

THE SENATE DEBATES

(OFFICIAL REPORT)

FIRST SESSION 1994 – 99

THE SENATE

Wednesday, May 15, 1996

The Senate met in the Senate Chamber, Parliament Buildings on Wednesday, May 15, 1996 at 11.20 a.m.

PRESENT

His Honour Senator F. W. GOLLOP, (President)

His Honour Senator C. L. BOLDEN, (Deputy President)

Senator the Hon. R. R. FARLEY (Minister of Industry, Commerce and Business Development) (Leader of the Senate)

Senator the Hon. P. C. GODDARD (Minister of Foreign Trade and International Business)

Senator the Hon. G. S. H. MURRAY (Minister of State, Prime Minister's Office)

Senator Miss C. Y. FORDE (Parliamentary Secretary, Ministry of Education, Youth Affairs and Culture)

Senator T. E. BARKER (Parliamentary Secretary, Ministry of Finance and Economic Affairs)

Senator Miss O. P. SYMMONDS, G.C.M.

Senator D. T. GILL

Senator Miss J. C. ODLE

Senator N. A. LYNCH

Senator N. P. WELCH

Senator Mrs. A. P. THOMPSON

Senator C. A. MASCOLL

Senator J. A. WORKMAN

Senator Mrs. P. E. RICKINSON

Senator S. P. BERNSTEIN

Senator Mrs. V. J. DAVIS

Senator C. LeR. TROTMAN

Senator C. K. LAURIE

Prayers were led by Rev. Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

PRESENTATION OF PAPERS

SENATOR THE HON. R. R. FARLEY: Mr. President, I am commanded to lay the following documents before the Honourable Senate:

1. Report on the Public Enterprise Investment Fund for the Quarter ending December 31, 1995.
2. The Prisons (Amendment) Rules, 1996.
3. The Eighth Actuarial Review of the National Insurance Scheme.
4. The National Insurance and Social Security (Employment Injury) (Claims and Payments) (Amendment) Regulations, 1996.
5. The National Insurance and Social Security (Non-Contributory Old Age Pension) (Amendment) Regulations, 1996.
6. The Sanitation Service Authority (Fees) (Amendment) Regulations, 1996.

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

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that Standing Order 45(2) be suspended for the remainder of this sitting.

The question was put to the Senate and agreed to.

INTRODUCTION OF BILLS

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that the following Bills be now read a first time:

1. A Bill to amend the National Insurance and Social Security Act, Cap. 47.
2. A Bill to amend the Income Tax Act, Cap. 73.
3. The Environmental Levy Bill, 1996.
4. A Bill to amend the Betting and Gaming Duties Act, Cap. 60.

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

Mr. PRESIDENT: Public Business is the instant order of the day.

OBITUARY SPEECHES

SENATOR THE HON. R. R. FARLEY: Mr. President, before we commence Public Business for today, the Honourable Senate would have noted the death of a former President of this Honourable Chamber.

Mr. President, Sir Theodore Brancker who has served as President of this Chamber during the period 1971 to 1976 passed away early this month. Sir Theodore, Mr. President, was privileged to experience a long and distinguished parliamentary life. In fact, Sir, he served in the other place as a Member of Parliament from the 26th January 1937 continuously through to 1971 when he retired and subsequently became, as I indicated earlier, President of the Senate. During that long and distinguished parliamentary career he held a number of offices in the House of Assembly. He was the Deputy Speaker during the period 1946 to 1948. He was the Leader of the Opposition during the period 1956 to 1961 and he was the Speaker of the House of Assembly between 1961 and 1971.

Sir Theodore's political career was one that spanned a very interesting period in the history of Barbados. It was a period characterised by much turbulent change no less, Sir, in political parties than it was in the rest of the wider society. As a result, Sir, you will notice that Sir Theodore was one of the several politicians of his day who would have had the opportunity to serve several political parties during their political careers.

I believe, Sir, you will agree with me that it would be very interesting to draw on the insights of persons such as Sir Theodore in terms of their own perspective of history. Very often, Sir, many of us only wait our turn to speak rather than actively listening but persons such as yourself, Mr. President, who sit in the Chair presiding over these Houses, you have the opportunity to genuinely listen because you do not have an opportunity to speak so that you and persons who have served in these positions are in a position over time to really give a very balanced and impartial view of matters ranging from the debates on issues which would have come before the Chamber at a point in time to wider social issues. So that, Sir, apart from the privilege of listening to much of the debate that would have occurred during his period of parliamentary life, Sir Theodore would also have been privileged to have seen the major political, social and economic changes that would have occurred in Barbados.

He would have been in Parliament around the time of the 1937 riot. He would have seen the introduction of adult suffrage. He would have seen from the perspective of a Parliamentarian, the introduction of Ministerial Government. He would also have experienced from the perspective of a Parliamentarian the whole process of Independence. So, Sir, he would have indeed been privileged to have had the opportunity from his perspective of being a law-maker in this island of molding all of the laws that govern our economy, that govern our justice system, that generally govern the fundamental underpinnings of the society of which we are so proud today.

Apart from being a politician, Sir Theodore was also a distinguished member of the Bar. In fact, Sir, although he does not have to depend on longevity for distinction his longevity alone, Sir, is a point of distinction. He served some 62 years at the Bar and you would agree that is a lifetime in and of itself and when considered being just the length of his career and not of his life you would understand the weight of his contribution.

But he was a distinguished attorney, Sir, and we have all heard of the glowing tributes paid by his colleagues at the Bar who particularly note his skills as an advocate. It is said, Sir, that he was one who compensated for his limited opportunities to speak in his political life with the opportunities that were afforded him to speak on behalf of his clients in the court of law.

It is said, Sir, that on one occasion he delivered, in a trial, closing remarks that lasted for some 3 days and I am sure that at that point he was not out of words when he finally, perhaps, felt some sympathy for those persons who would have had to sit quietly and listen. But, Sir, Sir Theodore in his busy life also found time for social

and civic activities. For example, Sir, he was one of those persons responsible for introducing Rotary into Barbados and had a very long and distinguished association with the Rotary Clubs of Barbados.

He also, Sir, would have served as a member of the Board of the Coleridge and Parry School, the Alexandra School and also Harrison College. But, Sir, all of us who are very much far away in terms of the length of time Sir Theodore would have served in these Chambers would do well to learn from the examples which persons such as Sir Theodore would have set in terms of their commitment to service, in terms of their capacity to be agents of change whilst at the same time maintaining some element of stability and maintaining the confidence of all persons within the system whilst the changes are being made.

Sir, we owe a great debt of gratitude to nation builders such as Sir Theodore Brancker and it is therefore with sorrow that we note his passing and I invite Honourable Members of the Senate to join with me in asking that the usual Resolution be sent to his sorrowing relatives.

SENATOR C. A. MASCOLL: Mr. President, I did not personally know Sir Theodore but have come to know of him by frequent praiseworthy statements which I have heard within the walls of the Democratic Labour Party and certainly outside. From what I have heard, Sir Theodore was a very courageous individual and one who possessed tremendous foresight. In fact these qualities can be demonstrated by his association with several organisations which he served and served to conceptualise and guided over a very lengthy period. Those organisations include the likes of the Empire Club, the Rotary Club, the Bar Association, the Taximen Association and certainly the Democratic Labour Party. These organisations would have all benefitted from his tremendous foresight and commitment to service and the care that he showed, especially for the underprivileged in our midst.

It is not widely known but Sir Theodore was the brains behind the conceptualisation of the School Meals Programme in Barbados and certainly when we speak of taking care or taking note of the poor I can think of no more noteworthy example of concern for the underprivileged than that sort of initiative which would have done at the period of time in the 1960s, an initiative which has certainly served a number of Barbadians quite well over the last 2 to 3 decades. But we can also note that this was an individual, Sir Theodore, who pursued a law career during the 1930s at a time when it would have been extremely difficult for certain individuals to be given such privilege. Certainly, that demonstrates the tenacity of the man. But his concern and foresight can also be demonstrated of having served from 1956 to 1961 as

Opposition Leader. This individual was willing to give over the leadership and presidency of the Democratic Labour Party to the late Errol Walton Barrow. That gives you some appreciation of the political astuteness of the individual and certainly for all who have benefited from the party's initiatives since the 1961 period we would have recognized that to have made such a decision at a time when he himself could have enjoyed the glory of leadership at that time when the creative powers of political thinkers could have been best utilized in Barbados and certainly it must be a tremendous example of the nature and caliber of the individual to have given up the leadership of the party at that time.

11.30 a.m.

It has been indicated that he was indeed an outstanding barrister and that he enjoyed addressing the jury and, as Senator Farley cited, he addressed the jury for almost 3 days. This tells you of his love for words and possibly his way with words and I think we can all appreciate that that quality has certainly been passed to his son, a man who possesses words and who enjoys the use of words. He was indeed the longest serving politician and all of his accomplishments have gone noticed and could not have gone unnoticed. But most of all, Sir Theodore, can be remembered for the interest he showed in the people of St. Lucy in particular and people of the working-class background in general.

It is indeed another passing that we have to live with. But again it demonstrates that we need to give opportunity for a wider cross-section within the community to appreciate the contributions made by these kinds of individuals who have helped to form the fabric of the social and economic society which we presently enjoy. It is with sorrow therefore that we note his passing and may he rest in peace.

Mr. PRESIDENT: Senator Bolden.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, it is with sorrow that I rise to make my contribution on the passing of Sir Theodore Brancker and I believe that I have known him longer and in more capacities than anybody in this Chamber. If by chance I begin to speak too long, please drag me down because I knew Sir Theodore from in the 1950s. I could take more than 3 days.

Firstly, I knew Sir Theodore when I was a young boy going to Combermere School and going to dances at the Drill Hall when Sir Theodore used to be the man at the door supervising and collecting the entrance fees for the Empire Club. He was Mr. Empire Club and he always sat there well-dressed and you could not pass the door unless you were well-dressed too. There is a story that I know about him which involved himself, the late Sir Frank Worrell, Everton Weekes and Clyde Walcott. When the

three of them, having just had a successful day at Kensington in an international match, turned up and one of them was not suitably attired, he would say: "Not in here tonight." You had to pass through with your jacket on, but when the music got hot early in the morning we used to take our jackets off and turn them on the reverse side, but we still had to have on a jacket. That was the man, Sir Theodore.

I also knew him as a Middle Templar as he would always say, because when I wanted to become an attorney-at-law he signed my papers to introduce me to the Honourable Inn of Middle Temple. On my return to Barbados in 1964 about two days later when I came home on Good Friday in 1964, I remember the Monday morning he called me and he said: "You have to belong to the Middle Templar Society and you would have to be Deputy Treasurer or Secretary of the Association." The then Secretary was the late Mr. Asquith Phillips. But I remember Sir Theodore more precisely because every year we used to have a dinner for the Middle Templars at the St. Lawrence Hotel and it is there I became fully aware of Sir Theodore's love of good food and wine and his capacity to eat from then onwards. Because I think everybody who knew him knows that he had a great capacity to eat. I will tell you a story about that later.

But then it seems to me that with the introduction of the Law School in Barbados the Association of the Inns seemed to have dwindled away because you do not hear very much about the Middle Templars and such like. So that fell into disuse and we never met after that. But I also knew him as an attorney-at-law, a very astute attorney-at-law, and I must say that soon after coming to the Bar in Barbados he called me one day and he said: "I want you to do a traffic case for me, but you will not find the regulations made under the Road Traffic Act because there are only about two copies available. I will lend you my copy so you can make a copy, but I must have back my copy." I believe that his son would bear this out that I doubt very many practising attorneys have ever seen copies of the Road Traffic Regulations, 1937 but Sir Theodore had one. I believe that is what introduced me into Traffic Law and he said: "You must never look seriously at the substantive law. Always go for the regulations. There are always mistakes in them and nobody knows about the mistakes and you will always succeed." Thank God, I followed his instructions. Up to this day, the Road Traffic Regulations are riddled with inconsistencies. So that is something for people to understand.

But then we have worked together on several occasions and Sir Theodore would always say: "You leave the cross-examination to me. When we have to lead a witness, you lead the witness but leave the cross-examination to me." As a young attorney-at-law, the police

would put in their first witness and then Sir Theodore would rise very slowly and say: "Are you Mr. So and So? Were you born in St. Lucy? Do I know you from Christ Church?" I would sit there and say to myself that he is not touching the case. I remember one day that I passed a note stating: "Please go to the substance of the case." He said: "Your Worship, can I have a moment to speak to my junior?" He said: "You never win a case by touching the substance." Sir Theodore would cross-examine on the things that many attorneys-at-law would never dream about. What time was it? 12 o'clock in the day? And where was the sun? By the time Sir Theodore was finished, and he would slowly take his seat, the poor policeman would be shaking his head and the prosecutor would say: "Any re-examination?" The reply would be: "No, Sir," but everybody knew the result. It was a technique only Sir Theodore Brancker would have used, and have used. I do not believe I have ever heard any other attorney operate in the way Sir Theodore Brancker used to operate. 11.40 a.m.

I then knew him as a politician. I came to Parliament in 1970. The day I was to be introduced in Parliament, fortunately Parliament was sitting in this room, but before that the Speaker's Chamber was literally where it was on the other side. He called me and said: "Now, don't you come in until they bring you in." I said: "What do you mean by 'bring you in'?" He said: "You must never run in to take your seat. Let them bring you in." So two members of my party brought me through the door of the Senate Chamber. After my introduction to Parliament he sent and called me. I said to myself: "What does he want now?" He said: "Let me give you some good advice. Do not try to speak in this Parliament until you have grasped all the procedure, because parliamentary debate has a technique about it and it is a skill." I can say that I never spoke for about two months. I came to Parliament, I learnt all the cut and thrust and all the angles about debating, because Sir Theodore was the smoothest Speaker I have ever seen or heard. You would get up and start to talk and he would say: "Would the Honourable Member tell me from where he is speaking? Because that is not the matter before this Chamber." If you persisted, he would say: "Would the Honourable Member please take his seat?" We obeyed, and that was that.

I remember the cut and thrust between Sir Theodore as Speaker of the House of Assembly and the late Burton Hinds. The Clerk of Parliament would tell you of the time when Burton Hinds had a Question with about 29 subsections, starting with (a) and going on through double (a), double (b), double (c), double (d) and double (e). Halfway through Sir Theodore asked: "And when are you going to finish?" Burton said: "I have not got halfway through yet." He said: "Please proceed." There was a technique about Parliament then and a love of Parliament.

But then I recall the times when Parliament would sit from 10.00 a.m. until 1.00, 2.00 and 3 o'clock in the morning during Estimates and at about 12.30 a.m. or 1.00 a.m. Sir Theodore would say: "Well, gentlemen, there is still something to eat." So when you finish at 1.00 or 2 o'clock Sir Theodore would come out and stand in the lunch room, which was in the room now occupied by the Clerk of Parliament, and there would be always something to eat. He would say: "Make sure you eat enough, because when you get home you never know if there is going to be anything." In those days there used to be a vote in the Estimates for entertainment by the Speaker and Sir Theodore was clever enough that he would wait until the week before the vote expired and he would order all the drinks you want, and the Speaker's Chamber was then open for you to partake in it.

But then I knew him also as a Rotarian. He called me one day and said: "I am going to put you up in Rotary." I think most people know you only have two people in each category of Rotary, so I went in as a traffic lawyer and I enjoyed Rotary under Sir Theodore.

I knew Sir Theodore as a retiree. When he retired from practice at the Bar he called me and said: "I have a number of cases which I want you to finish for me." I said yes, I would visit him, he would give me his idea about how the matter should proceed, I told him my ideas and we would always agree on how we would go.

But the most significant thing I remember about Sir Theodore was this. One Saturday morning I got a call that Sir Theodore would like to see me. He was then living in Sunset Crest. I went to see him and he said: "Young Bolden, I have just seen my doctor and he told me I have no more than about four weeks to live and I am choosing my pall bearers." He indicated which part of the casket he wanted me to hold on that momentous day, but it is so strange that people like Asquith Phillips, who was supposed to be one of the pall bearers, passed away before Sir Theodore. I think two other persons whom he had selected as his pall bearers passed away before him. Then I would go to see him, he would always reminisce about the past, the history of Barbados, the people who have contributed to the development of Barbados, the people who sacrificed themselves, their lives, their earnings, their families, everything for the development of this country.

He said the person he had always been glad to know made Parliament was the late L. B. Brathwaite. Very few people I believe know that Theodore Brancker, as he was then, Errol Walton Barrow, Frederick Smith and L. B. Brathwaite were all members of the Barbados Labour Party until in the late fifties when they broke away and went and

formed the Democratic Labour Party. Some of them went back to the Barbados Labour Party and again to the Democratic Labour Party. Sir Theodore had always said they were the persons who paved the way for Barbados as it is today. A lot of people do not know that. We seem to believe that we should stick with political parties and not tell our young population how this country has achieved what it has achieved.

