have a lot of reservations about supporting this increase in consumption tax. In short, I will not support it, for the reasons outlined before. I believe that what is called for now is an imaginative approach to economic management. The trouble is that we tend to neglect our own. We like a fresh face to come in to tell us what to do. I am convinced that we have enough economic know-how in this country of ours, that we do not have to rely on people coming from Germany or wherever to carry out a surveillance on our economy. Everybody who has studied the Barbados' economy knows what the economy needs, we do not need anybody coming from Washington or Germany to tell us what to do. We know exactly what must be done and we must trust our people.

I am sure that people on the other side have studied the Barbados economy in much greater detail than the people from the IMF. I do not want to call names, but I am sure that Senator Alleyne....

Aside.

SENATOR T. E. BARKER: I do not want to call names of people who are not in here, but I am sure that Senator Alleyne has done a lot of work on the Barbados economy. He can understand the Barbados economy.

Mr. PRESIDENT: I do not understand what you just said. Speak a little more slowly so that we understand you.

SENATOR T. E. BARKER: I was just making the point that Senator Alleyne, among others, knows a lot about the Barbados economy. I will not call other names, because the people are not in here.

Mr. PRESIDENT: All right. Proceed with the debate.

SENATOR T. E. BARKER: I do not see why we need this surveillance. Surveillance is for criminals and the police keep certain people under surveillance, because they know that if they are not careful there may be a lot of criminal activity. I feel very upset about it. I am a very proud Barbadian and to have people come and carry out surveillance on our economy makes us look as if we do not know what to do, so I am upset and hurt about it. It is not a matter of pride for me that the IMF is carrying out surveillance on our economy, and I am sure I speak for most Members in here.

SENATOR A. MORRISON: On a point of order, Sir. The Honourable Member is not speaking for me in that regard. I should like to dissociate myself from the remarks just made by the Honourable Member. He said he is speaking for everybody in here about the IMF and the Barbados economy, but he is not speaking for me. I want to take exception to that, because in my case he is not speaking on my behalf when he makes those remarks.

Mr. PRESIDENT: Thank you very much, Senator Morrison. Senator Barker, I just said you speak so rapidly that I tend to lose some of what you are saying. I did not quite understand what you are saying anyway. Sometimes it sounds like a foreign language. I just did not understand that. Certainly you could not be speaking for everyone. That is clear, so I should like you to correct that statement.

SENATOR T. E. BARKER: I used the word "most".

Mr. PRESIDENT: But you do not know.

SENATOR T. E. BARKER: I used the word "most", I said "most Members in here".

Mr. PRESIDENT: Unless you had done a test or tally or something, you cannot tell whether you are speaking for most, so I will ask you to withdraw that. You cannot speak for most people. If you wish to make your statement, you are welcome to do so. It is a democratic organisation, but you cannot state that you are speaking for most of us. You are certainly not speaking for me, Senator Barker.

SENATOR T. E. BARKER: Sir, I am very distressed that Members in here would not want me to speak for them in this regard. I would have thought that all Barbadians would have been upset at the fact that we are under surveillance, so I am very disappointed that the Honourable Parliamentary Secretary likes the surveillance.

SENATOR THE HON. J. J. PAYNE: Mr. President, on a point of order. Senator Barker is suggesting that the economy of Barbados is under surveillance and he went further to suggest that surveillance is for criminals. That statement implicitly suggests that there is some impropriety in the economy of Barbados which necessitates the IMF carrying out some sort of surveillance. I think that statement is completely out of order, to the extent that it suggests the need for the IMF to come to carry out surveillance to correct some impropriety.

I myself would like to dissociate myself from the statement Senator Barker is making.

Mr. PRESIDENT: I have already told Senator Barker that if that is the context in which he has said it, he could certainly not be speaking for all the Members here, nor could he claim to be speaking for a majority. That has been made very clear.

SENATOR Dr. F. W. ALLEYNE: Mr. President, on a point of order. Senator Barker has been speaking about IMF surveillance as if to connote criminal conduct, and in the same breath he is making a comparison analogy with criminal activity. Senator Barker is misleading this House, because IMF surveillance has to do with a country which requires access to the capital markets of the world, the international capital markets, and in order to gain access you need the prior approval of the International Monetary Fund. Without that approval you cannot gain access. That is not criminal conduct. In that sense Senator Barker is misleading the House.

While I am on my feet, Mr. President, I wish you to know that Senator Barker is not speaking for me and I can speak for myself.

Mr. PRESIDENT: I think a number of us have dissociated ourselves from the remarks of Senator Barker. I made it clear that he cannot speak for us.

All right, you may proceed now.

SENATOR T. E. BARKER: Sir, I had so many interruptions for so long a period of time that I hardly know where I was. Anyhow, Sir, I want just to make the point...

Aside.

Mr. PRESIDENT: Senator Barker, if you have nothing further to say, you may take your seat.

SENATOR T. E. BARKER: Sir, I learnt early in life that when somebody else is speaking you do not speak...

Mr. PRESIDENT: Senator Barker, you may continue your debate or take your seat.

SENATOR T. E. BARKER: Sir, with those words I want to implore Members of this Honourable Chamber to reject this, not to support it, because in supporting it we are also supporting long dole queues. It is now about 3 months after this tax was introduced, because it was introduced in March of this year, and the effects are being felt within the economy. If we are not careful, we are going to see the economy further ruined by these measures, and in my view, Sir, they are totally uncalled for. If Government had left the rates the way they were, I am sure they would have realised the same tax take. There is nothing to suggest that to increase them is to increase tax take. For that reason, and that reason alone, I would urge Members to reject this Bill. It has nothing good in it for Barbados. It has nothing good in it for the productive sectors because even in agriculture the tax on pesticides and rodenticides has

been increased too. All taxes have been increased and yet we are still saying that we want our productive sectors to improve.

12.25 p.m.

Sir, I am imploring Members to join me in this crusade to save Barbados. One way we can start is by rejecting this increase in the consumption tax. Thank you, Sir.

SENATOR Mrs. V. C. FRASER: Mr. President, I should like to say we must read our documents carefully. I am one of the people who believes that if I do not understand something that I have many colleagues in here that I can enquire and ask them to help me.

As I see here in the Consumption Tax Bill, the Objects and Reasons, "This Bill seeks to amend the Consumption Tax Act".

Clause 2 says:

"Section 6 of the Consumption Tax Act in this Act referred to as the principal Act is amended by deleting subsection (1A) and substituting the following:

"(1A) Where chargeable goods specified in the Second Schedule are imported into Barbados from a country outside the Common Market there shall be charged on those goods, in addition to the tax specified in the third and fourth column of the First Schedule, as the case requires, a tax in this Act referred to as the "surcharge" at the rate of 20%".

Now, Mr. President, I see here listed a number of items that if they are imported from the CARICOM region there is absolutely no tax on these items. They are clearly listed and I would not like to delay this Honourable Chamber by referring to all of them. There is a whole list of vegetables and fruits and all the things that the hotel industry would utilise to its fullest. A lot of these things we are self-sufficient in. If we get some from our neighbours in the CARICOM region it means that the cost of them goes down considerably because they do not have to pay any tax on these items.

When I hear Senator Barker making a row about the hotel industry and the tourism industry and how much this can affect it... We all have choices in life. Nobody has told us that we must drink wine if we only have a mauby pocket. Nobody says that you must drink champagne. If you are going to feel it in your pocket, as a citizen of Barbados that is up to you. We are campaigning against cigarette smoking. People know the health difficulties that people encounter by smoking too much. They also know that we are trying hard to get people to stop drinking alcohol. Therefore if they want to go and pay a high price

for alcohol that is a matter for them. If a fellow wants to buy something that will destroy himself or a lady wants to buy something that will destroy herself that is something different.

I do not think that Senator Barker is aware of the large list of equipment that would have cost the hotel industry a fortune – you cannot have your cake and eat it too – that Government has exempted from tax. There are some 100 items. They are expensive items if you are in the business of catering. Therefore anybody who gets that kind of goody – let us call it a "goody" in Bajan terms – I think that person will respect it.

Recently I have been at a conference where hoteliers were and they were lauding the Government in reducing the tax on those items. When you are talking about industrial equipment, industrial stoves and fridges you are talking about paying real high taxes. In any part of the world you pay heavy taxes on them. People talk about not a caring Government but if the Government did not talk about the tourism and hotel industry it would not have sought to reduce all those items, even Bain Marie which is a water bath vessel that you use in the hotel industry.

There are certain items which I would not bother to call here because everybody would not understand the lingo but those items that they have sought to put on the list where they pay no tax are the items that would cost the hotel industry a fortune and have cost them in the past. It has taken away a high percentage because you have to allow for pilferage. Somebody might come in and like the item better than the person in the hotel. So they lose that and have to buy back one and they have to pay taxes on it again. These things must be looked at. I think that Government's intention when you reduce things like that in the hotel industry, utensils and equipment, you are aiming to help the hotel industry.

Now, what the people in the hotel industry have to do is also aim to help themselves. I do not think any hotelier with any common sense would leave off buying local vegetables or CARICOM vegetables. In other words, there are a number of foods that we produce in Barbados that you can get in the other islands. You can even get them at a cheaper price. When these things are scarce in Barbados I think they ought to go to CARICOM and not outside of CARICOM. The Government is telling them here, "If you buy from the region or you buy locally you are benefiting." Any sensible businessman would understand when he is benefiting or not. So it behooves the industry to see to it that in their exercise of setting out menus and so on that they look at menus which are going to utilise the cheapest sources of food and not the worst sources of food. High quality but yet reasonably priced because they can get them in Barbados and within the CARICOM region.

If they are wicked to themselves and go outside for beans in a tin when they can get them fresh in the CARICOM region or in Barbados then that is going to be their fault. To constantly say that Government is doing nothing to help the tourism industry – I cannot understand what more people want. If you look at these things, you will see you are getting help in the section which makes the higher percentage in the hotel and that is food. You mentioned beverage but you do not have to sell a lot of high class items. People go a lot for fruit punches and things of this sort. There are very few people out of the hotel population in any one hotel that will buy 10 bottles of champagne every day. They are going to buy fruit punches, soft drinks, bentleys that you mix with lemon juice and of course, they are going to be buying tea and coffee and other things of that sort.

If you look at it seriously, you will see that at the cost to them they will keep only a few of those wines in stock, except for the very top-class hotels with a wine cellar. I know what I am talking about. I am not talking through my hat. A hotel that is upper class, "A" class, luxury class will have certain things in its cellar. There are certain hotels in Barbados which are not going to buy a large stock of those things except there was a wedding or something like that. Many hotels nowadays have weddings, parties, and dinners where people order them. In many cases they tell you that they have to get them from the merchants because they do not have them in stock.
12.35 p.m.

We are getting back now to the whole question of this basket of goods which Senator Barker talks about. I wonder where Senator Barker gets his information from. Senator Barker, I am a Barbadian. I travel extensively throughout this region. Mr. President, I want Senator Barker to understand, that all the little islands outside of Barbados call first of all for U.S. Everything on the menu is written in U.S. I have had the unfortunate experience of going to buy some Sea Island Cotton in Montserrat, had CARICOM travellers cheques and they were refused. I think this is the reason now why everybody is pushing hard in U.S. They were also refused in Trinidad where they are in T.T. currency. They tell you bring U.S. money or they put it on your bill and wait until you are checking out and write your travellers' cheques.

I am showing you, Sir, that when Senator Barker talks about this question about the cost can be cheaper, nobody here pays for a local phone call. In every other hotel in the region you pay for a local phone call.

SENATOR T. E. BARKER: Sir, on a point of order. My submission was that the import duties on the goods, if you take them into consideration, that we have the second highest level of duties levied on tourism related imports. I would advise the Honourable Member to check with the CTO.

Mr. PRESIDENT: No. You cannot now make another speech. If it is a point of order let me hear exactly what is the point of order.