In saying that I recall the late Neville Boxill, who told me immediately after 1966 that Sir Theodore Brancker, when the Democratic Labour Party won the election in 1961, was the leader of the party. I mentioned this to Sir Theodore and he said: "No, let me put you right on that." Because it took the Democratic Labour Party nearly three weeks before they formed the Government in 1961 and Sir Theodore, who was the leader in Parliament up to the election, decided he would not be Premier of Barbados and it took him three weeks to come to a conclusion on who would be Premier of the country at that time. I will not say how they finally chose the late Errol Barrow, but it is not as a lot of people in this country think, because it was three weeks day and night running across this country by the same Neville Boxill, Fergusson and Cameron Tudor trying to decide who they would make the leader, and it is by chance that they picked Errol Walton Barrow. They said they would give him a year until the next year when Sir Theodore would have taken up the leadership. A lot of people don't know that. "Give him a year, let's train him for a year because he was having trouble at the Bar and had been cited for contempt. Let's take him off the legal profession and try him for a year." History one day will be written and it will be put right.

11.50 a.m.

I knew Sir Theodore Brancker. He could tell you the history of nearly every person in this country. He always said to me, "you can only remain in Parliament so long as you service your constituency. You must learn to know the name of everybody in the constituency and you must never be afraid to go into the poorest house and sit down and eat dinner with the people and make sure the first thing you eat is the potato in the pot."

He also told me that is what caused the two sitting members for St. Lucy when single member constituency came to step down, because the question was who should step down, Cameron Tudor or Theodore Brancker. Those two gentlemen had a division which occurred over an incident which happened at a wedding in St. Lucy when both were present. They decided that one would not step before the next. They sent abroad for Evelyn Greaves and brought him here and told him he would run because both of us would have to step down rather than one and not the other.

I knew Sir Theodore well. He was a man that one could always rely on for good advice and as somebody said he could always give you a good rumour as well, too. When you hear of a good rumour, he started it himself. I used to say, "you know Sir Theodore..." when he said "Have you heard?" I would say, "yes, Sir Theodore, where did you hear it, in your own bosom?" He would laugh. But he was a man who loved life, who loved people and he enjoyed life.

It is with these few words that I will say that I offer my condolences to the members of the family of Sir Theodore Brancker and to his son who, I figure, has followed in his footsteps in many respects and I hope that his passing will at this point influence the historians in our society to really write an account of the lives of people like Sir Theodore Brancker, L. B. Brathwaite and those persons who were the forerunners to Barbados as it is today because the days of Sir Grantley Adams, Sir Theodore Brancker, the late Governor-General Sir Hugh Springer, those are the people who carved out the path in which this country should develop.

If we stop to remember the days of indentured labours, the days of the child gang, the days of the devil grass gang, the pond grass gang, the days when you were tied to a plantation and you couldn't move, the Located Labourers' Act, those are the persons who have made the Barbados that we now enjoy.

May he rest in peace.

SENATOR J. A. WORKMAN: Mr. President, it is with a great sense of thanksgiving in my heart that I rise to give a brief tribute to Sir Theodore Brancker. Thanksgiving because my early adult years have been touched by his life at the Bar.

We have heard today that he served 62 years at the Bar and I am now serving just exactly half of that.

"The heights by great men reached and kept
Were not attained by sudden flight,
But they, while their companions slept,
Were toiling upwards in the night."

We, of this nation of Barbados, have a number of men and women whose lives have epitomised those words, of whom Sir Theodore Brancker is one, men and women who have carved the niche for us, who enjoy the fruits of their labour. They have toiled in their lifetime with sweat, blood and tears to break through many odds which faced the poorer people of Barbados so that we today enjoy the freedoms we have.

Our nation must never forget these people. Some people call them heroes and heroines but I am a little afraid of those words, Mr. President, because we tend to idolise those people we call heroes and heroines, and idolatry can be a serious thing.

There can be no doubt that Sir Theodore is one of the several persons who blazed the trail for a free Barbados, for democracy in Barbados and whose good works and whose human relationships in life must be perpetuated in this land of ours. Sir Theodore was a man of several virtues. He was courageous, honest, sincere. He was a human being. He knew how to use all of the graces and the talents with which he was endowed as a human being, not for himself but more so for the upliftment of people of all walks of life.

It is these types of graces and virtues which we are missing in Barbados today. And I believe that the passing of Sir Theodore must be seen and used as a catalyst for restoring to our nation those great virtues on which our land has been built and those great virtues which can restore the imbalance which we see in our society today.

I was happy to have met him in my early law practice and I remember in particular the only occasion in which I was involved in criminal law from the inquest right through to the manslaughter proceedings in the High Court, an accident case which took place at the junction of Six Roads and to learn from Sir Theodore the art of meticulous examination and of devastating cross-examination and to be able to keep one's eye fixed on the goal and to pursue that goal with all diligence.

He always wrote with green ink and with a handwriting which no one could copy. I don't believe even his son, George, could copy that handwriting. But as he passes from this earthly scene and goes to higher plains, I would not wish to say that we are the poorer for his passing, but to say that we are the richer for his passing because he has left us a legacy which should live on in the lives of those he has already touched and which should continue to be perpetuated by some kind of memorial to him.

I believe that he is one who must, when the appropriate time comes, be enlisted in that hall of famous persons who have built our society.

As we mourn his passing, I believe it is fitting to use words of the Apostle Paul to young Timothy and to apply them to ourselves, seeing ourselves as the young men and women coming up in political life, coming up in social activity, coming up in law practice, coming up in all of the other areas which have been shared with us today.

Sir Theodore can truly be said to be like St. Paul who as he came to the end of his days said, "I have fought a good fight, I have finished my course, I have kept the faith."

Sir Theodore did fight the good fight. He did keep the faith. He has finished his course and we thank God for his life, his work and for his witness. To his son, George, to his widow and other members of the family, I extend condolences and I am sure that other Independent Senators on this side will join with me in this tribute and those words of condolence.

12.00 noon

SENATOR Mrs. P. E. RICKINSON: Mr. President, I endorse everything that Senator Workman has said but I would like to add a few comments to the passing of Sir Theodore Brancker. As a little girl I knew Sir Theodore Brancker when he used to visit our home. My father at that time was Registration Officer and at the weekends he used to visit our home with his beloved son and enjoy pudding and souse made by my mother on many an occasion. At that time I used to admire him as a very dashing and handsome young gentleman.

Sir Theodore, as we have heard, was a very dynamic person, full of life. He admired women. He lived a full social life and married a fellow ranger and colleague of mine, the former Gwen Walcott. In addition, we have heard about his distinguished career in law and in Parliament. As an adult, I had the honour again to be in contact with Sir Theodore personally when I was appointed to the Alexandra School as a Board Member and he was Chairman at that time. And his rule was law. Sir Theodore and I at that time had quite a lot of intellectual discussions about education and very often we would agree to disagree. But he made no bones about who was Chairman and who was ruling the roost.

Sir Theodore has produced one of our most outstanding sons of our soil who has walked in his footsteps as a lawyer and has distinguished himself as a leading authority in parliamentary procedures from which I myself have benefitted.

On behalf of my family who knew Sir Theodore very well, and myself, I extend condolences to his wife, Lady Brancker, to his son George and to all his sorrowing relatives. May his soul rest in peace.

Mr. PRESIDENT: I think the Senate as a whole is indebted to Honourable Members who have spoken, in particular, Senator Bolden, for his very comprehensive presentation and his intimate glimpse into the life and times of the late Sir Theodore Brancker. It remains only for me

to associate the Chair with the remarks made in tribute to Sir Theodore. His name will long be remembered in the public life of this country. He was, after all, one of the builders of modern Barbados.

I would like to extend my own condolence to his widow Lady Brancker, to his son, Mr. George Brancker, Clerk of Parliament, and to his other relatives.

I now ask Honourable Members to stand for two minutes in tribute to the memory of the late Sir Theodore Brancker.

Senators stood for two minutes' silence.

ORDER NO. 1 – BILL TO AMEND THE NATIONAL INSURANCE AND SOCIAL SECURITY ACT, CAP. 47

SENATOR THE HON. R. R. FARLEY: Mr. President, I rise to move the second reading of this Bill to amend the National Insurance and Social Security Act. These amendments are designed, among other things, to implement the concessions which were granted to manufacturers, agriculturists and hoteliers with respect to rescheduling of National Insurance debt, to provide for the imposition of civil liability on the directors of companies for non-payment of contributions by their companies and to provide for the establishment of a separate account for the Unemployment Benefit Fund.

It also increases and expands the range of offences under the Act and, generally, the major intention of the amendments is to ensure compliance, which is one of the fundamental underpinnings of the stability of this National Insurance and Social Security Scheme.

Sir, I am sure that all will agree that this NIS Programme has been a fairly comprehensive, social, safety net in Barbados and, in fact, the existence of such a safety net has been one of the major contributors to the continued stability which Barbados enjoys.

We recognise, Sir, that the NIS has been one of the means by which the loss of income which is associated with maternity leave, sickness, temporary loss of jobs as well as the very lonesome and terrifying situation which can confront individuals, that is when one is no longer young and fit enough to work but yet one still has expenses to be met, the stabilising effect of this social safety net has been of tremendous importance. It has been part of the fabric of the society that together with the various economic measures that may be introduced from time to time, has allowed us to be able to attract both local and foreign investment into Barbados and to generally allow

the majority of our citizens as well as our visitors to enjoy their lives in Barbados in peace and safety.

Sir, the NIS provides more specifically for a number of benefits. These, I would want to take this opportunity to remind this Honourable Chamber include unemployment benefits, sickness benefits, maternity benefits, invalidity benefits, employment injury benefits including within that component medical expenses, specific injury benefits, death benefits and the like. There are also funeral grants and the old age contributory old age pensions. There is also the non-contributory old age benefit which can be given in the form of a grant or pension as well as a survivor's benefit which can be in the form of a grant or pension. But given the importance of this particular programme to the national life of Barbados it is important for us, from time to time, to review the performance of the programme and to ensure that we take such action as is necessary to ensure the continued viability of the National Insurance and Social Security Programme which because of its importance we can all conclude that any disruption in the smooth operation of the NIS programme will result in major social dislocation which will then translate itself into political and economic destabilisation was well.

12.10 p.m.

Now, Sir, it is true to say that social security programmes in the Caribbean region are now reaching the age of maturity given the length of existence. The programme in Barbados has been in existence, Sir, for almost 30 years and this maturity in the context of National Insurance systems is measured in relation to the relationships between contribution income and benefits. A programme such as the National Insurance is deemed to have become mature when persons now qualify for maximum benefits payable, therefore you are at the maximum level of the total benefits that have to be paid and this obviously will suggest that unless one is able to match the contribution income as well as returns on investment then the shortfall would have to be met from somewhere, Sir.

What we are undertaking here today, Sir, is part of that process, the process of taking some action which would seek to ensure the continued flow of contribution income by way of ensuring greater compliance and that would be important in the context of a scheme which is maturing and therefore liable to maximum payout of benefits relative to the other periods of the life of the programme.

In addition, Sir, there are other challenges outside of the general concept of maturity which the programme will face. For example, Sir, there will be successful groups of workers within the society who will take the view that they

do not need to comply or to participate in National Insurance because they are now in a position to take care of themselves. So the question will be asked, why should I comply since I can take care of myself? This question, Sir, really is a question of the change in societal values because one of the fundamental underpinnings of a national programme such as the National Insurance and Social Security Scheme is the whole concept of the greatest good for the greatest number and those of us who are able, contribute some of what we have to those who are not quite so able, the concept, Sir, that we have to pay today to get tomorrow and so on but it is more a collectivist concept than that of individualism. Those, Sir, are fundamental questions which societies will face from time to time. Do we bow to the wishes of those who, because of their individual circumstances are able to take care of themselves or do we cast the net as wide as possible and have the very able, the not so able and every-one putting a bit together in order to ensure that everyone is able to have some measure of comfort.

Another challenge, Sir, which social security systems face over time and certainly we here in Barbados are facing is that of increased longevity. The profile of our population, Sir, has been changing over many years as a result of the progressive social programmes that have been put in place. We know, Sir, that Barbadians are living for much longer than they did before. In fact it is said, Sir, that our population profile in terms of the age groupings in the society, more approximates that in a developed society than that of a developing society. But what increased longevity will do is that it will result in an increase in demand on their long-term benefits.

But, Sir, whilst that is occurring there is also another challenge which we are currently facing and that is, Sir, of the reduction in the base of the younger working population as a result of a number of factors one being the shifting population trend but the other, Sir, which we also have to consider which are more peculiar to our current situation is the expansion of the informal sector in the economy of Barbados and Latin America and the Caribbean as well, Sir, as the effect of chronic illnesses on the health and even the very life of the working population.

In the second instance, Sir, I refer to give an example of the whole question of HIV and AIDS. This and other epidemics which if they run their full course have the potential to reduce the base on which contribution income can be drawn whilst at the same time we are having those persons who are on the upper end and living longer who will continue to demand benefits for longer period of time. But in terms of some of the short-term impacts on some of the programmes one can have a situation where chronic illnesses will result in higher payout for sickness

benefits and the like. But the major concern which one would have to watch in a programme such as this is the matter of the depletion of the working population whose contribution income is one of the main bases of support for a National Insurance and Social Security Scheme.

The expansion of the informal sector is one which we also have to watch. The design of these programmes in the Eastern Caribbean has largely been placed on the mode of thinking, the way of doing business and the general nature of the relationship between capital and labour in the period 30 and 20 and those years ago when these programmes were developed.
12.20 p.m.

In those days the dominant attitude and aspiration of young people for example would have been to find a steady job from hopefully a good employer and therefore a programme could be developed where National Insurance payments are deducted from one's earnings and paid into a general fund. Also, even in terms of the profile of the benefits which are drawn, Sir, when longevity in employment was one of the dominant features of the relationship between capital and labour, it meant that Severance Payments Programmes, Unemployment Benefits and so on were really almost just theoretical construct. Today, Sir, given the change in the relationship between capital and labour and with the whole issue of down-sizing and right-sizing and cross-sizing, we have a situation in which there is no longer that longevity in terms of the relationship a specific employer and a specific employee. So you have a greater demand again because of the nature of the relationship on unemployment benefits for short term, severance payments and the like.

But another feature, Sir, is that part of change in attitude and aspiration of our younger people, Sir, quite properly so I will add, is that they are very much interested in self-employment and in starting their own businesses and in seeking to maximize their earning potential by moving from time to time to places of the highest worth as far as employment is concerned. But that puts pressure on the Fund, Sir, because no longer can the Fund depend on these steady weekly or monthly deductions from a well known source who is an employee on the books of a few companies. So obviously different mechanisms have to be devised to ensure that with the emergence of the informal sector that the viability of programmes such as the Barbados National Insurance and Social Security Programme is not called in question.

Sir, it is against that broad back drop and the importance of National Insurance and Social Security Programme to Barbados as well as some of the broad challenges which this programme like any other similar

programme will face, that it will look at some of the specific issues with respect to NIS in Barbados. Now, Sir, an important component of the management of the NIS is the continued actuarial reviews that are conducted, because at the end of the day whatever may be the social virtues of having such a programme it is really an insurance programme where one has to look at the statistics, Sir, concerning the economic, demographic and financial data for example, Sir, as well as the whole matter of the investments and other business aspects of the fund.

So that, Sir, Members would have received the 8th Actuarial Review of the National Insurance and Social Security Scheme of Barbados and that Actuarial Review would have covered the period 1991 to 1993. It is based on that Review as it has been with the other 7 before that, Sir, that various adjustments are considered in National Insurance from time to time. That Report, for example, would indicate that generally speaking the economic performance in the early 1990's would have had a negative impact on the National Insurance Fund. It would have indicated that contribution income would have fallen somewhat over previous periods, Sir. In fact, there was some movement up and down in contribution income but at the end of the day the contribution income at the end of 1993 would have been some 3.7 per cent lower than it was in 1990. If we were to go a little further back, Sir, and look over another period, you will come up with other results. But basically the contribution income, for example, would have increased in 1991 by 17 per cent but then it would have fallen rapidly in 1992 and 1993. But at the end of the period under review, Sir, the overall net effect would have been a decline of some 3.7 per cent. On the other hand, Sir, benefits would have also increased and that increase during the 1991 to 1993 period would have been in the order of some 1.9 per cent. So you have a situation, Sir, during the review period where contribution income would have shown a trend of decline and benefits would have shown a trend of increase, and that basically would have been as a result of the benefits in the long-term component of the scheme.

What is an important point to note is that the review would have also indicated the increasingly important role which investment income plays in the operation of the National Insurance Scheme. In fact, Sir, at the end of 1993 investment income was able to contribute some 26.4 per cent of the overall expenditure in benefits. That is important, Sir, because as I indicated earlier the two components which are contributors to the ability of the National Insurance Fund to meet the benefit payments are contribution income and investment income. It is pleasing to note that the National Insurance Department continues through judicious placements of their investments to be able to benefit from decent rates of return and thereby is able to meet some of the shortfall in contribution income.

In fact, I will look at the benefit side of the Programme. I have mentioned earlier about longevity as being one of the major components in terms of pressures being placed on the Scheme. Now to illustrate that, Sir, the Actuarial Review indicated that whilst the number of working persons during the review period would have decreased by 4.2 per cent, the number of pensioners would have increased by 1.7 per cent. Again, those are interesting directions. But what is also very important, Sir, were the projections in terms of where we expect these figures to go.

The current projections, for example, suggest that by the year 2010 that there will be over 22 000 old age contributory pensioners who will be receiving benefit from the Scheme. The number of non-contributory pensioners would have also increased to over 8000 pensioners and these will be higher than the projections which were made in the 7th Actuarial Review. Now within this context it is reasonable to conclude and the Report basically concluded that the present rate structure and the present level of contributions and the present level of compliance, although they have yielded reserves of something in the region of \$6 million up to 1993, today the sustainability of the National Insurance Fund will be threatened after the year 2000 unless we make a number of changes.