SENATOR T. E. BARKER: Sir, the Honourable Member wanted to know where I got my information from. I am telling here that my information is from the Caribbean Tourism Organisation.

Mr. PRESIDENT: Thank you.

SENATOR Mrs. V. C. FRASER: I am very glad you tell me that because the very people from the Caribbean Tourism Organisation were challenged at the CAIC meeting about the same thing that you are talking about. There were facts presented very clearly about the small islands in the region...

Mr. PRESIDENT: All right, but do not let us debate that. Let us get back to this.

SENATOR Mrs. V. C. FRASER: I am referring to...

Mr. PRESIDENT: Let us get back to the Consumption Tax. Never mind what Senator Barker is talking about.

SENATOR Mrs. V. C. FRASER: I am trying to say that some of the things that were said by Senator Barker in his argument against the Consumption Tax are not really correct. I am trying to make the point here that I know of these things and I know they exist. When it comes to the question of the shopping basket, if he goes to a place like Antigua and he would try to compare it with shopping in Barbados for the items he was talking about which makes tourism this and that, he will find tourists go to Antigua and the cost of these items is far in excess of any cost we can ever have in Barbados. The facilities that are offered are not any grand-standing facility, even in the hotel industry, because in certain hotels you have to go outside for a telephone call. There is no telephone in the room and you are paying U.S. \$96. That is a fact. I just wanted to make these points very clear.

I want to say, Mr. President, that it is all well and good to say we must not do this and that. Where will Government get its revenue from? We want things for the same tourists that we are encouraging here. We want productivity. Certain things are factors of productivity and at the same time we are saying that Government should not charge tax on things that we do not necessarily need to have. These are the luxury items that people decide they want to buy. This is specifically in connection with tourism. A lot of people believe that every tourist who comes to Barbados is going to buy expensive items in the hotel. That is not true. A lot of them are going to go

from the hotel to many of the small shops and buy fish and bread, sandwiches, and things of that sort. They go into Baxters Road and buy fish and so on.

Aside.

SENATOR Mrs. V. C. FRASER: The point is that we need to think carefully when we come to this question of taxation. I believe that this is quite fair and equitable because nobody else in the world is giving away anything to any industry these days whether it is tourism or whatever. People have to find other means of working out their own salvation. They also have to find other means of giving incentives to their visitors to get them to come back again. The Government has done its part here and I think the hoteliers and the tourism people will have to do their part.

I believe, Mr. President, that we are a small developing country and we need to insist in the minds of our people that they can do a lot with the indigenous raw material to bring back in foreign exchange in this country through tourism and by-products of agriculture. Some of our industries have shown this. Whatever tax they have to pay on the one hand they are profiting from the exercise they operate. No businessman is going to put his money into anything that he does not get a profit and he will not continue. When you look at some of the businesses that have continued and made good profits, take Pine Hill Dairy, for example, when everybody used to start talking foolishness, it only means that you have to do a good selling job. Now we are able to export that and make foreign exchange on it.

Mr. President, what I am saying here today is what I feel Barbadians should be thinking, that is, how can we help ourselves. Indeed there are many organisations lending a helping hand to the young people who want to help themselves.

Aside.

SENATOR Mrs. V. C. FRASER: Yes, the NDF. I am proud of it. We are assisting many young people who will come out of school now and start their own business. We have just started that course this week. We are particularly happy that we are starting a course for small farmers who may not have all the technical details.

Mr. PRESIDENT: All right, not that. Do not bring that into the debate.

SENATOR Mrs. V. C. FRASER: I am not selling that, Mr. President. They will know and see by our works. That is enough.

In closing, Mr. President, I still want to reiterate the importance of all Barbadians looking at themselves and

examining their structures of business, examining their knowledge and seeing how they can put it into something productive for the benefit of this country. That is where we have to go. It is time that we stop all the lot of talking and let us put some action into this. Let us put some small investment into various things. If they are selling fish cakes they make money. Put some action into that with a few hundred dollars and if we have 1 000 people in Barbados doing similar things all of that is money that is remaining in the country to help build it up.

Also the making of the indigenous class that I mentioned, a lot of little people are there for indeed some of our stuff will be going up to Korea the end of this week, all the Barbadian sugar cakes, dried fruits and things like that, as long as we can do these things and continue doing them with the countries paying the passages and so on. As long as we can do these things and continue doing them with the countries paying the passages and so on and Barbados...

12.45 p.m.

Mr. PRESIDENT: Senator Fraser, that is irrelevant. None of that has to do with the Consumption Tax.

SENATOR Mrs. V. C. FRASER: Mr. President, if that is the case I am sorry but I thought that I was winding up and saying the things that we should do to help ourselves because it was very much brought out in here that the Government must do everything. Therefore I wanted to make the point very clear that we ourselves can do a lot to help tourism and to help investment in this country. We have to accept that we have to pay some kind of tax.

Thank you.

Mr. PRESIDENT: Senator Beckles.

SENATOR T. C. BECKLES: Thank you, Mr. President. I want to support this Bill and just to make a few brief comments. Some people continue to live in the past. They do not want to get abated and live in the present. Certainly listening to a previous speaker may give the impression that Barbados or the world is in 1945. Between the 1945 to 1961 period the economies of the world were fairly inert on the production side. Certainly modern political management is quite different from what it used to be. During the past 10 or 15 years there has been a dynamic consumption orientation. Ten years ago it was sufficient for a Minister of Finance to just play around with a few interest rate variables and to have extended a school or extend a road and that was enough to give him credit. Today the world economy has been refashioned and the Barbados economy, if it wants to fit into that world, we as Barbadians have got to refashion our economy. Hence

the tax structures, the measures of collecting taxes of years gone by are changing and we have got to change as well.

All through the world people are moving from direct to indirect taxation. One may say this is a good or bad thing only depending on the dynamics, depending on why you are doing it, the kind of taxes you are putting on and so on and so forth. In our particular case in Barbados, we know that we run up against the problem of a shortage of foreign exchange and we have to move rapidly to correct that. We have, so far, managed to correct that position. We are now moving to a position of restructuring and refashioning our economy so that we can reverse the trend of consuming more foreign exchange than we earn. This is the stage we are at now. Therefore I am imploring the Senator to look at Government policies within this framework. There is no point in going back to a period of time when the Senator would have learnt economics and the position of those days would have been quite different from what they are today.

We have got to upgrade and modernize our techniques and our skills. I am saying all of that to say, Mr. President, that if we are going to increase the prosperity of Barbados it cannot be done by a simple manipulation of tax structures. We have got to restructure, we have got to refashion our entire economy. We have got to produce more goods and services with the resources at our disposal and we have got to do that in spite of what tax structure we have. If we look at it in this way, Mr. President, if we look at it also in the light that, in Barbados, we have got to certainly use more efficiently our human resources then we will see why it is probably better for us to move from a system of direct to a system of indirect consumption taxes. We have got to give people the freedom to spend more of their money themselves. But then, on the other hand, we cannot deny the Government the opportunity to use tax measures to correct certain imbalances.

I think from listening to the Senator earlier, that the only logical reason for imposing any form of taxes is to increase Government revenue. Although he did indicate, he quoted from a document, and it was clear that the author of the document indicated that the particular tax that he is talking about the tax on cigarettes, the tax on alcohol and so on and so forth were not designed to bring in more money. They were designed to deter people from using those particular goods. It is clear therefore that those goods had a high import content and in the jargon of economics probably could be fairly elastic. Therefore an increase in the price of them would deter people from using them hence, it would reduce the strain on our foreign exchange because we would not have to buy them.

I find it also difficult, knowing Senator Barker as I do, to think that he would be making a case for greater

consumption of alcohol and cigarettes in hotels. I would have thought, knowing Senator Barker as I do, that this would be something that he would have been happy about, the fact that here at last is a Government which is concerned about the consumption of alcohol and the consumption of cigarettes not only because of the foreign exchange component but also, of course, as a Christian society we would want to deter people from consuming those things which we regard to be sinful.

Mr. President, hence I find no difficulty in supporting the increase in taxes on alcohol and cigarettes. The Senator would probably have to illustrate to me how many homes in Barbados today are without this cutlery and so on as a result of the imposition of taxes. My understanding of economics is that if you have a scarce resource, which in this case is foreign exchange, and you are trying to preserve it then you are going to do it by way of the indirect tax. You are giving people an opportunity. Those people who prefer to have whatever kind of cutlery they want would then have to desist from buying some other imported good. I think this is a good thing in itself. I think we cannot continue to think of economics as we did until quite recently where there is an infinite amount of resources around. There is a limited amount of resources and therefore we have got to make selective purchases. What we can be concerned about is the margin of those selective purchases. I think it is quite wrong to try to argue an economic case with regard to consumption tax even on the grounds that it stopped some people from consuming some of the things as our Senator indicated this morning.

Mr. President, I have no difficulty. I think the Bill is a straightforward one. It sets out clearly what it intends to do. I believe it will do what is set out and therefore I have absolutely no difficulty in supporting this Bill, as it stands.

Thank you.
12.55 p.m.

Mr. PRESIDENT: Senator Bellamy.

SENATOR J. G. BELLAMY: Thank you, Mr. President. Much of what can be said about the Bill has already been said, and I will try not to be repetitive. However, it would be difficult for me to sit in this Chamber and allow a measure such as this to pass without making some sort of comment. I have, first of all, to start by agreeing with the previous speaker, Senator Beckles, in stating that I entirely support the view that we need to restructure our economy. Simply moving along past ways and means and lines is becoming difficult to maintain and I think that the difficulty that we are experiencing right now is envisaging the sort of new structure that we need to put in place to get out of our heads the accustomed old structure that we have been working with and all of us have been accustomed to for so many years. It is

sometimes very difficult to bring in the new and sweep out the old for this reason. I understand the intent of the Government as stated on many occasions, in many places, and in order to achieve this restructuring we have already dealt with that in the Other Place and the measures are now before all of us with the structure for direct taxation.

We have been told that the structure for indirect taxation will be dealt with sometime, hopefully, over the next two years or so. I do not have it in front of me, but I believe I can refer to the original Letter of Intent that was written to the IMF. There was a paragraph in it, in fact, I seem to remember it was paragraph 13 which always struck me as interesting – the number 13. It was the paragraph that referred to the fact that it was the intent of the Government in due course to replace – and I stress the word replace – all of the existing indirect taxation with a VAT.

I sincerely hope that when we have worked out the structure that our VAT is going to take that we will implement this VAT along those lines, replacing all of this indirect taxation that we now are having this difficulty with. For that reason, I have to agree that it is unfortunate that at this late stage of the day, with the imminent arrival of some form of general taxation along the lines of a VAT or whatever, that we have found it necessary to, once again, tinker with the indirect tax structure and increase consumption tax levels. The manner in which this was done and which is laid before us today for approval is by a 4% increase across the board on the *ad valorem* rates of consumption tax and by a 15% increase on the specific rates of consumption tax and I think it is important, particularly in the light of previous remarks made by Senator Barker and others, to understand the difference between the 4% *ad valorem* rates and the 15% specific rates.

The specific rates of tax are charged on alcohol. There has been a lot of talk in here on alcohol and I am hearing all of these statements to the effect that we need to do everything we can to influence people not to drink alcohol and not to smoke cigarettes or reduce consumption of them. And I do not have any particular difficulty with that, particularly in the case of cigarettes. However, my difficulty arises because of the fact that at this point in time, as we have said many times, and I have said many times in here, this Island right now is almost entirely dependant for the earning of foreign exchange on its tourism industry. This is where I will have to differ with Senator Fraser in that I really do not wish to see Barbados reduced, for want of a better word, to a state that only succeeds in attracting low class tourists because we do not offer high class opportunities.

SENATOR Mrs. V. C. FRASER: On a point of order. No where did I say that we are going to have low class

tourists. I made it quite clear that there are certain high class hotels which cater to high class tourists which would have certain alcohol drinks and so on and that is highly desirable if those people can pay for it. I did not say that Barbados should be a place where only people who can pay low class rates or who are low class tourist could come. I want to make that very clear.

SENATOR J. G. BELLAMY: Thank you. I appreciate the clarification. However, I still believe that alcohol in particular forms a very important ingredient that we must have available in Barbados for the tourist industry. If we can somehow or the other convince our local population not to consume alcohol and we can find a way of confining it only to the tourist, all the better. The fact of the matter is that the tourist demands this type of service and the fact of the matter is that the tourist can be supplied with this type of service at alternative destinations and if we are not able to compete – I think this is really the basis of our difficulty in tourism today that we cannot offer the best possible holiday in every sense of the word which, unfortunately or fortunately, depending on which way you look at it, may include alcohol – then we are going to lose and we are going to lose what, at this point in time, is our mainstay for the earning of foreign exchange and I really would not like to see that happen.

In respect of the increase of consumption tax that has been applied as a result of this measure on alcohol which is a 15% increase on the specific rate charged, the duties on alcohol were not impacted on by the implementation of the CET because they are also charged at a specific rate and they were not reduced. So that the price of alcohol has gone up substantially as a result of this change in the consumption tax on alcohol. I think this is unfortunate as anyone here who is involved in the business of importing or distributing alcohol which I actually do know something about, it will be obvious that the consumption of that sort of alcohol has dropped considerably and has been declining for the last 2 years.

This is only obvious because within the last 2 years we have had significant declines in the number of tourists that have come to Barbados and we have been through the structural adjustment programme which has caused a decline in the ability of our local population to purchase products such as this and we have had to see some adjustment and some changing. "Structural adjustment" was the word. We have had to see some changes in consumption patterns so if, indeed, it is the intent of the indirect taxation measures to depress or suppress demand, then we are achieving this. This may very well be something that has to be considered and this is why I feel that we should reach the stage of moving forward with our restructured economy and our restructured method of dealing with our economy sooner rather than later because all of these attempts at raising taxes to offset

reductions in revenue or whatever are creating confusion. Because all of these attempts at raising taxes to offset other reductions in taxes or whatever are creating confusion and I think that we are now in a situation where we understand, and have been told that the restructuring will continue and the new measures will be implemented over a period of time. This time is not clearly defined. We believe that it is going to be sometime over the next two years, but it is not clearly defined. It makes life very difficult in planning for the future if we do not know when things are going to happen. I think that impacts on our ability to produce and to improve. Right now the intent as a result of the recent talk about the possible introduction of the incomes policy is the call for improved productivity. I have made the call for improved productivity more than once already this morning. But I believe that this uncertainty that continues to prevail as to exactly when things are going to happen, how they are going to happen and what form they are going to take is part and parcel of the difficulty we have in actually achieving our improvement in productivity.

1.05 p.m.

It is all very well to pay lip-service to the fact as we hear from political platforms and other places from time to time that the private sector must perform, they must produce, and they must do this and that. Of course, it is extremely easy for politicians or political aspirants to make such statements. They are not the people who are actually going to have to do it. Unless they make the items very clear that define how the regime that we are going to have to operate under, it is not a simple matter just for some individuals regardless of their rank in the island to stand up and call for improved productivity, unless we have some clear definition of the regime that we have to work under and through which we will achieve this productivity. I put in a plea, for what it is worth at this point and time, that we clearly define the restructured indirect taxation for this country as soon as is humanly possible and get rid of these uncertain predictions that something is going to happen over the next two years or whatever. Because we are now talking about implementing an effective wage freeze for the next two years hopefully to improve our competitiveness and productivity, if we take those two years to clearly define the tax regime under which we are going to work. Then, in my opinion, that incomes policy to a large extent will be wasted because we will just be marking time until we get all of the measures in place that we need to have in place to move forward.

At this point, Sir, and I do not want to appear to be standing here promoting alcohol. I certainly would not like to read that this is really my view, but I am speaking in the capacity that I believe that I represent in this Senate and that is the commercial side of things. I would like to just mention that recently I attended a conference that was dealing specifically with alcohol. It was a Caribbean-wide

held conference and one of the examples that was put up for us which I thought would be of interest to introduce into this debate was an example that demonstrated that one of the largest liquor companies in the world was distressed to find that the level of taxation in Poland totalled 80 per cent of the CIF value of alcohol. Because of what was referred to as this high level of taxation, they had to think of market strategies and various promotional campaigns to get their alcohol consumed. Of course, I listened to this with great interest since our rates of duty and consumption tax are specific rates and charged by volume, the percentages are not immediately apparent. But the reality is that if you convert the total amount of duties and taxes that are charged, for example, on the import of a case of whiskey into Barbados, you will find that this totals in excess of 300 per cent of the original CIF cost. Referring back to the example I just mentioned, if our taxes and duties totalled 80 per cent, I would be an extremely happy man comparatively speaking since, unfortunately the Barbados duty/tax structure is almost 4 times that amount in excess.

I think that these are real concerns and I do not really mean to introduce them in jest. In terms of the 4 per cent across the board increase in consumption tax when the Right Honourable Prime Minister introduced his Budget Speech, for which this is part of the enabling legislation, he exempted motor vehicles from the reduction that would result from the implementation of CET. But the increase of 4 per cent in consumption tax was not exempted from the consumption tax aspect on a motor vehicle. So that the consumption tax on a motor vehicle went up by 4 per cent and the price of motor vehicles in Barbados, which I am sure all of us in here know how high the price of these motor vehicles here are. Since the majority of motor vehicles that have been sold in Barbados in recent years have come from Japan and, as a result of the recent strengthening of the Japanese Yen against the U. S. dollar, has also resulted in price increases to us, we will soon find that it will be virtually impossible for almost any Barbadian to be able to justify the expense involved in purchasing motor vehicles unless we can find alternative sources of supply at better prices. It was with some dismay when I read a comment in a local newspaper a few days ago exploring alternative sources that have already been tried by one importer in Barbados who found that the alternative prices would be no better. It really is very difficult for anybody to appreciate the fact that a Government of any country derives anywhere from 4 to 5 times the amount of money from any product whether it be from a motor vehicle or whatever than the actual producer of that item and the Government has no production cost. Of course, these are measures that can be treated as deterrents to foreign exchange departure from this country. If that is the case, I am not for one moment suggesting that we think of abolishing these duties and taxes because we recognise the necessity for them. Duties and taxes arise from the

need for Government to raise revenue which Government needs to raise to offset the expenditure.

It is particularly interesting to me what is going on in the United States of America where the Congress and Senate are falling over each other right now in trying to insist that Government cut its expenditure in some sort of ratio that is related to every dollar of tax that is raised. In fact, they have even called for one dollar of cut in expenditure for every one dollar of tax that is raised. It might be good for our Government in Barbados to think in terms of introducing such an exercise. We can see if we can do that rather than simply imposing tax to offset expenditure.

We have seen tremendous increases in the rise of unemployment as referred to earlier. We have seen almost a virtual wage freeze already that has taken place in Barbados over the past 18 months to 2 years and we are now talking about continuing that. We obviously have resultant suffering that has been imposed on several people in the country. I do not know if "suffering" is the right word because I do not like to use words that are that drastic, but I shall say the reduction in the standard of living. I think that in the last Economic Report - Sorry, I do not have it with me - it was set out there. I stand to be corrected if I am wrong but the average per capita income in Barbados actually declined last year from what it was the year before. This is only to be expected in the light of the circumstances prevailing in the local economy. At the same time the prices of things in Barbados continue to rise and we hear all of this comment about how hard up we are in Barbados, how hard life is becoming and how much we need to conserve foreign exchange. It makes one wonder how easy it is for the vast numbers of Barbadians who are still able to travel to Miami, Puerto Rico or Margarita or any such destinations and shop. Two questions really come out of that. One is, where do they get the foreign exchange from? And why are they doing it, really? Is it because, first of all, the foreign exchange is readily available? Is the main reason because the prices are so much better than they are in Barbados that they are being driven to go there? Is there no point in shopping here? The prices here result from the high level of duties and taxes imposed on the price of goods. I just throw these out as possibilities, because the number of people I know who are going on a regular basis are not going just for the fun of the trip, they are going for specific reasons.

1.15 p.m.

I have had the unpleasant experience of returning to the island of Barbados on a LIAT flight from a business trip within the region, with a little handbag in my hand, and because the green channel in Customs at the airport never seems to work the way it should, I have had to stand behind all of the people coming in from Margarita, so I am

well aware of the large volumes of cases that they bring in and attempt to carry through the green, and then the Customs Officers handle them wrongly and deal with them in the green channel instead of sending them to the red. So unfortunate people who are travelling with a little hand grip have to wait while all of this is dealt with, but that is another thing and it does not relate to the Consumption Tax.

Could it be possible that the level of taxation is partly responsible for this desire to go elsewhere to shop because the prices are so much better? Is that a possibility? I heard a suggestion made earlier on as to the possible reduction in the level of certain taxes or taxes on certain items which may then cause further consumption of those items, and in fact the Government may derive a greater revenue. Again, is this something that should be looked at? But it has to be considered in terms of whether the taxation policy is being viewed as a depressant, or whether it is being used as a revenue raising measure. I imagine that there is some combination of both, the depressant to the demand for using foreign exchange to import these goods and also as a revenue earning measure. It may very well be possible that reduction in certain areas, for example, coming back to the place that I started, the taxes on alcohol. Please note that I am not, and have never, promoted reduction in the taxes on tobacco. The taxes on alcohol may in fact cause a better price to be offered in the hotels, which may improve the offering of our tourism product, which may in itself improve our attractiveness to tourists abroad, as a result of which we may succeed in attracting more tourists of the - and I do not want to upset Senator Fraser again - more affluent type who will spend more money in Barbados, which is after all what we are trying to do in the first place. We are trying to attract as much foreign exchange as we possibly can, and therefore is that not something we should look at? The possibility of improving our tourism product, our tourism offering.

These are the sort of thoughts, Mr. President, that I felt disposed to make these brief comments on. I sincerely hope that in the course of time and the not too distant future the total taxation package that we as Barbadians, whether we are in business or in whatever walk of life, have to live with into the future and taking us into the 21st century, will be clearly spelt out so that all of us know very well exactly what we are dealing with. We then no longer have any concerns about daily, monthly or annual changes of these things, and we can then plan properly for the future, improve our investment, improve our productivity and bring this country out of the difficulty it is in.

With those words, thank you, Mr. President.

SENATOR Dr. F. W. ALLEYNE: Mr. President, this debate on the amendment to the Consumption Tax

has ranged fairly widely. I want to agree with the conceptual framework with which Senator Beckles approached this debate and, to some extent, Senator Bellamy. I emphasise the conceptual framework.

Listening to Senator Barker, I was a bit amazed, because I am sure he knows better. One cannot properly discuss a measure as significant as Consumption Tax within the total revenue situation in Barbados without making contact with the entire range of tax instruments which are in force at the time. I say that because indirect taxation accounts for a very substantial proportion of Government's total revenue and the major instrument in garnering that revenue from indirect taxation is the Consumption Tax. Also too, I take the point which Senator Bellamy makes, that you cannot get a full picture if we attempt to discuss a tax measure in isolation from the revenue requirements.

I come back to the point which Senator Beckles was making – perhaps he was using different language – that the entire debate which was going on in Barbados over the economy can only be properly understood against the context of a world economy which is in transition. The world economy is highly interdependent. A downturn in the United States economy, a downturn in the European economies is bound to have feedback effects on the Barbadian economy. Sometimes I try to avoid listening to much of the comment on the Barbadian economy, because most of it is uninformed. Sometimes most commentators, even in Parliament, attempt to convey the impression that there is one man, and one man alone, who is responsible for the condition of the Barbadian economy, and if that is the case all you have to do is to remove that man and you can set the situation right. That is nonsense of the highest order.