12.30 p.m.

One of the things that can be done, and one of the things that these amendments seek to do today, is to ensure that the base of the number of persons contributing to the Scheme does not become further threatened as a result of deliberate acts by individuals who seek by various scheme to avoid paying National Insurance.

We know, for example, that one of the things that is done is that ordinary workers – maids, store clerks, secretaries and factory workers – have been deemed to be independent contractors or self-employed people by their employers, so that the burden of National Insurance, if they pay at all, would fall to the individual as opposed to the normal process for employer/employee where employer pays a portion and employee pays a portion, a 59:41% split.

It is interesting to note that these independent contractors, however, are told what hours they have to get to work, how long their lunch break is and they function, to all intents and purposes, as employees, but for the pure device of employers being able to get away from their National Insurance obligations, these individuals are classified as self-employed. Which is why one of the clarifications that has been made in the amendments is the provision for a definition of employer which would ensure that this kind of situation does not develop where persons who in terms of the relationship with the company function

in a particular way clearly cannot be considered as self-employed for the purposes of National Insurance.

Another questionable practice which the amendments seek to speak to is that of persons shifting their assets from company to company whilst leaving large debts to the National Insurance Scheme in the name of the old company. The amendments by creating the payments due under the National Insurance Scheme as a trust and that being segregated from the general assets of the company, then it means that this particular practice would have suffered a much needed blow. But as a result of a number of devices that have been used by persons who have been attempting to escape the payment of National Insurance, the indebtedness to the National Insurance Department as at December 31, 1995 was in the order of some \$50 million and that, you will agree, Sir, is not exactly a small figure.

Some of these amendments we are proposing today are meant to ensure greater compliance. This, we recognise, is extremely important if we are to be able to assure the longer term viability of the Scheme. It also is in keeping with the general philosophy of the society which we understand to be one of collectivism rather than rampant individualism. In that context the wider society demands, based on those principles, that every effort be made to ensure that those persons who are able comply with the general long-term interest of the wider society.

Let me look at a few specifics in the Bill, Sir. It is proposed that an amendment be made to Section 2 of the National Insurance and Social Security Act by inserting new definitions. As I mentioned earlier, the definition of employer. That is given as –

“any person employing one or more persons under a contract of service, whether expressed or implied, oral or in writing and includes any agent, manager or representative of such person, who is responsible directly or indirectly for the payment in whole or in part of remuneration of an employed person.”

It also clarifies “Minister”, meaning the Minister responsible for National Insurance.

Another amendment Members will observe being made, and I would perhaps need to explain this a bit, there are references to Section 12 of the Act in relation to Barbados Community College and Erdiston Teachers' Training College. The employment relationship of employees of those organisations, although they are statutory bodies, is more akin to that of public officers in the general civil service. What is being done is an amendment of the Act to ensure that the applicable rate of NIS is payable by those officers in keeping more with their employment status than had been otherwise done. This

is an amendment which has a bit of a long history and should have been done some time ago. That is a technical amendment to ensure that the rights of those workers are protected and that the applicable rate of NIS deductions is made in keeping with their particular status.

Section 5 of the amendment speaks to various amendments to Section 15 of the Act. These largely relate to the various penalties that have been imposed for breaches of the Act relating to failure to pay contributions by the insured person and to the failure of the employer to pay his contributions. It provides for the body corporate and it also provides for the liability to be placed on directors.

Section 18 is also amended, Sir. This is one I referred to earlier, where National Insurance funds which are deducted shall be held in trust for the National Insurance Fund by the employer and it requires that the funds be kept separate and apart from the assets of the employer and it also indicates that these funds which are being kept in trust for the National Insurance Department should not be subject to attachment for debt or liability of the employer in the event of liquidation, bankruptcy and the like.

Clause 7 of this amending Bill also seeks to amend Section 18. This is an amendment arising out of the 1995 budgetary proposals of the Right Honourable Prime Minister, where the Prime Minister had proposed that as a means of stimulating the agricultural, manufacturing and hotel sector he would enable them to improve their cash flow position and thereby be able to use their limited available cash resources to buy raw materials, to purchase equipment and to generally do those things as would seek to put the company in a position to fulfil orders to improve their production capability and capacity and generally, Sir, engage in a restructuring programme. At that time, Sir, it was proposed that persons in the 3 sectors mentioned whose companies at that point in time were indebted to Government Ministries, departments and their other agencies would enter into specific arrangements with the departments along broad guidelines where arrears would be converted to a loan on which there would be a 2-year moratorium and subsequently a 5-year repayment period. 12.40 p.m.

That objective has been implemented in all of the other relevant departments, for example, the Income Tax Department and many others. It was not possible, however, to introduce this one with respect to National Insurance without amendment to the relevant act. In the other cases it was possible to achieve the objective legally by administrative arrangements.

What is being placed in the Act here is the legal provision for the National Insurance Department to enact officially the policy as outlined by the Rt. Honourable

Prime Minister and Minister of Finance with respect to restructuring the indebtedness of a number of corporate entities in the agriculture, manufacturing and hotel sector with respect to national insurance.

Another major amendment, Sir, seeks to establish a separate account for the unemployment fund. Generally speaking, it is important for the long-term and short-term benefits aspects of a broad national insurance programme to be segregated. They have different actuarial and other performance criteria indicators and basically they are affected by different occurrences and the like. The aspect of the national insurance programme which is obviously most under threat and which has to be most carefully looked at would be the long-term component of the fund.

It is important therefore that we take action to segregate that properly so that performance can be monitored effectively. What is proposed is that the portion of the unemployment benefits fund which is currently aggregated as part of the national insurance general fund would be segregated and the funds transferred into an unemployment benefit account over a period of time in such amounts as the Board would determine to be most prudent. So that is provided for in this Act as well.

The whole question of compliance and the confidentiality of information supplied to the National Insurance Department or other persons who would have access is again given some weight and strength by amendments to section 39 of the principal act providing for a number of offences and appropriate funds concerning matters of a fraudulent nature or also very importantly persons who communicate information that might come to them in relation to certain aspects of the contributions and the like.

Sir, the important section which I made reference to earlier as part of the compliance efforts which are deemed to be required is mentioned at section 14 of the amending bill where it seeks to amend section 43B of the principal Act so that directors of companies would incur liabilities for the non-payment of national insurance that is deducted on behalf of employees of the company.

This provision Sir, is really just an extension of the general principles of the responsibilities of directors for their companies. The directors are charged with the general responsibility of insuring that the interest of the company are kept first and that they exercise due care, diligence and skill in the management of the company. What is being asked of them is that they also exercise due care, skill and diligence in seeking to deduct and remit those amounts that are required by the law for contribution to the National Insurance Fund.

It makes provision for penalties to be put in place for those persons who fail to do so. This amendment also quite rightly gives certain circumstances in which directors would not be liable. The act also attempts to make provision for the National Insurance Department to move on persons whom they suspect to be planning to leave the jurisdiction without settlement of the national insurance obligations and that provision we hope will work because a few persons have become quite well known for their efforts at eluding not only authorities in this jurisdiction but elsewhere who might also happen to own national insurance.

Sir, we are satisfied that these amendments to the National Insurance and Social Security Act would help to provide the kind of broad, legal framework within which the directors and management of the National Insurance Scheme in Barbados can continue to give the kind of good service that they have been giving over the years.

In fact, Sir, I believe it would be remiss of me not to use the opportunity of my position in this Chamber to acknowledge the work that has been done by the Directors and Staff of the National Insurance Scheme over the years. The fact, Sir, of the longevity of the programme, the fact of the resolve of directors and management of the scheme to ensure its continued success and the fact that those persons charged with the management of this very important aspect of Barbadian society, the fact that they recognise their important role has not been lost on me and I am sure it has not been lost on other Members of this Chamber.

I would certainly want to place on record my appreciation for the commitment which successive Boards of Management have had to the programme and their willingness over time to take into consideration all aspects of all matters which are relevant to improving the general performance both in terms of financial and customer care terms of the national insurance programme.

With those introductory remarks, Sir, I commend these amendments to the National Insurance and Social Security Act to this Honourable Senate and move that this Bill be now read a second time.
12.50 p.m.

SUSPENSION OF SITTING

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that this sitting be suspended until 2.00 p.m. today.

The question that the sitting do now suspend until 2.00 p.m. today was put to the Senate and agreed to. Mr. PRESIDENT suspended the sitting accordingly.

RESUMPTION

Mr. PRESIDENT: This sitting is resumed.

SENATOR Mrs. A. P. THOMPSON: Mr. President, I do not believe I should have a lot to say since for the past few months I have been from this Honourable Chamber placing a lot of emphasis on the importance of the National Insurance and Social Security Scheme to Barbadians and pressing home the urgency with which this Scheme needs to be addressed, so I do not think I need the Press. Everybody knows about it.

Social Security Schemes can be traced back to the early days of the Industrial Revolution in the 1700s and early 1800s. At that time people moved from rural areas to cities to work in factories when they received valuable wages and worked under dangerous conditions and could not afford to save for their old age or take care of themselves and their families during periods of disability, or when they lost their jobs. As a result, Governments at that time found it necessary to address this very serious condition. Of course, at that time there were no Government assistance programmes and there were no private relief organisations for there was the belief at that time people were to blame for their own misfortune, the poverty, and there was therefore the belief that there was no need for the State to look after the interest of those individuals concerned.

The Social Security Scheme really started in Germany. I think it was Bismark who implemented the first old age compulsory social security programme in 1889. The United States of America, which we all seem to follow so dearly, it was not until 1935 that the United States Government, after the Great Depression, passed the Social Security Act so that we see that Social Security Schemes have their origin in Europe.

It was in 1967 that we in Barbados implemented our National Insurance and Social Security Scheme. The Scheme, as Senator Farley said, is divided into two parts. We have our short-term benefits and our long-term benefits. I believe what is concerning most working Barbadians at this time is the long-term component of our National Insurance and Social Security Scheme.

We in Barbados have one of the most comprehensive Social Security Schemes there is in the world. I recognise, and I know a number of Barbadians recognise the importance of protecting the integrity of this Scheme, of making sure that those individuals who have been contributing throughout their working lives that when they cease to earn they can turn to the National Insurance and Social Security Scheme for benefit. I would therefore have no difficulty in supporting legislation which sets out

to protect the integrity of the Scheme. I agree there is need to make sure that employers who deduct contributions from the wages and salaries of employees ought to recognise that they owe it to their employees to pay this money over to the Scheme.

One of the problems I have in Barbados at this time is the tone with which we are debating the National Insurance and Social Security Scheme. I think so many of us seem to want to make believe that we are all fully knowledgeable. We have all the information there is to know on the Scheme and it is only those people out there who are the culprits who are not keeping up with what is expected of them. I think that is a myth.

Had this Scheme not been a compulsory one, even the most educated and sophisticated in our society would not contribute to it. It is compulsory because Government has to make sure that its working population makes its contributions to the Scheme. I believe when we address the self-employed people, especially the small self-employed people in this country, we ought not to make them appear to be criminals. They do not know any better. That is the truth.

Almost everybody in Barbados sees the NIS Scheme as a form of taxation. We have never over the years addressed this as a scheme which is providing benefits for us in the short-term and in the long-term. We are all seeing it as a form of taxation. Sometimes many of us, especially at a time when 12.5 per cent of our income was deducted, a whole 4 per cent taxation attached to the NIS Scheme, almost everybody in Barbados saw the Scheme as a tax burden. To make belief that the individuals out there, the vendors and those individuals who are not contributing to the Scheme are doing so because they are vile and they do not want to do it is not to address the problem. The fact is we have implemented a scheme in Barbados and I do not believe we have done enough in terms of public education to make sure that Barbadians understand the importance of the Scheme.

I would want at this time to make special mention of the work of the Life Underwriters' Association of Barbados which has, since 1990 through the School of Continuing Studies at the University of the West Indies, been conducting a class in pensions and social insurance. All Barbadians who now gain a licence to market life insurance in Barbados are exposed to the structure of the National Insurance and Social Security Scheme. I teach that class so I have to declare an interest. I think I would need to say that.

I think we need to accept that in our culture we have the employees at heart. We have not been trained to

employ ourselves. But with this new shift in our whole economic plan, with this new thrust to get Barbadians more actively involved in the economy and to create employment for themselves and others, the need is there. We must out of necessity reach out to those individuals and really stress the importance of the National Insurance and Social Security Scheme not only to themselves but to their relatives.

I thought I really needed to put a case for self-employed people. Some of the comments I have been hearing are not fair because when one in a conversation sits with a self-employed person and tries to explain the Scheme people say: "Well, I never knew that." They are not aware that if they die there is a benefit coming to their children. They are not aware that there is a benefit coming to the spouse. They are not aware that there is a disablement benefit which they can have for the remainder of their lives once they can work no more. I think we are really shortchanging our citizens as a government by not saying to our people the importance of the National Insurance and Social Security Scheme and by not educating them on the benefits to be derived from this Scheme.

I think what the Government needs to do at this time in order to address that problem, because only 14.8% of self-employed people in Barbados own private pension plan. The percentage who contribute through the National Insurance Scheme is extremely small. The problem we will have in future, and that is why I do not support the view that we should cut them off and make sure they do not get a non-contributory pension if they do not contribute to the Scheme. I recognise it is a contributory scheme and it is necessary for the contributions to be made but I agree with the Leader of the Opposition. What we must do at this time is to use a lot of moral suasion. We must use the young people, the youth commissioners. I think the Government can use the services of the youth commissioners, educate them in the benefits of the Scheme and send them out to contact these self-employed people in Barbados to explain to them what the benefits are under the programme.

I think we may have to go the route the life insurance companies went in the past to collect from them their contributions and pay them over to the National Insurance Department. Until they become accustomed to the Scheme, until they understand what is expected of them, they will not contribute to the Scheme, so running them down is not going to mean any sense. If we cut them off and decide they get no non-contributory pension, they will still go to the hospital and get their services when they become old. They will still go to the Welfare Department to get all the aid they need. If we are talking 15, 20 and 25 years down the road, it could be a significant cost on the State to maintain those individuals who are not getting non-contributory pensions, so we have to balance it.

I want to suggest to Government that we need to address that matter carefully. I have no difficulty enrolling my self-employed clients in the Scheme but what it means is we have to spend a bit more time with them explaining to them what are the benefits in the programme.

Of course, one of the other areas which we need to deal with in the Scheme and which is a national challenge is our aging population and whether the Scheme as it now stands is properly structured to take care of our aging population. Before I get to that, let me get back to the self-employed people.

There is no provision in our National Insurance and Social Security Scheme for self-employed people to get an employment injury benefit. I can understand not paying them an unemployment benefit because it is hard to prove that they are unemployed but there are sole proprietorships. A lot of our self-employed people are single. There are a lot of one-man, one-woman businesses in Barbados. If you are a street vendor on Swan Street and in pushing your cart in Swan Street you break a leg or you have a serious fracture and you have to be away from your work for 3, 4 or 5 months, why should not you be able to draw unemployment benefit injury benefit from the National Insurance and Social Security Scheme? If you are going to be targeting self-employed people for this scheme we have to make sure that the scheme can cater to them in a way in which people can see their needs addressed. If a seamstress who gets her sewing machine needle broken in her arm and that is her only way of earning a living, she has a swollen arm and cannot perform her duties as a seamstress for two or so months, why shouldn't she be able to draw unemployment injury benefit from the National Insurance Scheme? So if the direction in which we are going is self-employment certainly we have to upgrade the scheme to cater to these individuals. That is the appeal I want to make to the Government. The Scheme is deficient in that area and we must address that.

2.10 p.m.

The aging population and the challenge to not only the social security scheme during the Estimates debate, Sir, I sought to address this area. It is of major concern to me because I do not think many Barbadians recognise the crisis that is facing us at present. When I sit and think about what will happen in the 2030 all those individuals who are 31 years old today and who are making a contribution to this National Insurance and Social Security Scheme can discover that having funded that Scheme for people my age and people a bit older, having made provisions for these individuals no adequate provision has been made for them because some of the factors contributing to the inadequacy of the fund are really beyond our control. We cannot determine, unless we do

like some developed countries and decide we have to import people, we cannot go to mass immigration in order to boost up our work force to get contributions to the Scheme. Our resources will not allow that. We have high unemployment here already. We now have to get our own people out to work and that is one of the solutions some developed countries have resorted to in order to cope with the challenge of fewer contributions going in at a time that greater benefits are coming out of the scheme.

We have not yet addressed the idea of extending the age of retirement. That is something that developed countries have resorted to. Can we do that? If we decide to do that what are the implications for Barbados? What are the costs? One could say the work force is bigger, you are getting some taxation for a bit longer but what are the implications for the younger people who would want to seek employment and hope to get ahead in their organisations? So that is a challenge. How do I deal with that? Do we reduce benefits? Can we afford to do so at this time in Barbados? Do we increase contributions? That is something that developed countries have done. At the time that we are increasing contributions they have reduced the benefit in order to address this aging phenomena. So I believe that with national debate on the aging population and the challenge to the State we have only scratched the surface of this grave matter and I hope that as we go along we will continue to address it in a very thorough manner because all of our planning will go to nought unless we recognise what a large chunk of our national resources we will have to set aside to cater to this aging population. I really hope we can stimulate some discussion on it.

The other thing that concerns me about the aging and the integrity of the National Insurance Scheme is the fact that almost all of our private pension plans in Barbados are integrated with the National Insurance and Social Security Scheme and what that means basically is that employers have decided that they make a contribution on their employees' behalf just in excess of what you would get for a national insurance pension. Now the national insurance pension is projected to be 60% of final earnings and employers are using a statutory pension of 66 2/3% which means they are providing 6 2/3%. Unless we make sure that this Scheme can pay out a final earning of 60% we would be giving to Barbados a number of impoverished people because if you are sitting back expecting this size pension and suddenly you realise the Scheme can only pay 50% or even 45% you will retire with only 51% final income and it takes at least 70% of final income to live comfortably so the State would find itself later having to supplement seriously the retirement benefits for individuals.

It is extremely important that we make sure that this National Insurance and Social Security Scheme can perform, too much is hanging on it. The maximum

insurable earning of \$3 100 protects almost the full income of all those individuals earning \$3 100 and below. It means that the full income is covered under the Scheme but for those individuals who earn in excess of \$3 100 each dollar in excess of that amount is not covered by the Scheme. How is the State going to address this matter? I believe that there is a need again for education. People must understand that if they want to maintain a comfortable standard of living and they want to be able to provide long-term care for themselves as they become older that is another issue. If they do not want to have to go to a geriatric hospital or to have to go to the public health institution, if they want to maintain the image which they have had during their working life, then they must make their own provisions in this regard.

It is necessary at this time for the Government of Barbados to seriously address private pension plans and make sure, by way of incentives, that these individuals can provide this additional retirement income. At the end of the day they will still fall back on the State if they have not done it for themselves.

At present there is a tax deductible of up to \$1 500 for a private pension plan to individuals and I am hoping that this matter can be addressed in this particular budget and that this amount would be increased.

I think also we need to really get out there and work closely with private corporations. In the past a number of businesses in Barbados had employer/employee schemes in place. I believe it was around the time that those levies were attached to the National Insurance and Social Security Scheme that a number of employers backed away from implementing private pension plans for their staff. I am not sure that a number of the directors of these companies are aware that the levies have been removed. If they are, they have done nothing about it and I hope the trade unions and all those other organisations which look after the interest of people in the work place would make sure that employers embark on this kind of programme again especially in this atmosphere of remuneration on productivity.

2.20 p.m.

There are so many ways now that individuals cannot really tell the true position of the profitability of an organization and I believe that the onus is on the trade union movement and all those individuals who seek to protect the interest of workers to make sure that in this climate that employers get back to the time when they introduced Employer-Employee Pension Plans. These plans are classified as fringe benefits really exist in the morale in the work place. They really help people to feel that they belong to the organization and with the emphasis on productivity they could enhance that extra effort that a

worker would invest in an organization, providing of course the worker is aware there are benefits coming on his or her behalf and that these benefits have been provided by a caring employer. So we really need to get back to that, but we have a problem. The problem we have in Barbados is one in which employees are not aware that their employer is doing something for them. It is not often that I speak from that side of the table because I speak on the worker's behalf. That is why I am here. But I think it is very important that employees understand that for each 8 per cent that is contributed to the National Insurance and Social Security Scheme by them the employees that there is a matching contribution by the employer. I do not believe employees pay enough attention to this.

If we really want to get the true spirit going in Barbados for people to respect and appreciate the Scheme, we need to tell them the full facts. During economic difficulty in Barbados a number of businesses did not make their contributions to the NIS Scheme. I have not from any public platform in this country attacked businesses for this. I have not because I recognize how businesses operate. But I believe that had employees been aware that in addition to what is going in on their behalf, which I can say is coming from their wages and salaries and that the employer has to find a further percentage of money, that the whole disposition in the country might have been different. I think that the responsibility rests with employers in the work place. They need to work a lot more on the relationship between themselves and their employees and, if they are not capable of getting the message over, they need to bring the resources in. There are people in Barbados qualified to come into the work place and discuss these things with the employees and, in this environment in which so much emphasis is being placed on productivity and competitiveness, I think that this is very important that we work on our internal relationships within the work force. So that is a matter of the aging that really bugs me quite a bit and I would want to register my concern. But I have to touch on politicians a bit and the National Insurance and Social Security Scheme.

Now I know the vote is a mighty thing. There are some things which have been done to this Scheme which are responsible for the state of this Scheme today. I would like to say to all politicians in Barbados including myself, believe you me I know that I am a politician, that this Scheme is actuarially structured. It is built on scientific assumptions and contributions and benefits are adjusted. They are made on strict scientific assumptions. No politician in Barbados who has not been exposed to Actuarial Science should adjust either benefits or contributions in the NIS Scheme unless proper professional advice has been given. I am very serious about that. I think the decision, not I think, I know the decision to put the Non-contributory Pension onto the National Insurance Scheme has done a lot of damage to that Scheme. If

you have a contributory fund, it means that it is structured on certain assumptions about contributions. The moment you start paying benefits out to individuals who have never made contributions or on whose behalf contributions have never been made you have literally tarnished that fund. I think that when the decision was made to put the Non-contributory Pension under the Scheme the Government of Barbados also should have made the decision to pay over to the Scheme on an annual basis an amount equivalent to the NIS Non-contributory Pension. That should have been done. The Non-contributory Pension should come straight from the Consolidated Fund and Government should use taxation to deal with it. When NIS pensions are increased in a Budget because we are close to a general election and that advice has not been given by the actuaries, we have to find a way of rectifying that. That has serious implications for the integrity of the NIS Scheme and I have made this statement already in another forum and I make it here today. I would like to encourage all politicians and all Ministers of Finance to look at this, because just look at the precarious position of this Scheme today. I am calling for it because I have been contributing the maximum to this Scheme from the time I was working and I am looking forward to a maximum pension from this Scheme. I know that all Barbadians are looking forward to the maximum benefit from this Scheme. But we need to understand that this will never be a reality unless politicians do not tamper with it. You cannot tamper with this Fund without proper professional advice.

The other appeal I would like to make to the Minister of Finance is this. The National Insurance Scheme is managing more money than almost any other financial institution or intermediary in Barbados. It is high time for us to have a full-time Actuary attached to the National Insurance Department. The review which is done every 3 years is good, but when we get the review a lot is after the fact. We need to have an Actuary on board at the National Insurance Department who can constantly review what is happening in that department with the fund. In the same way that the Government of Barbados is now insisting that other businesses which use actuarial assumptions do this, I think that the Government of Barbados should set the example by putting a full-time Actuary on staff in the National Insurance Department. That individual can work between the National Insurance Department and the Department of the Supervisor of Insurance which is badly in need of an Actuary. I think that if we really want to move ahead and cope with the challenges of a developing Barbados that we have to address these very serious issues.

Mr. President, as I said earlier, I will support any measure which seeks to protect the integrity of this Fund. The idea of making sure that contributions are considered to be held in trust is a good one. It is done in other areas of insurance and I do not see why we cannot do that with

the National Insurance Scheme. I would like to think that in the same way that concessions have been granted here for tourism, agriculture and manufacturing that the Government would find some way to assist those other people in business in Barbados who have also encountered difficult times and who will also be beneficiaries of the National Insurance and Social Security Scheme. I do not like the bias because the National Insurance and Social Security Scheme does not recognize anything as colour, class, creed or anything like that. It is supposed to be a universal scheme. Well, that means it caters to all individuals who work in a country including indentured servants. Therefore, it removes some equity from the Scheme when we single out sectors for special concessions. If we are going to single out agriculture, manufacturing and tourism, we will have to start walking the streets of Barbados and singling out some of those people there too who most of them may know better. I say that again.

They did not set out to be criminals, they did not set out not to put money into the NIS scheme, they did not realise there were benefits to be derived from the Scheme and I hold the State fully responsible. Anybody who has committed a wrongful act in this whole thing, it has to be the State. The State has not made sure that its citizens are fully aware of the benefits in the National Insurance and Social Security Scheme. I mean from its inception, Sir. I am not that short-sighted to start talking about 1994. I heard Senator Farley refer to this as a mature scheme and when I heard him say that I was thinking about retardation. You are a ripe age but you are still thinking like a child. That is the problem we have with the NIS Scheme. It is 30 years old, but not many Barbadians really understand what it is all about.

2.30 p.m.

I laud the efforts of the particular Ministry and the Caribbean Broadcasting Corporation. I listen quite carefully to the programme now on CBC Radio. I think it is a good one, but the timing is bad. If you are targetting workers in Barbados, why bring the programme at a time when people should be at work? It is between 7.30 and 8.00 on mornings, when people are already on the streets. If you do not have a car, you have left already by bus to your office. If that programme is to really be meaningful, you have to bring it at a time when people can be there to sit and listen to it. You have to bring it at prime time. If the National Insurance and Social Security Scheme is so important to Barbadians and to this economy, we have to bring our public outreach programme at a time when we can get the attention of the people who stand to benefit from this Scheme.

Mr. President, I have a lot of passion for this Scheme, because I recognise that the individuals who need this Scheme most are those poor, humble, simple Barbadians

and I would hate to think that at the end of the day the only benefit to which they are entitled is not there for them. Therefore, I would implore the Government to do the necessary and the right things to make sure that this Scheme can retain its integrity and can be there for these Barbadians who rely so heavily on it.

Thank you, Sir.

SENATOR C. LeR. TROTMAN: Mr. President, I rise to give support to this instrument before the House, not in my capacity as an advisor to the Prime Minister but rather in my capacity as a member of the National Insurance Board, and I would wish to indicate that very early so that you recognise I speak from a certain bias.

I wish to compliment Senator Thompson for what I consider to be an excellent presentation, very well put. What she said is a matter to which we can give significant support. In fact, I hope she does not mind very much if I endeavour to take two interesting points which she raised and seek to get my colleagues to take them on board. One has to do with the matter of ensuring that those persons who are self-employed, who do not now derive benefits from the employment injury benefits, are brought under that particular arrangement.

It seems to me, Mr. President, that in much of what is being said there is a particular recognition by all and sundry that this particular legislation, the National Insurance Act, has done much more than any other single bit of legislation in serving as a safety net for the workers of Barbados. It therefore is a matter of some concern to me, as I am sure it is to you, Sir, when I look at the document which I think is a document of the House and attached to what is before us, the Technical Note on the Actuarial review as of 31 December, 1993, when I look on page 14, and notice that the number of people under formal coverage has dropped to 69.7%, that is taking into account the fact that the informal sector has been increasing in numbers.

This would be a matter, I am sure, of some concern for all of us, Mr. President, because as Senator Thompson very adequately put it, we are really in a situation where we have to take care of the people of this country, both the citizens and the residents, one way or the other and it would make much more sense if we were able to take care of them under the National Insurance Scheme. In that regard I share the view that we have to do something other than use the matter of the threat not to provide National Insurance benefits at age 65. I do not see that as the answer to the problems before us, because the National Insurance Act is not intended only to take care of unemployment, or old age pensions, it is intended to ensure that we take care of all aspects of the well-being of the

masses of people of this country who have worked. It is true that it has as well an element for those persons who have not worked and who are beneficiaries under the Unemployment Benefit Scheme.

It will be very important for us to endeavour to get an arrangement where those persons who do not now contribute are net contributors. There cannot be anyway of getting around that particular problem, because at the end of the day those of us who work have to take care of those who do not work. That is why I think at this stage in Barbados we see that upsurge of so many meetings where we are addressing the matter of illness, either illness through alcoholism, drugs, HIV/AIDS or illness generally, because I think that as a caring people we either are concerned or we ought to be concerned of the implications that this has for the work force in the next ten years or so, or some time after that. If we are not careful, we are going to have a number of people who are no longer working, which number of people will be higher than that number of people who are in fact working and contributing. What the actuarial review has been saying to us in Barbados and at the National Insurance Board has been that we have to be particularly careful, for if we are not careful what we are going to be landed with is a situation where fewer and fewer working people are going to be having to make contributions to a greater and greater number of persons who are either retired or who, because of illness, are no longer able to take part in the world of work.

In fact, we have been very concerned, Mr. President, if you will allow me – and I believe I can do this, because it is not a secret – to indicate that one of the concerns we have had has been the concern of looking at the profile for absence from work through illness over the last five or six years. At the Board level we have been very bothered by the fact that particularly in the months of March and November the number of claims on National Insurance through illness, as well as through injury, has been rising in some instances by as much as 35% beyond what the average is for the rest of the year. It may very well be that that is the normal time for 'flu and other illnesses of that kind which have to do with the respiratory tract, but at the same time we have suggested, and we have made the suggestion to the political leadership of the country – again, not as adviser to the Prime Minister but rather as members of the National Insurance Board – who realise that there is a very important relationship between the world of work and the world of National Insurance, and that if we are not very careful to examine these issues, then we are likely to find ourselves waiting until after the horse has bolted from the stable to try to close the stable door.

2.40 p.m.

Our view is that we have to have a high level discussion trying to involve all of those persons who have an interest in this particular phenomenon, the doctors

who although they are bound by the factor of confidentiality are still in a position where they can give us some idea of their experience regarding absence from work generally and might be able to give some idea as to what is happening in our environmental hygiene conditions or the factor of absence based on employment related injuries or employment related illnesses.

Employers themselves might be able to speak to the issue or workers who themselves might be concerned, those other persons within the public who are members of, and who give contributions to, the non-governmental organisations and needless to say, the Government itself. We have to be able, Mr. President, to look at this very important question regarding what is happening to the productive capacities of our people relative to the absence that there is from work. Making the assumption, as we do make the assumption, that all of those instances are instances which impact significantly on our capacity to maintain our competitiveness, I think that we ought to be very aware that that level of apparent incidence of absence would be something which has got to be treated.

I wish as well, Mr. President, to touch briefly on the question of the contributory versus the non-contributory pensions but from a slightly different angle than the one which was adopted by Senator Thompson. I think she spoke at some length and I supported her view on what we need to do to make non-contributors into contributors. I make the point, Sir, based on a recent telephone call which I got where somebody who worked for a company I can't name, because I haven't given you before, but it manufactured beer. He called me after he became redundant to ask whether it is a fact that he will no longer be able to enjoy the benefit of a contributory pension because he is no longer contributing since he doesn't have a job.

It was clear to me, the moment he said that, that somewhere between the presentation in the Other Place and our debating this matter here members of the public have allowed their imagination to run riot with them. This makes it very obvious that the call which has been made by Senator Thompson is a very good call, that there is a need for greater public awareness, in fact for an entire campaign of education, of training and of public awareness so that persons who have passed the age of 40, who have lived in this country and have contributed for more than 20 years to the scheme, or more than 18 years to the scheme, have really nothing to bother about because they have now become unemployed. When once the rumours start, whoever starts the rumour, it is difficult to get those people to move away from the fear that there is within their souls; and we think that the media houses and the newspapers and the radio stations have got a responsibility constantly, and at good times of the day and at the night. You can have those very little bits of news-bites, I think they call them in

Senator Murray's language, where you can between the end of one programme and another in 10 seconds give people a vital piece of information on radio or on television which does not interfere significantly with the planned schedule that there may be for the programme, but where the information would be vital to the understanding that people have regarding their welfare.

That is very important because it is not fair that any individual who has been working in Barbados for 35 or 40 years, because he has been made redundant thanks to technology, that he should now be made to believe, or she should now be made to believe that he or she is no longer eligible for a contributory pension.

We also have to be able to make the distinction between what is the level of non-contributory pension and what is the level of contributory pension. In that regard, I share the view that we have at the level of the Board to make recommendations to the Ministry for the \$3 100 a month ceiling to be varied; but I would wish to say again without taking any tales out of school that that matter is being looked at because it is realised that every time that there is an adjustment in wages or salaries, without compensatory adjustment in benefits, that there would be problems for those people who are really working-class people, and \$3 100 a month is not a large figure in the scheme of things even though for the people at the lower end of the economic scale it is a significant figure. It has to be upgraded and I am sure that that is something which the National Insurance Board will look at.

In the same respect, Mr. President, I think that we should make the point that the business of an actuarial study on an ongoing basis with an in-house actuary is something which the Board is looking at and in fact the Board had identified the person some time before, but it is not easy, as I think we all know, for persons in the public service to be got for some jobs because actuaries are really high priced people and there is no scale that is in the public service which currently accommodates. So that is something which has to happen.

I think I should pause here to make the point that I am not talking about within the public service beyond permanent secretary level but I am meaning that it has not been properly structured within the system as it currently stands.

Aside.

SENATOR C. LeR. TROTMAN: Another point which I would wish to touch on is the matter of portable benefits versus what we understand the system to be. In another place I had the benefit along with Senator Symmonds to listen to some discussions on this matter

and part of what I gather from persons deliberating was the question of whether severance as part of the National Insurance Scheme should be looked at in the current manner in which it is looked at, or whether we should entertain an arrangement for a portable severance scheme. Some parties were a little put out because the trade union movement is not supportive of a portable severance payment scheme.