I have said before in this Chamber that the world economy went into a totally different phase starting in the early 1970s. Apparently many Barbadians are still sleeping and living in the early 1970s. I believe I said in here before that in the 1970s the Barbadian economy could have been likened to a man who was standing on 3 proper legs. By 1986 the sugar leg had collapsed, the manufacturing leg had collapsed and in the early 80s tourism was starting to crumble. These things have nothing to do with "one-manism", they can only be properly understood within the context of a world economy in transition. Mr. President, in the 1970s the international banks were begging countries to come and borrow the money. They made bad loans all parts of the world, in Latin America, Central America, Asia and Africa. We know what happened in the 1980's. Some of the very banks went bankrupt. It is important to set the debate in this kind of context. Senator Bellamy speaks about the fiscal restructuring in the United States economy. Our economy is somewhat different, but I take his point. In an economy like the United States there is a need to

restructure. If they do not restructure as massive as that economy is, they recognise that in the next 10-20 years they will be on their knees begging primarily because out of each dollar of tax revenue they pay a substantial portion of that dollar will go towards servicing the national debt. 1.25 p.m.

Here, in little Barbados we have so many educated clowns who cannot understand that simple point. Taxation at any point in time has to be related to the circumstances of the economy. I doubt there is a single person in Barbados who would not wish to see a low-tax regime. That is the idea, but the level of taxation at any point in time has to be related to the circumstances of the economy. In Barbados, at this time, this country has been going through a stabilisation programme and that programme has elicited so much uninformed comment from people who should know better that it is incredible.

Given the conditionalities of that programme, it has implications for the level of taxation because it speaks specifically to the fiscal deficit. It is in that context that one has to understand the adjustments to the consumption tax. I am not sure if I can accept fully the submission made by Senator Bellamy that the high levels of taxation are forcing shoppers to go overseas. That is part of the truth.

The policies pursued by the distribution sector contributes in a large measure. Just recently, all of us would have had the opportunity to see on television a principal of a leading firm, a brewery in this country, pleading with the distributors not to use the opportunity of a 3¢ mark-up to mark up by 25¢ or 50¢. I go shopping and I can tell you – I wouldn't name them – there are outlets in Barbados where you can go and buy a particular stout at \$1.50 and the same stout a couple yards away costs \$2.00 and some cost \$2.25. The same stout produced by the same manufacturer. I make that point to underline the importance of the mark-up policy pursued by the distributors.

Yes, taxation is a problem and I take that point but the critical point which we have to face in Barbados is the competitiveness of what we are doing. Competitiveness has several dimensions and the fiscal dimension is but one. The quality of the service in the tourism industry is critical and that is a very human thing. It has to do with training. It has to do with the environment in which these people function and, in the final analysis, it comes back to management. Management establishes the parameters within which these people function.

I reiterate that Barbados can never move above the present level unless all of us understand the necessity for taking on the world, which is another way of addressing the issue of international competitiveness. This cry about closing out imports so that our producers can take

over the market is a cry for a return to the "Dark Ages" and it must be resisted by Government at all times. Senator Barker spoke a lot about the consumption tax but the first administration in Barbados to place emphasis on raising revenue from indirect taxation was the administration which held office in this country from 1976-1986.

I think all of us in this country agree that the level of indirect taxation is too high. It is my view not only are they too high, but it is regressive because it works unnecessary hardship on the lowest income groups in this country. I believe that this is why the Government has committed itself to reform our indirect taxation by way of the VAT to give an incentive to producers because that is critical. Unless we are producing and producing competitively we have no base for consumption.

I would wish to see, like Senator Bellamy, the Government proceed with despatch on the matter of the reform of the indirect tax system. Government cannot in the short term introduce measures to substantially reduce revenue unless it is going to cut the provisions of public goods. That has to be clearly understood. You cannot have one without the other. In Barbados the cry is for more and more public goods. The only way the Government can deliver to that cry is by ensuring that it has the level of revenue to provide those goods. Of course, perhaps one option which Government has available to it in providing the level of public goods which we now have and yet cut the level of taxation is by a radical restructuring of the delivery of public goods.

I believe I have said before in this Chamber that there are several areas of service and goods now provided by the public sector which we would do well to put out to competition in the private sector. I abhor a situation where I see 10 men around 1 wall, 9 are talking and 1 is painting. I had that experience this week. The taxpayers have to pay for it. It is unacceptable and as long as we continue to do business like that the country is doomed.

Management has to deal with it, and when I speak of management it is the management in the public service. I am not talking about politicians. The management in the public service have to get up and do what they are paid to do. You see a crew of workmen assigned to repair a road and there are no materials to work with. It is not the fault of the workman, the artisan. It is the fault of management.

Senator Bellamy spoke about uncertainty in restructuring. I want to say a brief word about it. What this country has been concentrating on in the 18 months prior to May of this year has been stabilisation. Stabilisation is essentially a short-term activity and in a stabilisation programme a government is trying to do basically 2 things. It is trying to stop the slide in the foreign exchange

reserves and it is trying to remove that yawning gap between revenue collected and expenditure. What we normally refer to as a fiscal deficit calculated net of amortisation.

The success of a stabilisation programme has to be judged against those 2 criteria and I challenge all of them out there who are saying otherwise to prove it to the contrary.

1.35 p.m.

I heard a commentator yesterday saying that tourism is still uncertain, sugar is declining, manufacturing is dead so there cannot be stabilisation. What that reveals is a level of abysmal ignorance in economic matters. Those things can only be addressed in a medium to long-term programme of restructuring.

Senator Bellamy spoke about uncertainty and I want to say, and say quite clearly, that much of the uncertainty in Barbados is being brought on by the very business people and I will be specific. Look at agriculture. Sugar agriculture is in a serious crisis and has been so for some time. The Government has come up with a set of proposals to restructure the sugar industry and the owners of the sugar plantations have studiously resisted the signing of the leases so that the Government can get on with the restructuring in agriculture. But if the leases are not signed, Government's programme of restructuring cannot be put in place, and if the programme is not put in place the sugar industry will die in 1993-94 and when the sugar industry is dead you will then hear them say the Government is to blame. I am not saying that all the uncertainty is to be placed on the business people but I am saying they are contributing to it too. We have to be clear about this.

I also believe that right within the management, and I emphasise "the management", the professional management of the Public Service, there is room for improvement. Too many public servants are turning a blind eye to professionalism and refusing to honestly serve the Government of the day. It is one of the greatest failings of Barbados, because the people who have to manage Barbados and implement policies – I am referring to the Public Service of Barbados, and I wish to see a return to the highest level of professionalism in the Public Service of Barbados. Public servants must be prepared to give honest service to whichever party forms the Government of the day.

Mr. President, I believe Government has given clear indications that the days for manipulating Consumption Tax and indirect taxes are coming to an end shortly. That is to be welcomed. It is within that context that I fully support this particular Bill.

Thank you very much, Mr. President.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, it is very difficult for me in winding up to follow the act by Senator Dr. Alleyne. I think he did a very remarkable job. However, there are a few things I would like to touch on since I introduced this Bill and that is in connection with Senator Barker's contribution. I believe that Senator Barker, had he taken the time, or expended the intellectual energy to put his argument within the context, it would have made some difference.

First of all, the Consumption Tax at the time it was imposed found the Government within a stabilisation programme and seeking through that programme to strengthen its foreign reserves position. The tax as introduced by the Minister of Finance and Economic Affairs set out clearly to be a revenue neutral tax, that is, the Consumption Tax was increased on the one hand but on the other hand the Common External Tariff and other impositions were reduced giving neutrality to the total amount collected by the tax. This is based on the comments of the Minister of Finance and Economic Affairs at the time the tax was imposed.

In addition, both Senators Bellamy and Barker seemed to suggest that there has been a decline in tourism...

SENATOR T. E. BARKER: On a point of order, Sir. Perhaps if the Honourable Senator in talking about the neutral position of the tax would indicate figures because I do not believe, according to my figures, and I stand on this point, that the effects in increase in Consumption Tax offsets the reduction in the CET because...

Mr. PRESIDENT: But Senator Barker, is this a point of order?

SENATOR T. E. BARKER: Yes, Sir, because...

Mr. PRESIDENT: Explain to me how it can be a point of order.

SENATOR T. E. BARKER: Sir, the Honourable Minister said that he wants me to understand that it is a ...

Mr. PRESIDENT: All right. Well, therefore he is making a statement but that does not mean that you get up now and make another speech. That is not a point of order.

All right, Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: Thank you, Mr. President. There are some slow learners and I will make another attempt. There was an indication from Senator Barker that tourism has gone into decline. He has inferred that it has been a direct result of the imposition of the Consumption Tax. For the benefit of this Honourable

Chamber, I would like to indicate that the figures of tourist arrivals, if you would use this as the variable that we are measuring the performance of tourism in Barbados, in May of 1992 we had 28 358 tourists coming to Barbados and in May, 1993 the same month, 30 024, a percentage increase for the month of May 1992 of 5.9% and cumulative, January to May 1992 tourists arriving in Barbados 161 681 and in 1993, January to May comparative figure 166 576 for a change of 3% increase.

SENATOR T. E. BARKER: On a point of order, Sir. The Honourable Minister has information that I do not have. My information is that in 1989 we had 461 000 coming to Barbados and ever year since then the number has declined so I am quite correct to say that there has been a decline in tourism because it is supported by the numbers given in this document.

Mr. PRESIDENT: But Senator Barker, that is really not a point of order.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, Senator Barker is trying to lead this Chamber into believing that because of the Consumption Tax there has been a decline in tourism. That is my point. I am putting before this Honourable Chamber that for the period January to May there has been an increase of 3% and I have given this Chamber the figures. Do not talk about 1989 because it is not relevant as far as the Consumption Tax is concerned. You cannot talk about different periods.

Asides.

Mr. PRESIDENT: Senator Barker, we cannot have this cross-talk. I will not permit it. You must not do it. Again I repeat you will desist from that. I have given you ample opportunity to speak. You may continue, Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: Thank you very much, Sir. I think both Senators Barker and Bellamy raised this question. A statement has been made by the Minister of Finance and Economic Affairs that the entire tax system is under review. This Government has not been happy with the subtle change from direct to indirect taxation because of the regressive nature of the indirect tax system and efforts are being made to revert to direct taxation as the primary source of revenue for the Government. The balance between direct taxation and indirect taxation was changed under the Barbados Labour Party.
1.45 p.m.

One last point I should like to make, Senator Bellamy would lead this Chamber to believe that because of the taxation policies of Government, Barbadians are now finding it more economical to go overseas to shop.

In a nutshell. I would like to suggest – and I would like to be corrected if I am wrong on this – that the marking up policies of the private sector leaves much to be desired. Every time that Government has imposed an indirect tax either consumption tax, stamp duty, customs duty, any changes at all, that very action has brought a windfall gain in the returns to the private sector. I will give a specific case. The pricing policy in the private sector has 30% on CIF plus other development inputs or some percentage. To the extent that the prices increase because of Government's policy which tends to increase the base figure, with the same percentage being applied across the board by the private sector means that there is greater revenue accruing to that sector. It has not been the policy in this country for the private sector to absorb any part of the Government's imposts. The full impost is passed on if they have passed on the whole increase to the consumer. As a result the absolute dollar in profits has increased.

Furthermore the same example that Senator Alleyne alluded to earlier about the wholesaler with the beverage asking the retailer not to pass on the price because of Government's taxation policy, that particular wholesaler passed on the full amount to the retailer and did not absorb part of it at all, but passed on the full amount to the retailer and then said to the retailer: "Do not pass it on, you take all".