I wish to make the point that when one examines the genesis of national insurance in modern times – I do not go back to Bismarck, because I would not wish to relate to Bismarck in the form that the previous senator related to Bismarck. His kind of politics and mine would be completely different, the orientation. But in the matter of severance as we know it as part of the scheme, the very clear understanding is that severance is a responsibility of employers towards the persons who work for them. It is anathema to those institutions which develop the social security scheme and particularly the severance payments scheme for us to be hearing of propositions by which, be it the World Bank or the IMF or political parties in Barbados for that matter, the workers contribute to their own severance.

I thought I had made that point very clear 4 or 5 years ago and I would merely wish to come back to it to make the point absolutely clear that severance is a responsibility of the employer. It is so structured across the world and, if we say that we are socialist oriented, if we say we believe in the people that we want to represent, if we want to move ahead to advance the cause of the working man and the working woman, we must not make the mistake of believing that we ought to ask people to pay for their own severance.

Furthermore, we must not make the mistake of believing that portable severance and employment insurance after one is finished working, retirement benefits in short, are one and the same thing. You are talking about 2 completely different things. Indeed, the person who qualifies for a pension because he or she has reached the age of 65 is not a person who will qualify for a severance payment. The two things are completely different because the severance payment by proper name is a redundancy payment, which one gets because one loses his or her job through no fault of his or herself, whereas a pension scheme is a scheme which one benefits from because one is retired from the job by virtue of – I do not wish to say old age – but superannuation, I think, would be a better word to use in the circumstances, if Senator Murray would accept that language.

2.50 p.m.

I would wish to suggest, Mr. President, that there has to be a greater effort to include the informal sector in the making of contributions to the Scheme. I believe that it is

within our competence to do so. I think that a number of persons within the informal sector are already under the umbrella of various agencies in the Government that has registered them for employment purposes and for other purposes of Government's bureaucratic efficiency. I see no reason why within that framework we ought not, for their benefits, and for the benefit of the entire community, be able to bring them under the National Insurance Scheme.

I do not see that as being the greatest problem before us in addressing the legislation which is before us. Indeed, I do not believe that has been the main thrust of the legislation. I think the legislation is trying to persuade by moral means, and where moral suasion cannot work, by punitive measures, and is endeavouring to get people to recognize that each of us has a responsibility to his brother or her brother and his sister or her sister. In that regard, therefore, we are going to have to look at what is happening currently at some work places in this country. Not a lot of them, Sir, but enough for there to be a level of concern, the situation where people take money from the wages of workers in trust, and that is what the legislation speaks to, and then fails to pay it over to the National Insurance Fund where it was intended.

I have heard the argument by some business persons from time to time that they have a cash flow problem and, perhaps, I would understand the nature of that cash flow problem if those employers failed to make their 8, 9 or 9½ per cent payment to the Fund, because if an employer is responsible for paying \$900, depending on the size of his or her business to National Insurance because that is his or her portion, and he or she has a cash flow problem, I can understand it. But when that employer is supposed to take money from the wages or salary of you, Mr. President, and of other Honourable persons in this particular workplace, and managers have taken that money but have not made payment on the 15th of the succeeding month to the National Insurance Fund, then I think we have a problem, the enormity of which we have not managed to grapple with up to now.

I understand that in some cases, and I have heard this argument, it is a matter of the businessman only managing to get enough money to pay the actual practical wage and not to get the extra amount and I think we have to be careful about that kind of sophistry because the money is not that employer's money. It is the workers' contribution and it really is a source of annoyance for anybody in this country to have a situation where, acting on good faith, the worker believes that the employer has been taking his wages and has been paying them faithfully to National Insurance and a year or two, or sometimes five or six years later, then for some reason that worker has to make a claim on the National Insurance Fund, only to be told that he or she may not receive a benefit.

I have two arguments in that regard, Sir. One is that where the worker has in good faith been making the payments that it has to be a situation honoured by the National Insurance but, naturally, the National Insurance has to at least have had the first payment.

I make the second point which I have made in another place and that is that we have, however archaic it may appear to be, to recognise that there was a certain particular benefit, real and practical, to be derived when there was the position of the stamps to be used and be placed on the cards. I know we have got far too sophisticated, Mr. President, to go back to asking people to get stamps and put them on to cards, but I am saying that there has to be some substitute arrangement which will force the individual workers either on a weekly basis, or bi-weekly basis, or a monthly basis, to have to see his or her card and to do something with the card to be sure that payments are being made. If that does not happen, with the best will in the world we are going to find the repeated position where it does not matter who the Government is, where people are going to take money from wages and they are going to fail to contribute into the Fund. I would not wish us to find ourselves in the position where the Leader of the Senate made reference before to persons who have become popular for how they can skip. We thought of skipping as a fun game for young children and not a serious pastime for persons who wanted to avoid the long arm of the law.

The second matter that I have some concern with, Mr. President, is the matter of those employers who seem to be assisted by persons, who have greater skills than they have, who employ people, determine what time they must come to work, what times they must take break, how they must conduct their work, what time they must leave their work and yet tell them that they are working under contracts for service. This, clearly, is something which is difficult to handle properly within the four walls of this legislation but is something which Honourable Senators should have a feel for and should concern themselves with.

We have to find a way by which once and for all we address this matter of having some employers under the conditions which I have just described, Mr. President, and paying people the unhealthy sum of \$150 or \$160 a week, and then telling those people that they are self-employed people and they are under contracts for service.

Aside.

SENATOR C. LeR. TROTMAN: I use the same word, Sir, but I think I am not supposed to use the word "dishonest" in this Honourable Chamber so I cannot use that in reference to anybody; but I think it is something we should be very bothered about that we can have people in

this country, any of them who are looking for ways and means by which they avoid their responsibility, contractual, moral and social responsibility, to workers of this country by telling people who are clearly employees that they are self-employed, and that, even though they will tell them when to come to work, completely govern their work relationship, and pay them next to nothing for what they do, that they are self-employed. In fact, yes they are reported and the National Insurance Board sometimes has ongoing fights with some of those persons in trying to determine what the matter is because ever so often you have to have hearings of one kind or another. The problem is it should never happen, and we should never be in a position of this sort where we are forced to come up against this situation in a country as advanced and as sophisticated as ours.

It is also useful to see within the four walls of the legislation that we are trying to address this business of trying to determine who is the employer or what is the employer. I am very pleased that this will be a means of ensuring that when a worker has a claim against the place where he or she works, that the worker will now be in a better position in claiming his severance to make his claim either before the National Insurance Board or before the courts of this country. So there is much that is good that is happening in this particular field.

I do not believe, Sir, that the instrument before us will totally satisfy all the needs which we have to answer regarding National Insurance on this particular occasion. It is very clear to us that by itself this will not answer the problem of how we are going to address old age pensions and how we are going to be able to address non-contributory pensions. I believe that the unemployment benefits' aspect of it is something that we should feel very pleased about because I think there is a fairly tidy surplus in that regard.

In the matter of severance I would like to believe that we would not have to bother unduly about that because severance computation really is a factor of the level of employment there is in a country at a particular time. And if we are able to provide jobs in the foreseeable future then the severance fund would be able to build up the kinds of reserves where it is not a problem but the immediate cause for concern to all of us, young though we all are, Sir, is the problem of what happens in the future when our families and our children reach the point of retirement. I would like to believe that we will all make the effort to support this arrangement and to support the efforts which have to be made to get more people as net contributors to the Scheme. If this happens I believe we can push back the date when we have to do the further study and where we shall again have to look at the levels of the contributions within the Scheme.

3.00 p.m.

I am obliged to you, Sir.

SENATOR S. P. BERNSTEIN: Mr. President, I rise to lend my support to this amendment to the National Insurance and Social Security Act. The two speakers before me made very interesting speeches and I would really have to go into a little more detail and make a few points that I think are necessary. Section 6 of the Bill says:

"by inserting therein immediately after subsection

(1) the following new subsection

(1A) An amount

- (a) payable by an employer as a contribution under subsection (1); and
- (b) deducted from an employed person's wages or remuneration in accordance with subsection (4) and regulation 18 of the National Insurance and Social Security (Collection of Contributions) Regulations."

Under (ii) it says:

"shall be kept separate and apart from the assets of that employer."

I want to state here, Sir, that that in theory looks very good but I would just like to spend a couple of minutes to explain exactly what happens and I am not here to defend defaulters. I am not here to say you must break the law. Far from it. I know it is illegal not to pay national insurance but the system is such that it lends itself to companies who are cash strapped and who cannot afford it, they end up having a serious problem in paying national insurance contributions and the way it is done is very simple. An employer deducts 8% from an employee when they are paid whether it is weekly or monthly. Most people have this feeling that 8% is deducted and put in a separate kitty but it is not. What is paid is the net wages, meaning the full wages less the 8% and that 8% is kept in an overdraft account or kept in whatever funds the business has. The following month, on the 15th, the employer has to pay 9.75%, plus the 8% so they end up paying 17.75% of the wages which is almost 1/5. Now what happens with cash strapped companies is that they have other pressing payments and demands to meet with their money and what happens here is that national insurance does not have any strict laws that it is necessary for them to pay it immediately, so what they do, not that they intend to be dishonest, but because they are cash strapped they simply make other payments a priority and let month one pass without paying the NIS. They let month 2 pass and month 3 pass and so, Sir, this has a snowball effect to the point where they cannot make payments to the National

Insurance. I am saying that the National Insurance people should be more vigilant.

I think they have to look carefully at the people who are registered and who do not pay. Just like the Light and Power cuts your current in 60 days and the Telephone Company in so much time and the National Petroleum Corporation cuts your gas they should, after 60 days, make every effort to find out why they are not paying and make people pay. But that is not so, Sir.

Senator Trotman is saying after 4 and 5 years employees are now coming out to find out that they have not checked their employers and their respective companies have not paid and so on and so forth. Companies go broke and you hear employees saying they were making payments but it was never sent in by the companies. Senator Trotman referred to a card and the old days of licking a stamp. Right now there is a system in place where you put the list of the employees, the national registration number and that is sent in with the payment and the employees have the right to come and look at that at any time in the office.

Sir, I would say that if National Insurance were at any time to give eases to some companies or to give breaks, I would hate to think that we would ever have to go through what we went through in the last year to year and a half similar to what transpired in the land tax office where people were charged tax since 1973 in 1995 and in 1996. They owed them, Sir, but a lot of people who could ill-afford it were being asked to pay and I think it is a disgraceful act that transpired in this country and I would hate to think that something like this would occur with the National Insurance Office.

Now, Sir, I notice Senator Farley in his introduction when he spoke about the imposition of civil liability on directors, I notice he omitted managers. I do not know if that was purposely done or not but the managers of a company should not be made liable for not sending in national insurance because sometimes their hands are tied. It is the directors who should be made liable. I am serious on that, Sir.

Sir, as far as the self-employment is concerned I agree with Senator Trotman. People look at self-employed insurance as a form of taxation. As we said earlier there is no unemployment benefit and there is no injury benefit. I am happy that Senator Trotman who is part of the Board is going to look into the no injury section. But, Sir, if you look on the *Official Gazette* dated the 22nd April, 1996, they have three small pages, page 435, 436, 437 of the Professions, Trade and Business Registration Act a list of registered self-employed people for the period of January to March and only 3 pages so I am saying that if the

National Insurance people were to work with the Inland Revenue Department or even went through the BARTEL Yellow Pages and check to see who are doing business I am sure they will come up with a lot more people who are self-employed and who are not paying self-employed insurance. But again the self-employed people need to understand what it is all about. They need a proper PR to explain to them that they can benefit from it.

Sir, I look now to two small comments. Senator Farley when he spoke under Section (e) of the Bill, exemption of the income of the Board from taxation... Well, most Statutory Boards receive subsidies from Government but there are few and the National Petroleum Corporation comes to mind who makes a profit. I would like to see that all Statutory Boards that make a profit be exempted from taxation. I think that I can even go further. You could even have duty free on raw materials for example in the National Petroleum Corporation and perhaps on vehicles and so on, because at the end of the day you will be giving most of the corporation subsidies anyhow. 3.10 p.m.

Two other points I want to make, Sir, and that is the question under Section 5 (7)(a). It states, Sir:

"An employer who fails to pay any contribution that he is liable under this Act to pay is guilty of an offence and where the employer

- (a) is an individual, he is liable on summary conviction to a fine of \$2,500 or to imprisonment for 6 months or to both."

I would like to take this opportunity to say, Sir, that white collar crimes such as 6 months imprisonment for this or a minibus driver breaking the law or someone being locked up for child support should be kept separately from people who commit criminal outright hard crimes. But this will be discussed at another later date, Sir.

Finally, there is something in this National Insurance Scheme that has bothered me for many years. I spoke to politicians on both sides and have been ignored. Sir, there are people in this country who do not work because they cannot find jobs and at a time like 'Christmas' they get what is known as a temporary job. Some people get 4 weeks. They are so happy to get their 4 weeks or some people get 3 or 6 weeks. During the year this occurs too. Two people might be sick, one person on maternity leave or whatever. But there comes a time when people work for a temporary period, meaning 4, 5 or 6 weeks and they are made to pay an 8 per cent contribution. They do not ever have the 13 consecutive weeks in their contributions to qualify for Insurance benefits. It has to be 13 consecutive weeks and you take 8 per cent from these people who are

unemployed and are begging for a little bit of work. This is disgusting to say the least, Sir. For lack of a better word, Sir, it is robbing them because in actual fact they cannot get any contribution or anything back from that 8 per cent. I think that the National Insurance Board should really look at this because, as I said before, some people actually sit down and wait for Christmas to get a picking. You take off the 8 per cent and they get absolutely no benefits whatsoever from it. I think that is disgraceful, Sir, and on that note I thank you very much.

Mr. PRESIDENT: Senator Murray.

SENATOR THE HON. G. S. H. MURRAY: Mr. President, I join with some relish in this debate which engages one of our major social institutions in Barbados. Some history has been given as to the origin of social security across the world over time and not much attention was paid to the history of social security in Barbados. But while this scheme came into being I think in 1967, the genesis rested in a generation or so before and I remember having an original document of the oldest mass party in the Caribbean which spoke of this scheme in the 1930's, I think in 1938 and 1939. Unfortunately, I have lost such a document in changing places of employment, much to my regret. But that does not, Sir, in any way diminish the importance. Unlike what Senator Trotman and other previous speakers said, the importance is the contribution that National Insurance has made and continues to do in Barbados over the years. Many people have benefited from it. It is regarded as one of the best of its kind and one of the most comprehensive of its kind anywhere and, therefore, as an organism which is dynamic and which therefore will have to respond to changes from time to time. We are now faced with this legislation which seeks to make certain adjustments to it to make sure that it survives.

Sir, the last speaker was to my mind to a large extent seeking to make excuses for the failure of some people to live up to their responsibility to the society and to themselves. It is all right to try to make excuses for people, but sooner or later somebody has to pay and there is a fear that those who comply either because they are on the payroll and have no choice through PAYE, that they will be called upon to bear the burden of those who do not pay for one reason or another. Either the employer does not contribute or those persons who are earning money and who can afford to pay bluntly refuse to pay. They take great pride in the fact, bragging about how much money they make and they do not pay a cent in any form of taxation. Only at future dates when a crisis arises, they have the recourse to the social institutions, the hospital and sometimes even the running of the schools based on other people's earnings, while they themselves live high off the hog for nothing and at the end of the day have to call

on the rest of the society to bear the burden to which they, like the rest of the paying society, should have contributed to over the years.

I do not make any light matter of this issue, Sir, because I was horrified to think that from my personal experience I have been paying National Insurance since I came back to Barbados in 1972 and have not had a day's sick leave. I would like to think that as I begin to look down the road towards retirement, that when that day comes, like Senator Thompson, there will be money there for me. To me that is worse than a person who has been working and he assumes that his employer is paying, and at the end of the day he finds that the employer has not been paying in the money. They still may be able to recover because it may happen at a period of their life when they are youthful enough to get other jobs and therefore resume payment. But someone who has been paying all of his or her life and then to find out, at the end of the day, that there is no such money. To me that is the most traumatic of experiences and the Government has to be congratulated for taking steps to prevent such a massive national disaster.

To me, the realization of such a specter brings out all of the factors that have allowed this debate both in the Lower Chamber and here over time, to have started off and has maintained a very high level. I am very pleased to see that partisanship was virtually eradicated from this debate and people have accepted this and we have tried to educate the public as to the real dangers confronting the scheme had not these steps been taken. This is only the beginning. I am sure that as the economy changes and other dynamics change that other adjustments will have to be made.

Therefore, Sir, that high level of debate is worthy of comment and I am very glad to do it, because it is not very often that I get a chance to say that a debate in Parliament has reached a high level, except perhaps when paying tributes to departed Members or their relatives, and on such other occasions. Like I said, both the House and Senate should be congratulated. But regrettably we were not *ad idem*...

Aside.

SENATOR THE HON. G. S. H. MURRAY: Okay, we will talk about that later. But the point that I am making is, Sir, that my one regret is that I have been hearing reference being made to educating the public about the benefits to be derived, but that education cannot just be left to the NIS department. But I must say that those of us who pay attention to the media, I must say that I hear some people using "dub" in promoting the NIS. I hear some in the mornings and I think they are using one of the calypsonians from a tent and who works at the National

Insurance. I think it is Prince Yellow, who is singing, so efforts are on the way.

Admittedly, it probably has to be intensified given the recalcitrance of some people to pay. But the point is that I think that the debate in the Lower House and this debate, have to be regarded as part of the educational process to enlighten the public as to what is involved and how they can benefit and what it means to the society. But apart from the fact, Sir, I think that the society was robbed of the full effect of the debate in the Lower House when only one radio station and the only television station CBC, chose to broadcast what was one of the most important debates in the history of Barbados on a measure of this kind. I think that for people to have seen their parliamentarians at work unanimous in their approach, each advocating the benefits of the Scheme, each advocating how it can be improved and reinforced, I think that should have been carried on every possible medium. The other radio station chose to maintain its call-in programme rather than join this debate. I think the public would have learnt a lot by having been exposed to the full debate on that radio station.
3.20 p.m.

But it goes much further than that, Sir. I think the country was also robbed of the exposé and the exposition on National Insurance and its full implications when one considers that the major stories in the newspapers the day after – Parliament is very often accused of not speaking at a high enough level – were not about the National Insurance Scheme, but one newspaper headline on the front page was: "Gone Again!" The other one: "Matthiesen flees again!" I therefore think that the approach of the media at large to this issue did a great disservice to the debate, because it means for future generations, when people perhaps come to research what would have been the burning issue in Parliament that day, the limited coverage that was given to the debate in the newspaper would rob them of a full perspective of what had transpired about National Insurance on that day in the House of Assembly. That was one instance, Sir, when I cannot consider that the newspapers themselves were newspapers of record but instead sold themselves short.

But that, Sir, does not in anyway detract from what we have to do today. Before I move on, I hope it is understood that there are some people who, where parliamentary debates are concerned, bemoan the fact that they rob them of some of their regular entertainment, and there has been some fear that the Government's promise about parliamentary broadcasts has been shelved, forgotten or abandoned. I would like to assure the Chamber that that is by no means the case, work is still proceeding on it. There were a number of committees set up who did some work involving the radio stations and the Government Information Service. A representative of Parliament was

on one of those committees and gave great guidance and was an excellent resource person. A report was presented and then a further report was required. That refashioned report will shortly be going to Cabinet incorporating some further information so that we can take the process of providing parliamentary broadcasts, involving both the Senate and the House of Assembly, to its fullest conclusion. So that is by no means a dead subject, Sir. It is very much alive in our scheme of things.

I should like to deal too with self-employed persons. Those of us who are involved in this area of national life and who have to deal with people and their problems, know that from time to time we are besieged by people who are devastated by the fact that they have come to the winter of their days only to find that for them they are no benefits to be derived from the National Insurance. I think we have an obligation to continue to look after those who for one reason or another are not able to contribute – the housewives, the mothers, those who make contributions not out in the work place directly, but by helping to maintain the institutions of the society, particularly the family by raising households – I think we have an obligation to maintain their level of involvement and to make sure that they too get some of the benefits of the society through a non-contributory pension in their last days.

Apart from urging that we continue this fight, using all possible methods of suasion and otherwise, some of the punitive measures now indicated in this legislation, to ensure that the non-contributors and the employers who refuse and fail to contribute comply with the law, that that is carried to its fullest extent. Because while we are asking for sympathy and understanding of the plight and the predicament of employers who, for one reason or another, leave, as Senator Bernstein remarked, the payment of National Insurance to the very last, if possible, that they must come to see that the payment of National Insurance is a priority as the payment of wages, telephone bills, light, water or gas and not push it in the background hoping to get away with it.

I know there has been a call for the National Insurance Scheme to go out into the highways and byways to garner more of these people into the net, but any prosecution that is implemented against a delinquent employer comes at the end of a very long process of consultation, counselling and searching out, and therefore when it resorts to law, it is really that the National Insurance is at the end of its tether and can in no way be accused of being unsympathetic, hard-hearted or unfeeling about the difficulties that might be encountered by the genuine difficulties that from time to time might be encountered by some employers.

Aside.

Mr. PRESIDENT: Senator Lynch, please.

SENATOR THE HON. G. S. H. MURRAY: Sir, I think that while we are seeking to protect our brothers in the long term, we also have to seek to protect ourselves. I think we would be doing ourselves a great disservice if we look for – and so far it has been totally absent from the debate – but those who would think they might look for any cheap popularity that might be temptingly lying in their way, to say let us ease up on this body or on that person for the sake of saying “give that small man a break”, I would like to see if we can maintain our approach and say everybody has to play a part. Once you earn, you should pay.

That brings me to the question of those who pay, Sir. One suggestion I would like to make would be that in any further rethinking of the Scheme there should be some benefit for those people like me – I must admit I have a selfish interest in this – because I feel a person who has not claimed for sickness over a period of time, having not drawn on the Scheme, some portion of that can go towards topping up his ultimate benefit down the road. Say, every five or ten years, if you have not drawn I feel that in order to motivate those persons who do not try to claim on the Scheme, almost like a No Claim Bonus, that you get in vehicular or even household terms these days from some progressive insurance companies with which some of us are very familiar, those people should receive an additional benefit. I think it would demotivate those persons who right now go and get all kinds of sickness benefits claims and just milk the Scheme. I think it is a useful thing that can be done and which should help to encourage people to respect the integrity of the Scheme, because they will have a personal self-interest in it down the road and therefore they will be willing to postpone any frivolous claims on National Insurance for the ultimate benefit and for therefore contributing towards the long-term well-being of the Scheme.

I thank you, Sir, and I hope my colleagues continue to give this measure their fullest support.

SENATOR T. E. BARKER: Mr. President, as we all know, this Scheme was introduced the year after Independence and it was almost revolutionary in nature. I know that the groundwork for this was laid in reports that were done in the late fifties, so as early as the middle to late fifties the Governments of Barbados saw the need for such a scheme and started to put in place measures which eventually resulted in its implementation in 1967.

Sir, as I said, the Scheme is almost revolutionary and it seeks to provide a large measure of security for workers. It is almost a truism that where the interest of the worker is concerned, this party which I have the proud honour

of representing seeks to put the worker's interest paramount to any other consideration. Something was starting to go amiss in this Scheme from as far back as 1987-88, because the contributions to the Scheme should not be less than the benefits and expenses of the Scheme. Otherwise, it means that you are going to have to draw down on the reserves of the Scheme or else you will have to use interest income, which should be going to maintaining the real value of the money in the Scheme, to pay benefits and other expenses. Hence, proper housekeeping should ensure that the benefits of the Scheme and expenses should be at least at the same level as the contributions to the Scheme. Otherwise, the real value of the assets will start to decline.

3.30 p.m.

Sir, when I was looking through the Economic and Financial Statistics produced by the Central Bank... This is the one for April of this year and I want to look at page 48, table B4. I want to give the Senate the information that is contained therein.

For example, Sir, in 1988 contributions were \$122 million, benefits and expenses \$130 million. That was one of the first occasions where we noticed that the contributions started to become less than the benefits and expenditure. In 1989, \$137.9 million in contributions, \$140 million in benefits and expenditure. In 1990, \$133 million in contributions, \$150 million in benefits and expenditure. In 1991, \$142 million in contributions, \$171 million in benefits and other expenses. In 1992, the same picture, \$132 million in contributions, \$177 million in benefits and expenditure.

So we see the pattern emerging from the late 80s where for the first time benefits plus expenses were galloping in excess of contributions. It should be noticed, Sir, that when the old age non-contribution pensions came, this did not happen because this came in 1982 and at that time contributions were running in excess of all expenditure and expenses so any Government which was watching these figures should have known that from the late 80s to the early 90s they had to take measures to ensure that the depletion of the reserves that have taken place would have been arrested.

Sir, I don't know if it was recognised, and true to form, the DLP did nothing about it. But the figures are here in black and white. Something had to be done at that stage in order to maintain the integrity of the fund. We know that there was a large measure of non-compliance and that had to be tackled and in all fairness the last Chairman of the NIS who is known to us sought to deal with the problems of compliance in what I consider to be an insensitive way because we saw instances where the name of the defaulters appeared in the newspaper.

While we may argue that the problem of non-compliance was a serious one and we have some sympathy for the position that was put at that time I don't think that it did much to really come to grips with the real problems. I am not sure that it really worked because there is nothing to show that at that period the amount of money it brought in in contributions that were owed really increased.

I still think, Sir, that it is a little bit insensitive and I am not sure that is the way to go. There must be a better way to be found for dealing with the question of non-compliance. At least the point is that the Board at that time recognised that there was a serious problem and one felt that the Government should have gone a bit further because the point is this that if the question of non-compliance was not seriously attacked then what it means is that those who are captive in terms of those who work for Government and who pay in their contributions would be called upon to pay more and more because they are captives and they cannot escape. All of us who work for an employer know there is nothing you can do. The employer just takes out national insurance and nothing you can do about it. Even before the money comes into your hands it is already taken out. So it means that those of us who are captive in that sense would be called upon to pay more in order maintain the integrity of the scheme.

In the last Budget the Prime Minister sought almost a revolutionary way in dealing with the whole problem because a lot of the problems dealt with the whole question of the self-employed. That is why we must commend government for broadening the definition of employer to include those people who feel that they can get around the scheme by calling people who can be considered legitimate employees self-employed. Hence avoiding the employers' liability towards the scheme.

Sir, we must commend the Government because one of the first amendments in the Bill is that section 47 was amended by inserting a definition of employer which now reads:

““Employer” means any person employing one or more persons under a contract of service whether expressed or implied, oral or in writing and includes any agent, or representative of such person who is responsible either directly or indirectly for the payment in whole or in part of the remuneration of an employed person.”

Sir, I think that strict adherence to this definition would mean that a lot of people who now get away from contributing to the Scheme because they just call their employees self-employed will now be brought into the net by way of the change of this definition of “employer”. I think that will help immeasurably with the whole problem of non-compliance.

Sir, I think that this measure must be commended in this Honourable Chamber as a fit and proper way of dealing with a very sensitive issue. The funds as we said were under some stress for about 10 years or so. We have to broaden the membership of the scheme and the question of education which was raised before is of great importance because there are a lot of people out there who are self-employed who are unaware of how they can benefit from the Scheme. It is all right to tell a man he should contribute to the scheme but he must also know that by contributing to the scheme that he is going to benefit whether it is in the short run, medium term or the long run.

An educational campaign is desperately needed and while you are forcing people to contribute to the scheme you are at the same time telling them that by contributing you are going to reap this benefit here, there and yon. Sir, that point must be taken into consideration.
3.40 p.m.

Sir, I agree with the last speaker that an employer must see his contribution to the Scheme and also the employee's contribution as one of the first charges on his expenses. How many employers owe the Barbados Light and Power? They do not owe because they know that within two months they would no longer have a service. Sometimes we take the view that if we shut down the business we will have 50 or 100 people going home, and the employer knows that also, so they take advantage of that as if to say, if you want 100 people on the breadline go ahead, but I am going to take my money and make sure I get proper dividends. I am going to make sure that I can buy my Mercedes. This happens, Sir. I am going to make sure that my children are well educated because I know the Government cannot shut me down because I employ 50 or 100 persons, so they take advantage of the Government in that way.

We do not see their lifestyles being eroded. They live the same way. They buy the same goods but because they feel they have the Government over a barrel, so to speak, with impunity they refuse to pay their rightful obligation to the National Insurance Scheme and this has to stop. We have to find a way to ensure that the contributions are paid up.

Sir, the point about making managers and directors liable is a good move because if you are managing a corporation, if the directors do not allow you to make the corporation, you have no right calling yourself a manager. You are either managing or you are not managing but if you are managing a corporation then you have certain legal obligations and one would include ensuring that the firm's obligation to the National Insurance Scheme is carried out. If your directors do not allow you to do that, then you will

have to stand up like a man and say "I am no longer going to run the operation." Other than that, you have to meet the penalties of the law and then you become liable. I see nothing at all wrong with that provision. If you are the manager or the director, you have an obligation otherwise the Scheme will suffer and when I get to age 65, as I expect with God's help, I will find that there is nothing there for me. So I believe we have to get tough, and get tough in a sensible way which takes into account the realities. If you are not allowed to manage the corporation, then do not call yourself a manager. It is as simple as that.

Asides.

SENATOR T. E. BARKER: If you are a supervisor, you are a supervisor, but if you are managing a corporation then make sure that their obligations under the National Insurance Scheme are properly carried out.

Mr. PRESIDENT: Please. Senator Barker is on his feet.

SENATOR T. E. BARKER: Sir, I support in full the whole idea of making managers and directors liable for ensuring that they comply with the Scheme.

Sir, we have an incident in Barbados. We all know that when businesses run into trouble, they close down and tomorrow open up under a new name, the same people, opening the same business under a new name. They owe left, right and centre on the old business, but because the name has changed, then the money they owe to the National Insurance, Income Tax and various other places is dead, and they have gone over there with their Mercedes, start a new business, then do the same foolishness. They go on like that and the Scheme which is supposed to protect all of us when we get a certain age suffer as a result. We are called to make a larger contribution because of the infelicities of certain people. Therefore, I am 100 per cent in support of this. Do not allow the directors to be just able to wind up a company, go and start over yonder and forget their obligations to the National Insurance Scheme.

This Bill, Sir, is timely. It should have been brought in 10 years ago. It should have been brought in from the time the Scheme ran into trouble in the late 1980s. It should have been brought in but the Democratic Labour Party, true to form, did not know how to manage the affairs of this country. Thank God that in 1994 the people made a change and they are now seeing the results of our labour.

Sir, the last point I want to raise is the point about those who do not contribute and their expectation when they reach a certain age. We have to come to grips with the problem. As I said before, unless action is taken,

the resources can be run down and we all suffer. I do not want to repeat it but something has to be done. In life it is one of the laws that if you do not pay, you do not benefit.

We always make accommodation for those in our society who, because of physical or other impediments, are unable to contribute. We are a caring society and we know that we will always have people who for one reason or another are unable to make their contributions. But we have people earning a lot of money and failing to meet their obligations to the National Insurance Scheme. That is why we are saying you do not want to pay, I am not going to send police every day to make you pay. You have made a voluntary decision not to pay well, then, you cannot draw. I see nothing wrong with that. If you do not contribute, you do not expect to get anything. Do not expect to take my contributions which I was forced to make over the years and when you get in trouble expect to draw on my contributions.

We must send a message to the people in this country that there is nothing called a free lunch. The Scheme is useful but somebody has to pay for it. Nothing in life basically is free. Somebody has to pay for it. Education is not free because we all pay for it in one form or another. Everything has a cost to it and I am glad that this Government...

SENATOR S. P. BERNSTEIN: Mr. President, on a point of order. The Honourable Member is misleading this Chamber, I believe. He is saying that if they do not pay National Insurance they should not be allowed to get any benefits but the law states that everybody must pay and he is trying to insinuate, leave them alone, do not let them pay, but the law is straightforward. They must pay, Sir.

SENATOR T. E. BARKER: Sir, what I am saying is that the State should not be out there having policemen every minute knocking on a man's door and telling him to comply with the law. There comes a time when you have to leave a man to his own devices and let him know that to every action, according to Newton's third law, is equal and opposite reaction and the reaction is that if you do not contribute you cannot expect to get the benefits. Sir, in spite of some non-points I think the point is obvious.

Sir, with those few comments I want to commend this Bill to this Honourable Chamber noting that the Scheme has proven itself very beneficial to all Barbadians in the almost 30 years in which it was in operation. Any government has to ensure that measures are put in place to ensure the viability of this National Insurance Scheme.

Sir, I do not believe, as some people with obvious axes to grind that this is encouraging people to be lazy or

to make unnecessary claims. I do not think so. That is a very small minority who will take advantage of the Scheme but the vast majority of Barbadians are hard-working and like to pay their way through life but we must ensure that the small minority who wants to sponge will not be allowed to do so on the backs of the majority of Barbadians who want to make their contribution to national life. That is why, Sir, the Bill is in place. The law as we know is not for the lawful but for the lawless. This Bill is not for those who are willing to make their contribution but this is for those who would seek to use every measure in order to cheat society. As I said, it is timely and we want, Sir, that all Members on all sides send a message to all Barbadians, the Scheme is important, its integrity is important and to make sure that its viability is assured we have to take these measures to ensure that the non-compliance which I am told is around \$50 million or so would be significantly reduced for the benefit of all Barbadians. Thank you.

3.50 p.m.

SENATOR Mrs. P. E. RICKINSON: Mr. President, I rise to support this Bill but I have a few comments to make about it. I myself feel that the liability of the Director is acceptable but the liability of the manager, in my opinion, is not fair and I will tell you why, Mr. President. One could put forward the argument that the Directors close the company and open it another place. It is not the Managers that close companies. A Manager is an employee, Mr. President, who usually carries out the instruction of the owners or the Directors of the service.

In a country like Barbados, Mr. President, where jobs are few one would be willing to carry out the direction of the company Director if you are employed as a Manager. If the law is going to say, you as a Manager is going to be liable then the only other alternative for managers would be, when they are employed, to negotiate that they not be called Managers and be called something else, possibly supervisors, in order to get away from this law.

Mr. President, most of the Senators, if not all, who have spoken on behalf of this Bill have called for education. I myself am repeating that call, Mr. President, but I would like to advance a way in which education could be expanded. It seems that the Government Information Service has more than its fair share of work and I feel that perhaps the time has come to liberalise the media, give licence to several people who can have more talk shows and call-in programmes and help to educate the people in Barbados because we are calling for education, and there are only so many avenues for educating our people. So, in order to assist with educating people about the benefits from the National Insurance and other benefits that we will be talking about, one method of getting around that is to liberalise the media, give

licences so people can set up radio stations and talk their talk and educate the people in Barbados.