It is only in this part of the world that I understand that when taxes are imposed that the business sector attempts to pass on the full amount of the tax, plus its own mark up to the retailer. In other parts of the world where I have lived, I have observed that when taxes are imposed the merchants and the business sector tend to look at their mark up in absolute dollars and not as a percentage and reduce their mark ups by that amount so that the absolute dollars from a given item remain the same and the mark up might fall rather than superimposing the market in terms of the impositions levied by Government. I will give an example of an item which quite recently, I have had occasion to use. The suggested retail price of that item in the United States – I will not call the name of it – is US\$19.95 and that item is retailing – I just paid for it – for \$199.00 in Barbados. The retail price in the United States is \$19.95.

Mr. PRESIDENT: Senator Bellamy.

SENATOR J. G. BELLAMY: Mr. President, Could I ask the Senator, on a point of elucidation, to inform me what the level of taxation is on that item?

SENATOR THE HON. Dr. C. D. CLARKE: There is no level of taxation of 100% in Barbados on an item like that. I am not prepared to get into debate on that. It is not a point of order. But I am quite prepared to give the product. It is a health product.

Mr. PRESIDENT: All right, do not name it here, please.

SENATOR THE HON. Dr. C. D. CLARKE: Government has not been imposing taxes at that level on health products.

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

The question was put to the Senate and agreed to, SENATOR T. E. BARKER voting No.

SENATOR T. E. BARKER: Sir, I would like my No to be recorded.

Mr. PRESIDENT: Thank you, Senator Barker.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, this Bill has been certified as a money Bill. I therefore beg to move that this Bill be read a third time.

The question was put to the Senate and agreed to.

On the motion of SENATOR THE HON. Dr. C. D. CLARKE the Bill was passed.

SUSPENSION OF SITTING

Mr. PRESIDENT: Senator Lewis.

SENATOR THE HON. L. V. H. LEWIS: Mr. President I beg to move that this sitting be now suspended until 2.45 p.m.

The question was put to the Senate and agreed to and Mr. PRESIDENT suspended the sitting accordingly at 1.52 p.m.

RESUMPTION

Mr. PRESIDENT: This sitting is resumed.

ORDER NO. 7 – A BILL TO AMEND THE INCOME TAX ACT, CAP. 73

Mr. PRESIDENT: Senator Clarke.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, the Bill before us seeks to remove any doubts or ambiguities arising out of the Income Tax (Amendment) Act 1992-28 and to implement the budgetary proposals of March 15, 1993 with respect to insurance and some other matters. Specifically on the matter of insurance the Minister of Finance and Economic Affairs in the March 15, 1993 Budgetary Proposals stated that –

"Effective from the 1st July the rate of tax on insurance premiums will be as follows:

- (a) Property Insurance – 5% of gross direct premium.
- (b) Other classes of insurance – 3% of gross direct premium.
- (c) Life Insurance – 5% of gross direct premium on new business written after July 1, 1993 and previous rates will continue for renewal of business."

The adjustments which the Bill before us proposes are as follows: Section 8 of Cap. 73 – Amounts included in Assessable Income. This amendment seeks to clarify, as a result of the introduction of 12.5% withholding tax the treatment of interest and dividends payable to resident persons:

- (a) Interest and this is done by
 - (i) re-enacting the provisions of section (b) which were in existence prior to the introduction of the Income Tax (Amendment) Act, 1992-28, and
 - (ii) through the creation of a new section 48(b) included in Clause 11.

In this way it is made clear that interest arising from all sources remain assessable income as in the past but through the introduction of section 48(b), local interest arising to an individual other than an individual engaged in the business of money lending, or a company, is to be taxed separately at the rate of 12.5%. It seems that even now, although the Bill before us is seeking to clear up some anomalies and ambiguities there are still some doubts *vis-à-vis* its interpretation as to pensioners, whether a pensioner who has an income of \$20 000 or below and also has a savings accounts will be charged the withholding tax of 12.5%. This area is receiving the attention of the Commissioner of Inland Revenue and a speedy resolution to this is anticipated. So I hope that Senator Barker, having paid careful attention to this, will not now raise this as an issue in the ensuing debate.

On the question of dividends, the re-enactment of section 8 also makes it clear that dividends arising from all sources remain assessable income by virtue of section 48(c), also included in Clause 11, and that dividends paid by a resident company to a resident individual are to be taxed also at the rate of 12.5%. Section 9 of Cap 73 – Amounts not included in assessable income – The exemption of interest on a deposit account with the

Barbados National Bank up to a limit in respect of each person of \$1 000 is removed.

Section 19 of Cap. 73. This amendment is as a consequence of the Budgetary Proposals of March 15, 1993 which are included in the amendment at clause 10.

Amendment of Cap. 73 – Calculation of assessable income. This amendment is made in order to make a clear distinction between the treatment of payments made under covenant to minors and to incapacitated individuals in calculating the assessable income of an individual.

Insertion of a new Division M in Cap. 73, the calculation of taxable income, new shares purchased in public or private company in the Income Tax (Amendment) Act, 1992-28 section 37(c) and in 37C (2). These sections were deleted, therefore eliminating any provisions to collect taxes in cases where new shares purchased were sold within the given time period. This current amendment restores this provision.

The amendment of section 38B of Cap. 73 – Calculation of taxable income – the proper references were not made in sections 38B and (7) of the Principal Act. The references to 1(b) should have been to 1(c) in both subsections (6) and (7).

The new subsection (8) is included to make it clear that an individual who is 60 years of age or over and in receipt of a pension can deduct from assessable income either the amount of \$20 000 in respect of income year 1992 or is entitled to the benefit of the permitted deductions mentioned in that income year.

Amendment of section 40 of Cap. 73 – Trusts and Estates. The Income Tax (Amendment) Act, 1992-28 removed sections 36B and 36C from paragraph 4 of section 40. These should now be restored since the provisions under the following sections were retained, that is, 36B – Cooperative Societies and 36C – Associations and 38B – Allowances.

Amendment to section 43A of Cap. 73 – Rate of tax for insurance companies – General Insurance business. This amendment is as a consequence of the Financial Statement and Budgetary Proposals made by the Minister of Finance and Economic Affairs in respect of the tax on insurance premiums.

The amendment of section 44 of Cap. 73 – Rate of Tax for Insurance Companies. This amendment is made as a consequence of the Financial Statement and Budgetary Proposals also made by the Minister of Finance and Economic Affairs on March 15, 1993.

Amendment of Cap. 73 – Section 48B has been included to render the tax withheld in the manner provided for in section 64(c) final as regards individuals other than individuals engaged in the business of money lending or a company. The new section 48C was introduced to render the tax withheld as provided for in section 65(4)(a) final as regards resident individuals.

Amendment of section 64 – Prepayment by deduction. This amendment is necessary since section 34 has been deleted in the Income Tax (Amendment) Act, 1992-28 and replaced by sections 24C and 24D.

Amendment of Section 64C of Cap. 73, the words "as a payment in full of the tax of the person to whom that amount would otherwise have been paid" have been omitted since the gist of this is already captured in Clause 11.

Amendment of section 65 of the Principal Act. The 1992 amendment made reference to "person". The word individual is now substituted for the word "person" to eliminate any interpretation of the same to include "companies". Also to make it clear that section 65(4)(a) is concerned that dividends paid to resident individuals only while the expression dividends referred to in paragraph 4 is concerned with dividends paid to non residents.

Finally the gist of the words "as payment in full of the tax in respect of income represented by the dividend of the resident person" is already captured in Clause 11, hence they are now omitted.

I said earlier some questions coming out of these amendments were raised *vis-a-vis* the pensioners and the matter is under active consideration by the Inland Revenue Department and these anomalies and ambiguities, if any, will be removed.

Mr. President, too often we hear about the tardiness of Government getting legislation before Parliament in a timely basis. I remember only too well the dark years of 1976 to 1986 when budgetary proposals were introduced and no legislation came before Parliament, sometimes over two years, sometimes over three years. I am happy to report that the proposals contained herein were dealt with as recently as March 15 and I am proud to be a part of a Government that can see fit to keep its word and bring the necessary legislation to give effect, especially to tax raising measures. With those few comments I beg to move that this Bill be read a second time.

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Sir, I am glad the Government is not tardy because the reason why we are here today is because of tardiness on the part of the

Government. But we do not want to go into that. I do not know why he raised it. Sir, I do not have a problem with the amendments to the Income Tax Act, some of them are necessary and probably if the Government had been listening to people who know about these things they would have got a better Bill in the first place. But the present Administration, Sir, do not listen to nobody except the IMF.

3.05 p.m.

Mr. PRESIDENT: Do not listen to nobody!

SENATOR T. E. BARKER: Do not listen to a soul besides the IMF. No wonder we are under surveillance.

Mr. PRESIDENT: Speak for yourself.

SENATOR T. E. BARKER: Sir, the Prime Minister said that we are under a surveillance programme with the IMF. So I am only taking his word for it.

Mr. PRESIDENT: Speak for yourself.

SENATOR T. E. BARKER: Sir, I have many problems with the Income Tax Bill as amended in August last year. I want to reiterate my concerns relating to the income tax because I feel that the Act is deficient in certain regards. I want to point out a few of them. Sir, the rule that states you can only claim for two children must go.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, is there not something in the rule which says that you cannot debate a matter that has been debated in the same Session?

Mr. PRESIDENT: Yes, there is.

SENATOR T. E. BARKER: Mr. President, I am of the opinion that when a Bill is brought before this Honourable Chamber which amends another Act, I thought that I was at liberty to speak on the Act.

Mr. PRESIDENT: Which Act? Now you are confusing yourself again. All that Senator Lewis is saying is this; and I was just waiting to see what you would have done. But let me anyhow make it very clear. The Rule is that you may not re-open a matter which has already been dealt with and determined in this Session. That is what he is saying.

SENATOR T. E. BARKER: Sir, with all due respect, I am not aware of that particular Standing Order.

Mr. PRESIDENT: Well, anyway you may not be aware of that. But anyhow I am making you aware now.

SENATOR T. E. BARKER: Sir, I find it strange that we are here debating an amendment to the Income Tax Act and I cannot speak on the Income Tax Act.

Mr. PRESIDENT: I never said that you cannot speak on the Income Tax Act. Will you please proceed.

SENATOR T. E. BARKER: Sir, it is very important that I understand what I can do because I am under the impression that the Act is reopen.

Mr. PRESIDENT: Senator Barker, if you proceed, I shall guide you along the way.

SENATOR T. E. BARKER: Sir, I want to talk specifically about the measure in the Income Tax Act which states that a person can only claim for a maximum of two children. Sir, to me that is wrong and it is sending the wrong signal to the community. I am sure, Sir, that Members in here some of whom have benefited from this proposal in the past. Some have as much as four children and yet...

Mr. PRESIDENT: I do not understand you, Senator Barker. You are saying that they have benefited from this "proposal". Make yourself clear please.

SENATOR T. E. BARKER: Yes, Sir. They have benefited from the prior arrangement where they can claim for as many children as they have fathered or mothered. Now we are in this situation where we can only claim for a maximum of two children.

Mr. PRESIDENT: All right. I understand what you mean to say.

SENATOR T. E. BARKER: Sir, I think that is wrong and I think that Government must look at this provision again. It is not going to cost the country a large amount of money because the average family size now is about 2.5 or 2.6. I am not sure what it is.

Aside.

SENATOR T. E. BARKER: Sir, probably the Member needs to be enlightened about the principle of averages. But you can have an average of 2.6 children. The point is that it is not going to cost the country a large amount of money, but at the same time it is going to bring immense help to those individuals who chose to have more than two children. I am encouraging Government to look again at that particular proposal with a view of removing that clause from the Bill, so that again we can claim for as many children as we have fathered or mothered. I think that is a moral imperative and I hope that Government takes note of it. Because at the same time that we are telling fathers and mothers that they cannot claim for more

than two children, parliamentarians can claim their contributions to their political party as far as I know without any ceiling attached to it. If on one hand you are saying...