Mr. President, I would like to say a word or two about illnesses which have taken a toll on the national insurance, where sometimes people feel that the persons themselves are not as sick as they feel they are claiming to be or faking.

Mr. President, I am not sure about the other professions but I can make a suggestion regarding the monitoring of illnesses within all the health professions which are controlled by councils and one could let those councils examine their sicknesses of the workers themselves in health as is done in England by the General Nursing Council. If a nurse is sick too often it is sent to the General Nursing Council and they know if they are capable of working or not working. By letting the professions themselves examine the amount of sickness and the type of sickness and putting them on the spot regarding their illnesses, I think that would go some way in cutting down on some of the illness benefits.

Mr. President, there is another benefit that is eating into the insurance. We are all saying that according to the projections we are not going to have enough money by the year 2010. I am referring to injury benefits. I think, Mr. President it is not enough to pay injury benefits alone. I think the time has come for all employers to ensure that they provide a safe environment for the workers in order to cut down on the injuries and the sickness. It is very important. We in the nursing profession have had injury after injury and we need to look at it. The time has come, apart from nursing, where one has computers and you need to get protective gear for the workers. Photocopying machines should not be placed in the same room as the workers because of the radiation that they give off and these are areas where we can cut down on the sickness benefits by providing a safe environment.

I will say no more about this because I understand there is a Bill on occupational health and safety coming to Parliament fairly soon on occupational health and safety but one should be able to cut down on those types of demands on the insurance.

Another way one can cut down on the demands of the insurance is in the area of prevention of sickness. The Leader of Government Business in his introduction mentioned the effect of chronic illnesses, which is very true, on the working population and the unforeseen deadly disease of AIDS which we can do nothing about other than prevent it. There is another one that is causing much concern elsewhere and we expect that to cause concern here as well. That is tuberculosis. These are all going to

take a heavy toll on the insurance. So I think what we will have to get into is educating the people. There is a Health Educator attached to the Ministry of Health and I am very glad. But one will have to expand that Unit to assist with educating our people in the area of preventing them from getting sick instead of paying them insurance benefits when they are sick and trying to get them better.

4.00 p.m.

Mr. President, I would like to again mention about the aging process. We cannot get away from that. That is one of the reasons we are all in here very worried about what funds will be available down the road to meet the maximum benefits that are payable because of our aging population that resembles more of a developed society than a developing society. I think, Mr. President, what we have to do and do very quickly is to start educating our public about the aging process. That is very important. In addition to educating about the aging process, we need to include and tell our young people from the time they are at school that it is not important to build a big, big house when they retire. It seems as though many people seem to feel that at the age of retirement we should take that money and build a big mansion and we know what the taxes are like. We cannot pay for that big mansion not off of a pension. So I think that education is needed not only in how to prepare for aging and how to make contributions for tomorrow, because when one talks to those people who are retired they all cry out, Mr. President. It is not enough. The money is not doing enough. I cannot manage. The car is getting old. I do not have enough to buy a car. I have to look for something to do, etcetera. One does not really know that until one is retired. So we need to start seriously from the primary schools in preparing our young for the aging process and tell them that a big mansion does not mean that you are important. You can only live and sleep in one bed, eat with one knife and fork, and wear one pair of shoes. These are values that we have to try and get into our population and there is no need to have all of these rooms and these big houses and then you cannot pay your taxes year after year, and then the Government has to come and sell out the property.

In other words, Sir, we need to educate our people that when you are getting older there is something called the emptiness. That means, Mr. President, that the children do not stay there forever. Your children grow up, get married and leave and eventually there are only two people left in the home. These are things that we need to bring to the attention of our people and by the time you reach a certain age that an apartment is more or less enough for someone who has aged. In other words, Sir, we have to educate them that as they get older they have to change their lifestyles and levels of living. I know that Barbadians like to feel that the bigger the house the better. But we need to get through to them somehow that their pension

does not stretch to cover the taxes for that big house in addition to all of the other comforts that one deserves after working so hard.

Mr. President, I would like to congratulate all of the workers of the National Insurance. However, I think that one needs to examine the actual structure of National Insurance and the workers. I will tell you why I am saying that, Mr. President. Because from experience if one makes a mistake and even write and tell them that there is a mistake, for example, putting the wrong year in January because one tends to put 1995 instead of 1996, they tend not to pick these things up. So that they charge you a penalty. I am not worried about that, Mr. President. But even though you bring it to their attention and say okay that was an error in writing the new year so please remove the penalty, it takes about 6 months before that penalty is removed. That tells me that there needs to be complete computerization of the National Insurance so that they can pull up the name and someone could correct that error and not let it continue.

Mr. President, I know there has been a call for persons who do not pay should not get any benefits. I do not know how we are going to get around that, Mr. President. But as was said, I would like to endorse when they do get old and they get sick indirectly, Mr. President, they will get benefits because they have to use our hospital services. If they do not have any money to stay at home, they are going to end up at the Geriatric Hospital and we really do not want them in there. We want them in their homes looking after themselves inside of their communities where they can help with our young people because everything seems to be breaking down. We need these older people to help in the society and give us some sense of direction.

How we are going to get them to pay, I am not so sure. I do not know if VAT could be introduced in some way for National Insurance to make sure and then everybody will have to pay because if it is VAT and you go and buy anything you have to pay. I do not know what is the answer. But I hope that we can find ways and means of enforcing compliance.

Mr. President, one of the contributions put forward with which I do not agree is that any worker can go into the office and ask to see if their employer is paying the National Insurance. Yes, Mr. President, that may be true. But in Barbados how many workers are going to their employer and say I want to see your record to see if you are paying my insurance? Very few, Mr. President. People want to keep their job and they tend in the work place not to do anything to upset their employer because of the unemployment rate. In another couple of years down the road when there are not enough people to work, okay you

can go and demand that because you know that if you cannot get a job here you can get one there. But at this point in time in our history it is very difficult to expect a worker to go and ask the employer to let the person see the employer's record to see if the payments have been paid.

Mr. President, I will agree with those suggestions that the National Insurance somehow should monitor or somehow contact the employers if they do not pay after I would not say 3 months. That is too long, but 1 or 2 months.

Mr. President, I think that I have covered – oh yes, I think there is just one little contribution that I would like to endorse that it should be brought to all agencies and firms' attention that National Insurance should be a priority when they are planning. It is an expense and they need somehow to write it down on a piece of paper as an expense so that they will have enough money to pay their insurance. Because I do not accept that one takes a worker's money, does not pay it in and give an excuse that if you pay in the National Insurance that you will have to lay off different workers. I feel that once you have deducted the money from a worker it should be paid into the National Insurance Department.

With this, Sir, I support the Bill and sincerely hope that we will find ways and means of implementing these amendments. Thank you.
4.10 p.m.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, it was not my intention to speak on this amending Bill today, but having heard many Senators speak I believe I would like to lend my own contribution to some of the amendments and make certain suggestions.

The first I would like to look at is Clause 6 and I want to support Senator Bernstein that if one actually knows the method of business it is not that money is collected each week and put back in the kitty, it is that only the actual wages to be paid are drawn and paid to the employee. I would like to suggest that we move back to the system where contribution stamps are purchased from the Post Office. That is the surest way that the employer would buy stamps and the employee would be aware that his National Insurance card is being stamped from week to week. We talk about computerisation and all of a sudden people seem to think that the computer is the panacea for all our ills in this country, but it is not. One of the first things I have ever learnt about a computer is that you get out what you put in. There is nobody in Barbados who can tell me that better than I know, because I was the first person to bring a PC to Barbados and I was laughed at when I brought it into this country. I brought a PC

to Barbados two weeks after I left the Ministry as a Minister, and you cannot get out of a computer what you do not put in. You cannot get out of a computer what the programme does not allow you to put in and therefore to take out. My view is that if we go back to the stamp system, an employer could send down the road any day and buy stamps, or he could buy a series of stamps and keep in his drawer and stick them on at the end of each week.

We in the court system find up to today, despite all the computers you talk about in Government, we still have to buy stamps and put them on every document we file in the court. If you want to notarise a document, you have to carry down a stamp and one of the Deputy Registrars would put a seal on the stamp and you know that your money is paid. I cannot see why you cannot have a stamp system and at the end of each month, or at the end of each quarter you send the total number of cards to the National Insurance Office and the programme can be written that you can still keep check of what is going on. So to tell me that the present system where an employer must fill out a form and send a cheque is because of computerisation is a fallacy. If you want to have the system kept up-to-date, and if you want to have everybody paying National Insurance, every man Jack can collect a National Insurance card with his number once a month and if he turns up at you to work, he shows you his card and asks you to stamp it at the end of the day and you would make sure you collect it, because the money would have been collected through the Post Office where the stamps are purchased. I do not see why that cannot be done.

I look at the other section, Mr. President, where you put the liability on managers and directors. I would go so far as to say that when this was drawn somebody obviously had not studied the Companies Act of this country or how companies operate. They say:

"Where a body corporate has failed to deduct, withhold, remit or pay an amount as required by sections 12 and 18 of the Act, every director and manager of such body corporate at the time the body corporate was required to deduct, withhold, remit or pay the amount, is jointly and severally liable together with the body corporate to pay that amount and interest and penalties relating thereto."

When I read this and I heard other Senators speaking, I got goose pimples all over my body. Do you know why, Mr. President? "Every director." You have one-man companies in Barbados, which is allowed by the Companies Act, so that is all right. But you have companies in Barbados with as many as 15 or 16 directors, and anybody who operates in the corporate office will know that the Act even

provides for you to send in a subsidiary list against the forms which are filed, so you can have 16 directors in a company and the directors only get involved in the company when they get a summons for a company meeting at a particular time, they sit around a table, formulate a policy and they are gone. If you want to penalise somebody, why didn't you say every managing director? He is the man who is on board every day and he knows what is happening in the company. How can you penalise a director who may live in the United States, a man who might put \$100 000 in a company to get it off the ground but lives in the United States and comes for a company meeting once a quarter or something to make sure that his money is going the same way? What is he going to say? "Are you paying National Insurance?" "Yes, we are paying." "Let me see the books." "Well, the books are locked up because the cashier or the accountant has gone home." Nobody has put in any of these amendments that the accountant is liable. Every Bill I see come down here, everybody seems to be afraid of accountants in this country. They never say that the accountant, who is supposed to guide the company from day to day, month to month and week to week has any responsibility, yet still the Companies Act says that an accountant is part of the officials of a company. Yet you say every director or every manager. Who are managers today? You have a man who has been employed in a company and you bring him in as a manager. He does not make any decisions, he carries out the decisions of the Board, but you are going to penalise him. For what reason? Do you know what you are doing? You are changing this now into the Army system. When you join the Defence Force or any Army in the world, you have to abide by two laws. You have to abide by the law of the Army and you have to abide by the civil and the criminal laws of the land.

If your Commanding Officer tells you to shoot John Brown, if you do not shoot John Brown you are court-martialled. If you shoot John Brown, you get charged under the criminal law. That is what you have here. The poor manager is now in the Army. If he does not carry out the instructions of the managing director, he gets fired. If he carries out the instructions of the managing director, the National Insurance Board has him. So where is he? I would beg that those in authority would seek to consider the situation.

4.20 p.m.

Now I come to the sweetest one, the one that gave me goose pimples – section 43D, I will deal with that last – the one that you should not disclose any information coming to you. That is under section 39b(1A):

"Every person who has communicated or allowed to be communicated to a person not legally entitled thereto any information obtained under this Act or a Regulation..."

Mr. President, this should have been in here long ago and I would like this section to be dated back to about 1993, because the last Director we had in the National Insurance saw fit to publish a lot of names in the newspapers of people whom he said owed the National Insurance Department money; but he did not say that he picked out certain people's names to put into the newspapers on two Sundays.

Mr. PRESIDENT: Senator Bolden, just pause a second. You said the Director. I am not sure you mean the Director and I am not sure you are being fair. It may well be an instruction from the Board.

HIS HONOUR SENATOR C. L. BOLDEN: The Chairman. I apologise. I do withdraw the Director. I mean the Chairman picked out certain names to publish in the newspaper. When he asked the members of the staff to help him collect the names several people said, "Not me. I wash my hands of this." But he published the names of those whom he wanted to embarrass. But I have always said...

Mr. PRESIDENT: Senator Bolden, I think you may be going a little bit far.

HIS HONOUR SENATOR C. L. BOLDEN: Sir, I am dealing with section 1A. If I don't deal with it today, you can send me out and I will go out, and I will tell the public why I go. So don't try to stop me today, Sir. I am not dealing with...

Mr. PRESIDENT: I am not telling you that, Senator Bolden. I am telling you that you are attributing motives to people holding public office and I am not sure you laid the foundation for it. We have to be fair in this Chamber.

HIS HONOUR SENATOR C. L. BOLDEN: Don't tell me shut up. The Act says that "every person who has communicated or allowed to be communicated to a persons", every person to communicate this information. I know a lot of people don't want me to talk about this, because I found the original list of who owed. When the big companies in this country owed national insurance they never published their names. They never wanted to touch them. You cannot call the names of the big corporations in this country that owe the national insurance money. Far from that they build big buildings in this country and I can go out in the yard or in the street by Nelson and call the names of those persons who owe the national insurance money, building big buildings every week and every month, but you don't put those names in the newspapers. You take the little fellow down the street, the little fellow doing a little bit of construction that owes \$3 000 or \$4 000 and publish his name in the newspaper. This is what you call justice.

I know what I am talking about. They published my name in there too and I never owed anybody. I was the director of a company owned by an overseas group, but he didn't put in the name of the company. He put Lindsay Bolden's name in there. I had clients who came in to me and said they owed \$3 000 or \$4 000 and although they made arrangements to pay the money their names appeared in the newspapers too, but the big companies in Barbados, nobody published their names. Regional organisations, nobody published their names. Now that is where I will come to that one now. Section 43D(1).

I would have thought if you want to catch those non-nationals who come in here, enjoy the sweets and luxuries of Barbados and then abscond, you would write it in here to deal with non-nationals or non-citizens, but you draft a wide paragraph like this and you do not say. How are we to know that if tomorrow morning a Barbadian who owns 10 or 15 properties in Barbados who is a Barbadian about to go abroad for 3 months or 4 months' vacation will not be stopped under clause 43D? If this was meant to catch those non-nationals who come here and bleed the society it could have been written in that way.

I will live to hear Bajans will cry under this section. I will tell you why I say so. I have a situation of a Barbadian living in another Caribbean country. When he retired coming home to spend only 3 months with his family because his wife comes from the country from which he lives and he has been living there from 1939, he was stopped from leaving the country because they say he owes income tax in that country. But his partner who is a full-fledged citizen of that country has never been asked a question about income tax and they both traded together from 1940 until the day he retired. That is why I say that this section could have been spelt out to catch whom it was intended to catch.

Asides.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, I don't know if the asides are referring to the same person whose name I heard called in here today.

Mr. PRESIDENT: I have not heard the aside.

HIS HONOUR SENATOR C. L. BOLDEN: If that is so, Sir, I would very much like to see section 43D rewritten to deal with that, because as a non-national... You see, it bothers me where we are going in terms of legislation and application of the law. It bothers me. Take the Water Authority. You have written into the Water Authority Act that the landlord is responsible and liable for all water provided to every property but yet I see the Water Authority going and cutting off people's water..

I have said openly I am waiting until they cut off a client's of mine water or cut off mine. Then they and I and the High Court will talk about that.

The same thing will happen under this one that you have a Barbadian national who for whatever reason did not pay national insurance.

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: You don't know there is something called the Administration of Justice Act, the most beautiful piece of law ever passed in Barbados in its creation. That is why I am talking about section 43D too, because then you see the lawyers will get some more work now.

Aside.

Mr. PRESIDENT: Senator Bolden, please address the Chair.

HIS HONOUR SENATOR C. L. BOLDEN: We belong to a little cottage industry so something might fall out.

Mr. President, the greatest thing is to know. I hope that the comments that I have made will be taken seriously. I think we should try to avoid disharmony in this society but, at the same time, one wants to have a system which functions well and caters to all.

I heard calls today that if you do not pay you should not draw and I would like to see that written into this amendment too. I will tell you why. We have a body of young people today and I remember when I was a Cabinet Minister we had to look at the statistics of the employed and the unemployed. Senator Mascoll, I believe, could correct me on this. A section crept into the statistics called the "voluntary idle" after we were told by the enumerators there are a lot of people who say: "We left school, we did not have jobs for five and six years and we do not want to work." Then we have a group of people who say they belong to the Rastafarian organisation who do not work. They say they are not going to work and by just looks, they look like 70 years old when they are 30 and 35 years old. Now, I have often wondered...

4.30 p.m.

SENATOR C. LeR. TROTMAN: Mr. President, on a point of order. I think the Honourable Member is misleading the House. The persons who belong to Jah Rastafari are not necessarily people who do not wish to work. They are people who are hiding behind that. The member knows it and he must not interfere with Jah's people in this way.

Mr. PRESIDENT: Senator Bolden.