Mr. PRESIDENT: Are you telling me that there is no ceiling to the amount which a parliamentarian can claim? I never heard that until now. Is this a new proposal? I am not aware of this.

SENATOR T. E. BARKER: Sir, if I am wrong, I apologise.

Mr. PRESIDENT: To the best of my knowledge, you are wrong on that.

SENATOR T. E. BARKER: I apologise for being wrong, but I was under the impression that there was no ceiling. Anyhow, Sir, that is not the point. The point is that we can claim our contribution to our political party and we cannot claim for more than two children. I find that to be iniquitous.

Mr. PRESIDENT: I do not see any relationship really.

SENATOR T. E. BARKER: Sir, there is the whole issue about shares. I see here that the Government is proposing an amendment dealing with shares in public or private companies. I have a little bit of a problem in giving a person tax concessions for shares in a private company. Because we should be encouraging all companies as far as possible to go public to allow for individuals to participate in the business activities of the country. Economic enfranchisement is the word that we like to use as coined by my leader a few years ago. That is something that we need to look at, Sir. As I said, we should be broadening ownership in this country and to allow a family or individual to issue shares to himself. Because I think that can be done where individuals can offer shares to themselves and claim income tax concessions as a result of that. That needs to be looked at and I hope that the relevant authorities look again at that proposal because it is not in keeping with the whole idea of economic democratization.

Sir, I am calling for the housing aspects of the Income Tax Act to be looked at again. I specifically refer to mortgage rate interest, house repairs and house insurance. Prior to July, 1986 there was a ceiling on how much interest one can claim for an owner-occupied residence. There was a ceiling to how much money you can claim for repairs and maintenance for a particular year. But the July 1986 Budget which was largely responsible for wrecking the country removed the ceiling and allowed unlimited mortgage interest claims and unlimited house repairs. The result of that Act was that people doubled the size of their house and wrote it off on their tax form which was not what the provision was intended for in

the first place. So the system was tremendously abused. It was not abused by the fellows who are really able to get a decent house. It was abused by those persons who were able to build half million dollar houses and who claimed fantastic sums of interest on their income tax form.

Sir, I think that we should go back to the pre-1986 philosophy. That is that you determine what an average size house will cost and, on the basis of that, you say that the mortgage interest on that is going to be "X" amount of dollars. So that you can claim a percentage of that 80 per cent or whatever and we set that as a ceiling. If a chap wants to build a \$2 million house, that is his business but the State is not going to subsidise him. The State will only subsidise up to an average sort of level. I think we need to go back to that aspect.
3.15 p.m.

I understand the need to stop the abuse that was happening, but the way how it was done is going to work against home ownership, because the fellow working for \$30 000 a year depends upon that provision to help him to own a house. It was a tremendous benefit to people in that income bracket and it helped a lot of the emerging middle class to own their own homes. I am calling for its reintroduction but with a ceiling to stop any abuse of the system.

I also feel that house repairs, up to a limit of \$2 000 or \$3 000, or some reasonable limit, should be re-introduced, because the Government is going to make back the money. When the fellow keeps his house in good order, and the time comes for assessment for land tax purposes, if the fellow is able to maintain his house in a reasonably good standard, then the Government will make it back, through land tax, by the fact that the assessment on that property will be at a high level. In the meantime, the painter will be helped because he will get a job maintaining the property. Government will not lose in the long run but employment will be generated. Right now a lot of people are unable to maintain their houses at a good level because of the cost of material, as well as the fact that they no longer write off repair costs for income tax purposes, so that is something we need to look at again.

Also, Sir, given the fact that house insurance has gone up tremendously over the past year or so, given the fact that the reason is not necessarily related to the local insurance company, Government can again look at helping house owners by allowing them to claim a part of the insurance premium they have paid in the income tax system. That will help house owners a lot, because as we all know, Sir, the insurance rates have really skyrocketed in the past year or so. I am calling on Government to help the house owner and the potential house owner. One way of doing it is by using the Income Tax Act. I know it is going to cost money, but what I think Government must do is again to look at the top rate of tax. I think the tax on

income of \$37 000 or thereabout is 40%. I believe we can look again and see if we cannot increase the charge for the fellow earning \$70 000 by 10%, so if you receive an income of about \$70 000 you pay 50% on that. That would be one way, Sir, . . .

Mr. PRESIDENT: Are you suggesting that one should pay 50%?

SENATOR T. E. BARKER: At present the top rate is 40%, but the 40% starts at \$37 000. I am saying that in order to pay for the concessions we must give in terms of housing, we are going to have to look again at the top rate and make some of the top money earners in Barbados. . .

Aside.

SENATOR T. E. BARKER: Only recently we heard of some salaries that some persons in the private sector are getting. I feel that they have life too easy in terms of income tax, that we need to look again at them and make them pay more tax to help pay for the concessions you must give for the house owners. I am very clear on that, because we must give concessions to the middle income in terms of housing activity. We have to pay for it somehow, and one way is to make those of us who are better off pay. I am very clear on that, because I think there is a bit of inequity in the tax system to tell a man who is working for \$37 000 a year, which is not a big salary in Barbados, to pay the same incremental rate of tax as the company director earning \$100 000 a year. A dollar more to a person working for \$37 000 a year is not the same as a dollar more to a person working for \$100 000 a year. They are fundamentally different and to have the rate of tax applying to \$37 000 ignores the reality of the distribution of income in Barbados. I think it is something we need to look at again. We need to re-examine that.

Aside.

SENATOR T. E. BARKER: You can interpret it however you want to.

Mr. PRESIDENT: Not "you", you are addressing the Chair. Will you please remember that? You understand now how it is when you interrupt all the time.

SENATOR T. E. BARKER: Sir, I have no problem with. . .

Mr. PRESIDENT: All right, but not while you are on your feet. Please continue.

SENATOR T. E. BARKER: I want to stress, Sir, that there is not enough equity in the tax effort by various interest and class groups in Barbados and it is a problem we need to address as quickly as possible.

Mr. PRESIDENT: Let me see if I understand what you are proposing, that we increase income tax beyond \$37 000 per year and that it should then be 50%?

SENATOR T. E. BARKER: No, Sir, I am not saying that.

Mr. PRESIDENT: Make it clear.

SENATOR T. E. BARKER: What I am saying, Sir, is that at present so long as you are earning \$37 000 a year, any money that you earn in excess of \$37 000 is taxed at the rate of 40%.

Mr. PRESIDENT: And you are suggesting it should be taxed at the rate of 50%?

SENATOR T. E. BARKER: No, Sir. I am suggesting that when you reach a certain level, maybe \$70 000 to \$80 000 a year, that the incremental income is not taxed at 40% but at a higher rate, because the money you gain there would be used to pay for the concessions that we must give back.

Mr. PRESIDENT: Oh, if I understand then, that income in excess of \$80 000 per year should be taxed at the rate of 50%.

SENATOR T. E. BARKER: Sir, I am not clear about the specifics, I am just talking about the principle as opposed to the specifics.

Aside.

SENATOR T. E. BARKER: Sir, I know that I am going to be misinterpreted in here. I have no problem with that. It does not matter.

Mr. PRESIDENT: Please proceed, Senator Barker. We are trying to follow your argument. Go on. 3.25 p.m.

SENATOR T. E. BARKER: Sir, the Honourable Member understands my argument clearly.

Mr. PRESIDENT: You are addressing the Chair, Senator. Therefore you do not have to bother about what somebody else is thinking.

SENATOR T. E. BARKER: Sir, that is a moral imperative that we restore tax concessions as it relates to housing activity.

Those are the few points I want to make on the Income Tax Act. I will have the opportunity on another occasion to talk about other things but I hope that Government again looks at the Act. The Act is an ongoing

process. It must be a dynamic process and Government must look at it again, bearing in mind that we must re-establish equity in the tax system which was destroyed August last year when the amendment came in.

SENATOR Dr. F. W. ALLEYNE: Senator Barker took a long time to let this House know that he knows little about designing a tax system. He is living in the 1930's. That is a fact.

The fundamental principle in the design of a tax system which you have to observe is administrative efficiency, which has to do with the cost of administering that system. The administrative efficiency is partly a function of and determined by the number of exemptions and allowances which you have built into that system. All authorities on public finance today are agreed that the simpler the tax system, correspondingly the higher is the level of efficiency and consequently the cost of administering that system. What Senator Barker is talking about is something in the 1920's when knowledge was not that far advanced. If you come into this Chamber, Mr. President, you have to be serious.

SENATOR T. E. BARKER: On a point of order. The words he used saying that "if you come in here you have to be serious" imply that I am not serious.

Mr. PRESIDENT: Senator Barker that is not a point of order.

SENATOR Dr. F. W. ALLEYNE: Mr. President, I would be the last person to suggest that Senator Barker is not serious. He is serious about what he is talking and that is why I take him seriously.

To go back, Mr. President, and do this lot of what I call saddle patching on our tax system. You give a little exemption here for houses, a little exemption for life insurance, a little exemption here because you have 10 or 12 children. It is to suggest that in Barbados we live in an intellectual backwoods. That is what Senator Barker is inviting us to do. We have to separate ourselves from that kind of thinking. I hope the Barbados Labour Party has done it.

I would hate to think that Senator Barker is speaking for the Barbados Labour Party. This is 1993 we are living in and this is accepted knowledge. It is nothing new. In all parts of the world the tax systems are being redesigned and the major focus is administrative efficiency. Let's bring it down to a very practical level. When the people in the Department of Inland Revenue have to go through tax returns and they have to compute for all these little exemptions here and there, that is cost you have to bear. It is not only the cost involved in paying them. The

real cost is what other things those people could be doing to advance the public services of this country.

I do not understand why it is that Senator Barker feels that knowledge stopped developing in the 1930's. I am intolerant on this matter, Mr. President, because I can understand this coming from somebody who is unschooled, but you cannot come in 1993 to this Chamber and tell us we must go back with all these allowances here and exemptions there.

I want to take this opportunity to compliment the Government for the courage to proceed with the simplification and the rationalisation of the indirect tax system. And as I said this morning, I hope they will follow up speedily with the rationalisation of the indirect tax system. I do not think Senator Barker really knows about tax systems because I noticed when he was speaking he did not differentiate clearly between tax effort and equity in the design of the tax system because he spoke about equity and tax effort as if they are substitutable concepts.

Mr. President, to talk about equity in tax effort is to talk about nonsense. You cannot have equity in tax effort. It is equity in the design of the system. You know there is such a thing in this life as flogging a dead horse and you could flog it from now until the cows come home and still do not score a point. I want to say, Mr. President, that I think the Government is moving on the right road with the rationalisation of this tax system and the Government should not be swayed by sentiment and by vote-catching and turn back from what is accepted knowledge today to talk about patchwork in our fiscal system again.

With those comments, Mr. President, I support this Bill.

SENATOR THE HON. Dr. C. D. CLARKE: Mr. President, there is no need for me to comment on what Senator Barker said earlier. Just to make one point. I believe that if Senator Barker wants to state at this point in time that we should increase the tax rate at the upper limit, let him say that clearly. So you are stating then that you should not...

Mr. PRESIDENT: Not "you". He is. You are not addressing the Chair.

SENATOR THE HON. Dr. C. D. CLARKE: I am sorry, Mr. President, I just wanted to be sure that Senator Barker is stating that we should take back the direct tax rate to over 50% at the upper end of the tax bracket. I want the record to show that the Senator is saying that and I do not want to misquote him. I believe that Senator Alleyne dealt with the whole question of simplification of the tax and the closing of loopholes and abuse for tax avoidance and also reducing the administrative costs.

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

The question was put and agreed to.

On the separate motions of SENATOR THE HON. Dr. C. D. CLARKE, the Bill was read a third time and passed.

ORDER NO. 2 – RESOLUTION TO NOTE THE AGREEMENT FOR ESTABLISHMENT OF AN ASSEMBLY OF CARIBBEAN COMMUNITY PARLIAMENTARIANS

SENATOR THE HON. L. V. H. LEWIS: Mr. President, the Resolution before us deals with the Agreement for the establishment of an Assembly of Caribbean Community Parliamentarians. The Resolution stems from an idea which was presented first by the Prime Minister of Barbados to the VIII Conference of Heads of Government in St. Lucia in 1987.
3.35 p.m.

On that occasion the Prime Minister drew attention to the need to strengthen regional institutions and seek to increase opportunities for communications, both formal and informal. He saw the establishment of an Assembly as a natural development of the Integration Movement. He felt that it was imperative for us to seek to create new mechanisms and institutions for making the Movement more responsive to the needs of the people of the Caribbean. It was agreed that the members of the Assembly would be chosen from existing Parliaments with representation both from Government and Opposition sides and that the Assembly would seek to bring their views and influences to bear on CARICOM matters.

The matter was further discussed at the Tenth Heads of Government Conference in Grenada in 1989. At that Conference the proposal was not only welcomed and agreed upon in principle, but a committee was set up representing Antigua & Barbuda, Barbados, Jamaica, St. Kitts/Nevis, and Trinidad and Tobago to undertake further preparatory work for the establishment and to develop the idea. Arising out of that meeting, a draft inter-governmental agreement was prepared and was circulated for consideration by the several Governments.

At the Eleventh Meeting of the Conference of Heads of Government held in Kingston, Jamaica in 1990, the draft Agreement was considered and it was agreed that Member States should submit to the CARICOM Secretariat by August 31, 1990, any further comments which they wished to make on the draft. The action continued up to the point where it was possible for the Standing Committee of Ministers responsible for Legal Affairs to consider a revised draft agreement in September of 1990 and

to agree that certain amendments would be made and that a final draft be prepared by Barbados and the CARICOM Secretariat to take into account all the areas that had been agreed upon.

Mr. President, the Agreement which is before us represents the final agreed text which has been assented to by the Parliaments of at least 4 other countries. There was news just yesterday that the Parliament of Jamaica had given their assent to participation in this Caribbean Community of Parliamentarians. That makes 5 of the 7 necessary to bring it into force.

This Agreement, Mr. President, provides for the establishment of an Assembly of Caribbean Community Parliamentarians. It provides an article for the membership. It provides for the objectives, functions and powers of the Assembly. It further provides for meeting, when meetings of the Assembly would be held, and for the organisation and management of the Assembly. It provides for signature and ratification of the Agreement and when it shall come into force.

It says:

"This Agreement shall enter into force on the 30th day after the date of the deposit of the seventh Instrument of Ratification by a Member State in accordance with Article 10 of this Agreement."

Then there is further provision for other Member States of CARICOM to accede and enter into the Assembly on the basis of this Agreement. There are provisions also for amendments and for withdrawal from the Assembly of Caribbean Community Parliamentarians.

All in all, Mr. President, it is considered that this is another positive step which the Heads of Government of CARICOM have agreed in principle and individual Parliaments are one by one taking the next decisive step to bring it into force. This Resolution before us today seeks to empower Barbados to enter into the Agreement for the establishment and to take part fully in the affairs of the Assembly of Caribbean Community Parliamentarians.

When the matter was floated by the Prime Minister of Barbados he further offered Barbados as the site for the first meeting of the members of the Assembly of Caribbean Community Parliamentarians. We anticipate that some time in 1993 the first meeting of this Assembly will take place here in Barbados.

I beg to move that the Resolution do now pass.

The question that the Resolution do now pass was put to the Senate and agreed to.

ORDER NO. 3 – THE FISHERIES ACT, 1993

SENATOR THE HON. L. V. H. LEWIS: Mr. President, this proposed new Fisheries Act was drafted as long ago as 1990. It was in 1990 that the Minister of Agriculture, Food and Fisheries agreed that the draft legislation which had been formulated out of several meetings of Caribbean Fisheries personnel should be finally prepared for consideration by Cabinet and this Parliament. Since that time, comments and observations were obtained not only from the several Government agencies that are affected by the legislation but also the fishing community was consulted. The Chief Fisheries Officer and his staff have to be complimented for the steady and committed manner in which they went from fishing community to fishing community in this country. They held meetings not only during the day but at nights and obtained comments which were valuable inputs and which affected the final draft of this Bill. The Chief Fisheries Officer, a moving force behind the legislation, Mr. President, was able by March of 1991 to submit comprehensive comments arising out of those discussions with fisheries personnel. So that following the public consultation and the changes which were recommended to the Act we were able by June 1991 to come up with a final draft Bill which affects the earlier legislation relating to fisheries. At that time there was prepared a draft fisheries Bill, draft fisheries regulations as well as draft local fishing vessels, safety and inspection regulations.

3.45 p.m.

The machinery of Government and the bureaucracy work in such a way that the matter somehow went into the doldrums from August 1991 until November 1992 when the final draft was approved by the Minister of Agriculture and was submitted eventually for Cabinet's consideration in March 1993. I mention this matter purposely and am chronological about it because there has been much soul searching about the legislation, this proposed new legislation. There has been review after review of it and it is now before us at this stage having gone through examination in the other place. It is now before us for a Second Reading. I wish to say that Barbados is heavily dependant upon fish for a large portion of its protein source. Two-thirds of Barbados fish requirements are obtained from local catches, local production and one-third from imports. It is important for us to continue whatever is necessary to develop Barbados' capability to exploit the local fisheries resources. In this respect it is important for us to practise good conservation of these resources. With the help of international agencies and the local fishing industry, there has been exposure to new fishing techniques for capturing deep sea species and better methods of fishing have been introduced to avoid depletion of our marine resource. At the same time the transfer of technology is taking place in such areas as fish handling, marketing and in gear technology. During the last

10 years Government has taken some active interest in the harmonization of fisheries legislation among member countries of the OECS states and under a fisheries law advisory programme which was sponsored by the Food and Agriculture Organization of the United Nations.

Barbados is not only giving further consideration to exploitation of the resources around us but we are also concerned about the security of our exclusive economic zone. It is conceived that the countries of CARICOM, along with the countries of Martinique and Guadeloupe, as well as, the countries on the coast of South America, Surinam, French Guyana and Guyana will be interested in a scheme which would facilitate the policing of the waters which fall within the exclusive economic zones of most of the small islands in the Eastern Caribbean.

Mr. President, it was realized and experience has shown that the provisions of the existing fisheries legislation do not permit us to pursue that approach. But this new fisheries Bill has some teeth in it which will allow us to proceed along those lines. This new fisheries Bill will replace the Fishing Industry Act, Cap. 262, the Fisheries Regulation Act, Cap. 391, it will affect the Barbados Territorial Waters Act, Cap. 386, the Marine Boundaries and Jurisdiction Act, Cap. 387, as well as the Marine Areas Preservation and Enhancement Act, Cap. 392.

I believe that this legislation which is so long in coming should be recognized by the fact that it is designed to make provision for certain special requirements. These include a proper basis and legal framework for fisheries control and management. It provides a mechanism for consultation at all levels about fisheries management and development, as well as, the provision of information and expertise necessary for the development of the sub-sector. It provides for the attainment of regional co-operation in fisheries among the countries of CARICOM. It further provides for the registration and licensing of local fishing boats and licensing of commercial fishermen. There is a basis for negotiation of fishing rights for Barbadian fishing boats and for licensing and control of foreign fishing vessels in Barbados' waters. It covers the requirement that all sport fishing operations should be licensed and it provides for the collection of statistics and other mechanisms which will be important and will be established to monitor catches, local demand, consumption, imports, exports, processing and to record data crucial for the planning and development of the fishing industry. There is provision for the prohibition of ecological dangerous methods of fishing such as the use of explosives and poisons. There is provision for controls over the import and export of live fish. Incidentally, Mr. President, Barbados is exporting substantial quantities of frozen fish to North America, that is, Canada and the United States. This is an important earner of foreign exchange.

The Bill also makes provision for the safety of fishing vessels and for investigation of accidents at sea. It provides adequate powers for authorized officers to enforce the Act, there are penalties for offences under the Act, there is power to compound offences involving foreign fishing vessels, there is authority for the Minister to make regulations under the Act, and there is provision for repeal of the Fishing Industry Act, the Fisheries Regulation Act and certain sections of the Marine Boundaries and Jurisdiction Act dealing with foreign fishing.

All in all, Mr. President, this Bill is positive evidence that the Government of Barbados intends to develop and expand the opportunities available to the fisheries sector.

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

Mr. PRESIDENT: Senator Straughn.

SENATOR Mrs. A. STRAUGHN: Mr. President, my contribution to this debate is with regard to Part I, section 4, subsection 3 coming on page 10 and section 5, subsection (1) (a) and (d). First of all, page 10, subsection (3) reads:

"In preparing and reviewing a fisheries scheme the Chief Fisheries Officer may consult with local fishermen, any fishing co-operative or association, or any other persons affected by the fishery scheme and with the Fisheries Advisory Committee appointed under section 5."

Mr. President, I make a strong appeal for the replacement of the word "may" with the word "shall". With the use of the word "may" consultation will be optional. If we use the word "shall" consultation will be more definite and almost compulsory.

3.55 p.m.

I feel very strongly, Mr. President, that we need to do more than just attempt to recognise the knowledge, the wisdom and the expertise of people who in many cases have spent a great part and parcel of their lives in the fishing industry. Some of them have made it an absolute vocation and such wisdom, I think, could be used at consultancy level, especially on certain projects.

I think, Mr. President, one of our most grievous mistakes generally, is that at some of the highest levels of decision making we fail to take into account the use of some of our most valuable human resources and, in the case of this particular industry, it is very easy to see that the major human element comprises fisher people at all levels and their service and expertise as consultancy agents should not in any way be at the stage where it is under-utilized.

I make bold to say, Mr. President, that if we look carefully at the extent of some of the damage caused by floods and poor drainage in our island at certain times and in certain places, we could say that if certain of our engineers and construction aces had consulted some of the local people who were fully aware of how the environment in certain places behaved under certain climatic changes and conditions, much of the damage caused by floods and bad drainage would have been either eliminated or less. I do not think that we can afford such omissions. Omissions of this nature could be detrimental to some of our major projects.

I feel that representation of our local people, especially our local fishermen, would be of tremendous value in the development and management of our fisheries and would be very, very useful to the Fisheries Advisory Committee.

Turning to page 11 subsection (a) which reads, to continuing from page 7, that the Fisheries Advisory Committee should advise the Minister on the co-ordination of the policies with regard to fisheries with other departments of Government. I am pleased to see this measure, Mr. President, and at the moment I can think of 4 departments of Government whose policies, coordinated with fisheries policies, would be extremely useful – the Department of the Environment, the Department of Community Development and the Department of Tourism, and the Department that deals with Transport and Works in particular.

Mr. President, some of the methods of disposal of our fish waste are primitive and offensive. Old habits die hard, and we still have among our people, and especially among the fishing communities, some people who dump the fish waste without excuse; they dump it lock, stock and barrel in bathing areas where and when people are bathing. They think little of gutting the fish and taking the entrails and just dumping them into the sea or disposing of them by some other means that can prove extremely offensive.

Several recreational facilities which come under the control of community development are in close proximity to some of our fishing outlets and these habits of waste disposal can be very inhibitive to the enjoyment of the proper beach and recreational facilities available to the public. As an environmental hazard I do not think we need to say very much about that.

Also, Mr. President, coming under the control of the Ministry of Transport and Works there are within close proximity of some of our fishing outlets, drains, natural and constructed, and also some gabions. All of these areas need to be kept particularly clean, continuously, because sometimes and especially in the case where we have heavy

freak rainfall they become clogged and can become very offensive as well.

Mr. President, with those remarks I want to support the Bill and I congratulate those who have put it together because I can see that it is meant to enhance our fishing industry in every detail, but I repeat that I make a strong plea for the replacement of the word "may" with "shall" so that we can make effective use of the inputs of that knowledge and wisdom and so further enhance the Bill. Thank you, Mr. President.

Mr. PRESIDENT: Senator Fraser.

SENATOR Mrs. V. C. FRASER: Mr. President, I rise to support the Bill. I am very happy that we have at last got this Bill before the Senate. There is only one question. I do not know if it is somewhere included but I have not seen it. It is about the distribution of the fish at the market level for consumers. I do not think I am satisfied with that yet. I think if we are going to be in line with modern concepts in fishing and display of fish I think there is much to be desired when it comes to the market section. The displaying of the fish and the way how it is handled leaves a lot to be desired. Perhaps something should be placed here that there should be a demand on the persons who scale the fish and bone them – it is true they have this scaling room or whatever but yet some people are still scaling on the counters and so on.

What I would like to see is a section where the filleted fish is displayed on counters with refrigeration facilities so that the temperature of the fish is kept right for human consumption. Often the fish has been caught a long time and is left lying around and not every one puts them in plastic bags and even that can be a bit dangerous. On going to the fish market and seeing the way in which the fish is handled I would say that nothing is being done to enhance the environment. It is my experience that it is only when special days come around like Fisherman's Day that you see everybody cleaning up the market and I think that leaves a lot to be desired. I think that people should be responsible for their stalls and responsible for the cleaning. That should be made mandatory. Government or the Co-operative could put in these facilities and let people pay rent. I feel that will help to raise the revenue for the constant care and attention or renovation of the fish markets. Also, regarding the toilet facilities, I think that that leaves a bit to be desired in some areas.

4.05 p.m.

Sir, I note that needs a lot of collaboration between Ministries. Sometimes it is not that the facilities are not there, but some fishermen come in very late. When they come in, they realise that somebody has gone with the keys. I feel that these agencies need to collaborate quite a lot so that we do not get these difficulties occurring

which can do nothing but injustice to our environment. We have to be very careful about that.

Thank you very much, Mr. President. These things I wanted to query and I do not know if Senator Lewis would like to touch on whether there is any provision for this kind of set-up that I am talking about. But I would really like to see it if possible.

Mr. PRESIDENT: Senator Barker.

SENATOR T. E. BARKER: Sir, I am glad that I found something today. With fish, I have complete agreement. I want to support this Bill that is before us. I just want to make a few...

Mr. PRESIDENT: Did you say support?

SENATOR T. E. BARKER: Yes, support.

Mr. PRESIDENT: Thank you.

SENATOR T. E. BARKER: Sir, I am normally supportive of good things but not the ones that are destructive.

Sir, Clause No. 7 gives the Government of Barbados permission to enter into agreement with other states with regard to fishing rights and so on. We know that fishermen come from all over the world and fish in and around our waters. I wonder if we could not use Japan to help us develop expertise among other things about the fishing industry and so on since they sell so many dollars of stuff to us. So that instead of buying a lot of fish products from Japan and other parts of the world, I wonder if we could not get into that commercial aspect of fishing such as the fish factories so that we can use some of the expertise of the Japanese and other Asian countries to get into that area.

Mr. PRESIDENT: Fish farms?

SENATOR T. E. BARKER: No, no. Not fish farms as such. I am told, Sir, that these big ships go out and they even do canning on these ships. I am wondering if we cannot enter into an agreement with some of these countries...

Mr. PRESIDENT: Fish processing?

SENATOR T. E. BARKER: Yes. So that we can use some of their techniques and expertise in this area. I am sure that we know a lot of processed fish is sold in Barbados. The Honourable Minister mentioned that we spend about two-thirds of our fish requirements. But we have to look for the other one-third and see if we can reduce that import bill. Many of us still enjoy a lovely tin of sardines and there is a demand for that. We should use

the fact that there is fish around Barbados to enter into an agreement with some of these countries in that regard.

Sir, we know that the legislation was always there, but I am particularly interested in the part which prohibits the use of explosives and such other activities in and around the shore. The legislation was always there in different forms. It is one thing to have the legislation but we have to ensure that the resources are there to actually police the beaches to make sure that these activities are stamped out. It is one thing to have a Bill but it is another thing to have the resources to police it. Probably, Sir, the Coast Guard has an important function in this regard. As far as the fishing industry goes, I think that the Coast Guard should be even more involved in making sure that the legislation is complied with in its fullest. In this regard, Sir, sea eggs come under this legislation, because the definition of fish also includes crustacean and so on.

Sir, there is a law in Barbados that prohibits the harvesting of sea eggs during certain months of the year. But a lot of people in Barbados do not really understand the reasons for this law. I understand it because I have been exposed to a lot of biology and so on, but a lot of people do not understand. I wonder if Government should not, especially around this time, use the Government Information Service to educate Barbadians about the reasons for the prohibition of sea egg harvesting in these months because a lot of people see it as an unnecessary imposition.

Sir, I think that the Government should educate the public. I am a lover of sea eggs but I have made a point that I will not as a matter of course if somebody would give me a sea egg now accept it. I am clear in my mind that I will not eat any sea eggs during the stipulated harvest time because I understand the reasons for the legislation. We need to educate the public. What happens around this time the demand for sea eggs is very, very great. Whenever there is a demand, we know that the supply will be there. I want the Government to act on this matter and tell people if you want sea eggs the next five years that they have to make sure that proper harvesting and conservation principles are applied now.

With those few words, I want to support the legislation and urge the Government now that the legislation is in place to use the power that it has to ensure that down the line we maintain a viable and healthy fishing industry, so that the day will come when 95 per cent or all of our fish needs are satisfied, if not from our local shores by our local fisher folk. Thank you, Sir.

4.15 p.m.

SENATOR THE HON. L. V. H. LEWIS: Mr. President, I would like to thank the Senators for their contributions. We will start with the last one first.

The question of using opportunities for joint ventures with other countries to fish in our waters and to enhance the catches has not escaped us, and we have not gone as far as Japan. We were certainly examining the possibility of doing these with certain persons from the Canadian fishing industry. I like sardines which come out from New Brunswick. We would not be able to get sardines here but we will can some other fish. Actually, we also have been exploring the possibility of establishing a canning industry in Barbados based on that joint venture with Canada and with Guyana and Surinam participating. It did not come to anything at that stage and I believe that other such ventures will be pursued in the future.

Indeed, there is need for a continuing education programme in relation to our conservation of the sea urchin. Some of us love sea eggs but we have to resist the temptation when people try to foist them on us out of season. All I can say is that part of the problems seem to do with the dynamiting of some of our coral reefs which is tending to exacerbate the problem of the catches which were premature. You know what happens when the immature catches are done, not only of animals but even of human beings.

The conditions at the markets are a cause of concern. Senator Fraser mentioned these. I believe that there are strenuous efforts at the Bridgetown Fishing Complex to try to raise the standard of the delivery of fresh fish. What Senator Fraser is suggesting is the sort of thing one sees in larger stores and, indeed, I am certain that this is not the first occasion it is being mentioned. Whether or not Government facilities can be improved to that point is another matter, but what I can say is that even at Oistin where there was a problem I understand that serious efforts are being made to improve this.

On the question of toilet facilities these have been ill-treated and misused at all of the Government locations and there were occasions when there had to be very strict control of the usage because people just go and literally mash up and mess the place and leave it as though they are the only people who would ever have to use them. Other persons coming after them just cannot use the facilities. This is a matter which I know some attention is focussed on to try to bring it under some form of control for the use of people who appreciate it.

Senator Straughn made a number of points and one had to do with the cleanliness of the fishing surroundings. I can confirm that those points are being noted and indeed, I am aware that at least at 3 locations Government has been making good strong efforts to deal with the disposal of fish waste and the cleanliness of the fishing surroundings. When one talks about disposal of fish waste much of the offal from fish can be used for animal feeds and there are 1 or 2 persons who have carried out

successful experiments. Indeed, there are a number of fish processing operations in Barbados and they supply their offal to the Fisheries Cooperatives to assist them and other agricultural cooperatives in developing animal feeds.

The concerns about sections 4 and 5, the use of the word "may" and the use of the word "shall" have been noted, I will communicate this concern. The use of the word "may" in section 4 is often interpreted in a stronger force than "may" and I am sure that is what the Attorney General will tell me, that it means "shall".

The real important one is the following section 5 in which it is clearly established that the Minister shall appoint the Advisory Committee. That, I think is the key to what our concerns are, that the Fisheries Advisory Committee is called upon to advise the Minister in a number of areas, including that of joint venture investment in fisheries and access agreements. I believe the Minister is wise and he will certainly appoint a Fisheries Advisory Committee early and he will proceed to seek their advice frequently otherwise the organised fishing groups will certainly not give him an easy time. I can tell you, if at no other time in the year, they will raise their heads during Fisheries Week. This week is Fisheries Week and it must be symbolic that we have the opportunity during this Fisheries Week of 1993 to be involved in completing action on this very important piece of legislation.

I therefore take much pleasure in moving that this Bill be read a second time.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, Mr. DEPUTY PRESIDENT in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clause 1 - 2 were called and passed.

Part I, Clauses 3 - 30 were called and passed.

Part II, Clauses 31 - 33 were called and passed.

Part III, Clauses 34 - 44 were called and passed.

Part IV, Clauses 45 - 49 were called and passed.

The Schedule was called.

SENATOR THE HON. L. V. H. LEWIS: I beg to move that the First and Second Schedules of the Bill be the Schedules to the Bill.

The question was put and agreed to.

On the motion of SENATOR THE HON. L. V. H. LEWIS, Mr. CHAIRMAN reported the passing of one Bill in Committee without amendments and Mr. PRESIDENT resumed the Chair and reported accordingly.
4.25 p.m.

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

ORDER NO. 5 – TO RESCIND RESOLUTION
91/1984 AND OTHER MATTERS

SENATOR Mrs. M. BARKER-WELCH: Mr. President, this Resolution deals mainly with the vesting of 2 parcels of land at Brighton, St. Michael in the Barbados Industrial Development Corporation. The following is the background to this Resolution.

In February 1981, 5.429 hectares of land at Brighton was acquired from U. J. Parravicino for road development. A parcel of land consisting of 1.2099 hectares at Spring Garden was allocated to the Industrial Development Corporation for industrial usage. It was also decided that an adjoining parcel of 2.4 hectares should also be vested in the Corporation. These two portions of land make up the amount of land that was going to be used for the road development.

In 1984 Parliamentary action was taken to vest the lands in the Barbados Industrial Development Corporation. This was with Resolution No. 91 of 1984. This was approved by the House and Senate but it was later found that this Resolution was defective since, according to its Addendum, the approval of Parliament was being sought

for vesting of lands in the Barbados Industrial Development Corporation in accordance with the provision of Section 5 of the Land Acquisition Act. This was incorrectly stated since this power is only possible through the Crown Laws (Vesting and Disposal) Act. In addition, Parliamentary approval was never sought for the proposed change for use of land. The land having been acquired for road development purposes cannot now be used for industrial usage without the required parliamentary approval.

Mr. President; this Resolution seeks to do 3 things:

- (1) to rescind the Resolution 91/1984;
- (2) to approve the change of use of land; and
- (3) to approve the vesting of this 1.209 hectares and the 2.467 hectares in the Barbados Investment and Development Corporation.

With those remarks, Mr. President, I now move that this Resolution do now pass.

The question that the Resolution do now pass was put to the Senate and agreed to.

ADJOURNMENT

SENATOR THE HON. L. V. H. LEWIS: Mr. President, we have just completed Government Business. I beg to move that this Senate be now adjourned until Wednesday, July 14, 1993 at 11:00 a.m.

The question that the Senate do now adjourn until Wednesday, July 14, 1993 at 11:00 a.m. was put to the Senate and agreed to and Mr. PRESIDENT adjourned the Senate accordingly.
4.30 p.m.

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