HIS HONOUR SENATOR C. L. BOLDEN: I have not been endowed with those powers to see behind those who are masquerading. If I have to go further, I am missing something but I would not like to go any further. I would not like to put it on the record. But if they claim that they belong to that movement, all good and well. I have no problems with the movement. I have no problem with people's behaviour. I have said over and over again throughout my life that each human being is an entity unto himself. He can live his life as he feels like provided he does not interfere with his neighbour, and that is my philosophy of life. I do not care what anybody says. That is their business. All I am saying is that there is a group of people out there who proclaim that they are away from this society. They do not want to get involved with this society. They do not work.

I look at a lot of them who look like 70 years old and when you check back they are very young people. I am saying something must be done to bring home to them that if they do not pay they do not draw. That is what I am saying because it would be unfair to those of us who have to pay that they draw. If we choose not to pay, we do not draw. That is all I am saying. I have nothing to do with the culture of any person. That is my contribution, Mr. President.

SENATOR N. A. LYNCH: Mr. President, I avoided for as long as I could speaking on this Bill but I guess this is the point at which I have to join the debate. First of all, I am one that is in total agreement with Senator Trotman regarding the fact that we have to take care of all the citizens and residents of this country.

The pivotal matter here regarding this amendment is the fact that we have to protect the integrity of the National Insurance Scheme. That is where the whole premise of this thing is funded. The last Actuarial Review actually showed that fewer and fewer persons will be making contributions to compensate at the end of the day for more and more persons to draw and that is something we have as a government and as a people to deal with, and deal with very quickly.

Sir, there are two points I must take. I want to say here clearly that I categorically disagree with Senator Bolden regarding the concept of who should be liable when there is defaulting on the Scheme. Section 14:

"43C. (1) Where a body corporate has failed to deduct, withhold, remit or pay an amount as required by sections 12 and 18 of the Act, every director and manager of such body corporate at the time the body

corporate was required to deduct, withhold, remit or pay the amount, is jointly and severally liable together with the body corporate to pay that amount and interest and penalties relating thereto."

But, Sir, it is very clear then in section 2 that there has been more than enough protection. Sections 2 and 3 continue to give more than enough protection to anyone who is a director of the body. It goes on to say:

"(2) No director or manager shall be liable for a failure under subsection (1) when he exercised a degree of care, diligence and skill to prevent the failure that a reasonably prudent person would have exercised in comparable circumstances."

Then in section 3, Sir, it says:

"(2) In determining whether a director or manager exercised the degree of care, diligence and skill to prevent the failure referred to in subsection (1), the director or manager must have had regard to the interest of the company's employees."

Sir, it is very clear that the Government has also sought to protect those people who at the same time that they are directors, and we understand that they are in the business or the concern on a daily basis, but at some time or the other they must be held liable. I want to make this clear. My position with the company with which I work makes me the managing director. I sit on the board. I am liable for many of the things that happen within that company. At the same time on a daily basis I am the daily manager. Therefore, I am responsible for anything that happens, even regarding how my accountant acts. Any one of my employees that act out of line I am responsible to the Board of Directors for their own behaviour. The Board of Directors has no control over the everyday running of that association but I, at the end of the day, am the go-between the employees and the Board and anything that happens I would be held liable.

Sir, I want to make it perfectly clear that I do not believe, as was stated here, that all a manager does within a company is to carry out the will of the Board of Directors. I do not carry out just the will of my Board of Directors. I have been entrusted with managing that concern on a daily basis. My Board of Directors is the broad policy makers. I am the one who is responsible on a day-to-day basis for the functioning of that organisation. If that organisation seeks to break the law in some measure well then I would have to be held responsible. I would never condone encouraging anyone within a body not to be

held liable when they are the ones who look after that concern on a daily basis. Therefore I believe that the managing director is more than liable if anything happens.

Aside.

SENATOR N. A. LYNCH: I am just stating a particular point that if I am the managing director, I should be held liable.

The other point I want to make, Sir, is that I do not agree with Senator Bolden.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, on a point of order. I wonder if the Honourable Member thought carefully of what he has just said because my concept has always been that the managing director is the man who should have been made liable. That is what I said so I cannot see how he is diametrically opposed to what I am saying and now saying he is the managing director and he is responsible. All he is doing is supporting all I have said.

SENATOR N. A. LYNCH: Sir, I am also saying this. The managing director is held liable and so are the directors. The directors have been given permission and protection within this law as far as the Government can go. That is all I am saying, Sir. I understand Senator Bolden to say that the managing director is liable. What his concern was, as I understood it, that anyone who is a director who lives out of Barbados and only comes here every quarter to a meeting cannot be held liable. At the same time, I am saying that under the amendments the Government has sought to protect that person as far as it can go regarding his liability when these sums are not paid.

I also want to go on, Sir. The other part of this legislation I want to deal with is regarding Senator Bernstein's comment regarding the 8 per cent and then the 9.75 per cent one has to pay. If you are working in a company, Sir, and they are supposed to pay you \$100 a week at the beginning of the week, you have worked, they have not paid you your \$100 and the company has withheld the \$8. Even if he does not have the 9.75 per cent to pay at the end of the day, what he has done in effect is he has taken your money and not paid it into the National Insurance Scheme. As far as I am concerned, even if he did not have the 9.75 per cent he should still have your 8 per cent because your 8 per cent is the legal wage that he should have paid you. It is either one or two things. You either give back the man his 8 per cent that you have taken out, or you find some way in which you can pay in that amount.

SENATOR S. P. BERNSTEIN: Mr. President, on a point of order. The Honourable Senator is trying to

state that I said that if you take out 8 per cent that the company is not liable to pay it in. I did say that they were liable to pay in the 8 per cent along with the 9.75 per cent. What I went on also to say was that some companies were cash strapped and took other priorities in place of it. I did not condone it. I did not justify it. I was just saying what happens and what happens after month 1, month 2 and month 3 it snowballs and they could never come back up. I agree with the Senator that 8 per cent is taking the people's money and it should be paid in. I agree with it but I do not think he is right in saying that I am saying what I did not say.

4.40 p.m.

Sir, all I am clearly stating is this. Whether or not Senator Bernstein is talking about the cash strapped position of the companies I am saying clearly if you took the man's 8% and you were obligated to find 9.75% you should find it. But if you do not pay that money in, what are you doing then with the man's 8% that you are holding and many people hold on to the people's money in these supposedly cash strapped companies and do not pay in the money but also look for ways and means of doing other things with the money. I agree with him clearly that if you do not pay your electricity bill or your telephone bill the company will cut off your supply.

Senator Barker has clearly stated that Governments in all states look upon this as loss of employment and therefore have not been as diligent as they should be or as forceful as they should be in enforcing the law. At the same time, Sir, the object here is compliance and the Government must do everything within its power to make people comply. I am one of those people who believe that this is as much a moral issue as a legal issue. I do not agree with the concept that you can change the goal post after the game has begun. Therefore I have heard people make suggestions regarding self-employed who have not paid anything at all, at the end of the day they should not be able to draw from the scheme. I am saying, Sir, that those people who in the past, if you did not tell them that at the beginning of the scheme that if they did not pay they would not be able to draw, I am saying you cannot go back to those people and say at the end of the day that you cannot draw from the scheme. If you want to continue this from here on in and make it clear to persons who are self-employed that they cannot draw I can go along with that. At the time, if you did not tell them that at the outset, I am saying that you cannot now at this stage come back and say those people cannot be made to draw from the scheme.

Sir, with those few words I want to conclude my presentation and give my support to the amendments to this legislation.

SENATOR D. T. GILL: Mr. President, it would be remiss of me to allow the debate to go on and close without adding my three cents. But, Sir, the first job I had was at age 14 putting on national insurance stamps at the Hilton Hotel for two weeks at Christmas. Sir, it was a handsome piece of cash for Christmas and at the end of each day my fingers were sticky and up to this day I do not know why that system was rejected. Right through the debate, and I followed it in the Other Place on television, and I heard some of it in the room next door, compliance and the self-employed seemed to be the names and the words coming through quite forcefully. I think they should revisit that system of stamps. Once I said that in a company of some older folk and they told me if you want to see stamps selling on the streets, then go back to that system but I could not comprehend what they were saying because I do not see postage stamps being sold on the streets so I could not understand then what they were saying and I still do not comprehend now what they were saying.

Sir, as I heard Senator Bernstein, not in his main presentation but in rebuttal to Senator Lynch, those of us who have ever managed a one-door shop a sno-cone cart, a nuts tray, you would know there comes a point in time where cash is hard to come by. Now, Sir, is the time for young, bright accountants to stand up and be counted to assist small businesses. I have a little problem, Sir, in defining small businesses but I would define a small business as one which does a certain percentage of the top ten league or top five league with a ratio of staff greater than a given number. I do not want to get into the numbers game because you may be employing one person in one room and that company is doing better than any of the big companies, in ratio terms, on Broad Street.

Sir, something happened in the late eighties, early nineties, where small businesses, sometimes people like to call them entrepreneurs, sometimes people like to call them all types of things, where they were crowded out for access to cash and problems started to set in.

Sir, as you know a lot of retailing is done in Barbados. In my opinion too much retailing is done in Barbados. But you cannot go overnight and tell people to go and manufacture. Manufacture what, Mr. President? Manufacturing is relatively new to our culture, nonetheless some of us took that bold initiative, went forward, started manufacturing only to find out that they were not prepared for it mentally or otherwise. Sir, some names were placed, and I can see it like now, in the weekend Press during that time and the moment those names were placed in that Press, 90 percent of those companies have not recovered because when they sought some form of financial aid they were obviously seen as companies who if they cannot pay their national insurance how then can you repay the

bank or any of the institutions that would lend you. Sir, that stood in their way ever since then until now.

I am not for a moment, Sir, condoning failure to pay the National Insurance but I think, Sir, as I said in my opening remarks, now is the time for small budding, smart accountants to come to the assistance of small businesses where the manager is the accountant, is the human resources manager, he is everything in one. At the end of the day he is tired. Now is the time for young accountants to market themselves. Now is the time for students of business to specialise and focus on small businesses. It has been happening elsewhere and I do not see why it cannot happen here and it is this kind of assistance that I think small businesses are in need of. I do not think they would want to hide away or refrain from their duty. I do not think so at all. I think that Barbadians are basically honest and they like to pay their taxes and they like to pay their dues. But once certain problems have stepped in and they do not have the wherewithal, they do not have recourse to institutions, they do not have someone to interpret the impact of seasonality, they do not have someone to interpret various ratios – they just do not want someone at the end of the year to give them a P and L Account or balance sheet account and call themselves accountants. They do not want that, Sir. They do not want a final shot of the race but they want to be able to see the race from meter to meter and see how it progresses. They want the accountant or business manager to tell them – now listen you expect a glut so do a, b, c, d. Based on records from last year you performed like this, so I do not want you to perform in that style. Sir, they want to be told that it is Christmas and the tourist season is just about to break, it is at mid-point, it is tapering off, or we are looking for the summer traffic. These are the pointers within which small businesses need to be managed.

4.50 p.m

Sir, I am going to close by saying that in more than 90 per cent of the cases people are not removing and putting aside the contributor's contributions for themselves or for their well-being. But because of the day-to-day demand they are really and truly falling short of an operating profit. So, Mr. President, this is my contribution as far as those persons who are experiencing some problems. But I nonetheless welcome the approach which the administration is taking to be able to comply and to be able to reconcile differences between the managers of the scheme and those who have defaulted. I thank you, Sir.

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that this Bill be now read a second time.

The question that the Bill be now read a second time was put to the Senate and agreed to, and Mr. PRESIDENT left the Chair and the Senate went into Committee on the Bill, HIS HONOUR SENATOR C. L. BOLDEN in the Chair.

COMMITTEE

Mr. CHAIRMAN: The Senate is in Committee.

Clauses 1 to 13 were called and passed.

Clause 14 was called.

SENATOR S. P. BERNSTEIN: Mr. Chairman, we are looking here at Section 14 where it says every "director and manager". Perhaps it can be amended to state "managing director" as proposed.

Mr. CHAIRMAN: The Honourable Member has got to put up what he wants, not perhaps. I cannot perhaps anything.

SENATOR S. P. BERNSTEIN: Yes, Sir. Clause 43C(1) of Section 14 should read:

"Where a body corporate has failed to deduct, withhold, remit or pay an amount as required by sections 12 and 18 of the Act, every director and manager of such body corporate at the time the body corporate was required to deduct, withhold, remit or pay the amount, is jointly and severally liable together with the body corporate to pay that amount and interest and penalties relating thereto."

Sir, throughout the section where it says "director and manager", it should be replaced by "managing director".

Mr. CHAIRMAN: Is it that the Honourable Member wants to move that in Section 14 of the amendment where it reads "every director and manager" should be deleted and read "every managing director"? Is that what the Honourable Member wants to put?

SENATOR S. P. BERNSTEIN: Yes, Mr. Chairman.

Mr. CHAIRMAN: Any person to second that? It has been moved by Senator Bernstein and seconded by Senator Workman that the words "every director and manager" appearing in Section 14 be deleted and in its place "every managing director". Is that what it is? Senator Trotman.

SENATOR C. LeR. TROTMAN: Mr. Chairman, I would wish to speak to the amendment. I follow the intention of the amendment but I believe that if we left the amendment the way it is, then what I understood to be the intention of the Board on recommendation and therefore the intention of the Bill would be lost. Because if we only address the person as the managing director, we have two problems. That is a situation where there are other directors who may know and therefore be jointly liable. That is

one aspect of the problem and the second problem is that if we are specific in using the term "managing director" and that term is not used, you Mr. Chairman in your very technical position as Chairman here – that is the only way I can address you – would recognize that you would lose the case before you begin because the person in fact may be called by something else. The language would have to be styled differently and you would have to say managing director or however else styled or words to that effect. Because if we use very particular language then all one has to do is to walk away from the language and use the kind of escape routings that could very easily take care of this.

I am therefore suggesting that in the best interest of making sure that we satisfy the intention that we spend some time looking at it again. I think that the idea is sound but I do not believe that merely by changing a director on the one hand and manager on the other and substituting managing director that we would have accomplished our objective.
5.00 p.m.

Yes, Sir, thank you very much for your suggestion. I would move that in the interest of justice in this circumstance that we hold this section over until such time as we can get some assistance from the Clerk in formulating the right kind of language.

Aside.

SENATOR C. LeR. TROTMAN: All right. Can I withdraw the comment I made previously in the interest of making sure the records are clear? I move that Clause 14 be suspended for further debate.

Mr. CHAIRMAN: Senator Trotman has moved that Clause 14 of the Bill be suspended for further debate. Is there a seconder?

SENATOR Mrs. P. E. RICKINSON: I beg to second that motion.

The question that Clause 14 be suspended for further consideration was put and resolved in the negative, the Senate dividing as follows:

Noes: SENATOR THE HON. R. R. FARLEY, SENATOR THE HON. P. C. GODDARD, SENATOR THE HON. G. S. H. MURRAY, SENATOR Miss C. Y. FORDE, SENATOR T. E. BARKER, SENATOR Miss O. P. SYMMONDS, SENATOR D. T. GILL, SENATOR Miss J. C. ODLE, SENATOR N. P. WELCH, SENATOR N. A. LYNCH and SENATOR Mrs. V. J. DAVIS – 11.

Ayes: SENATOR C. LeR. TROTMAN, SENATOR Mrs. P. E. RICKINSON, SENATOR C. K. LAURIE, SENATOR S. P. BERNSTEIN, SENATOR J. A. WORKMAN and SENATOR C. A. MASCOLL – 6.

The question that the words "every director and manager" be deleted and replaced by "every managing director" was put and resolved in the negative, the Senate dividing as follows:

Noes: SENATOR THE HON. R. R. FARLEY, SENATOR THE HON. P. C. GODDARD, SENATOR THE HON. G. S. H. MURRAY, SENATOR Miss C. Y. FORDE, SENATOR T. E. BARKER, SENATOR Miss O. P. SYMMONDS, SENATOR D. T. GILL, SENATOR Miss J. C. ODLE, SENATOR N. P. WELCH, SENATOR N. A. LYNCH, SENATOR C. LeR. TROTMAN, SENATOR Mrs. V. J. DAVIS AND SENATOR J. A. WORKMAN – 13.

Ayes: SENATOR Mrs. P. E. RICKINSON, SENATOR C. K. LAURIE, SENATOR S. P. BERNSTEIN and SENATOR C. A. MASCOLL – 4.

Clauses 14, 15 and 16 were called and passed.

On the motion of SENATOR THE HON. R. R. FARLEY, Mr. CHAIRMAN reported the passing of one Bill in Committee, and Mr. PRESIDENT resumed the Chair and reported accordingly.
5.10 p.m.

On separate motions of SENATOR THE HON. R. R. FARLEY the Bill was read a third time and passed.

ORDER NO. 2 – THE INCOME TAX (AMENDMENT) BILL, 1996

SENATOR THE HON. R. R. FARLEY: Mr. President, I rise to move the second reading of this Bill which seeks to amend the Income Tax Act. The main elements of the amendments being proposed, Mr. President, are to give effect to a number of important provisions, among these being the restoration of a home allowance for income earners. The allowance of group relief for companies, the allowance for water storage facilities at commercial entities as well as clarification on the question of the tax credit on foreign currency earnings.

The matter of the restoration of the home allowance for example and one or two other matters related here really follow on the general reform of the direct tax system which was predicated on the removal of a number of allowances and the application of what is more or less a few across-the-board rates. However, there is clearly benefit to be derived from the restoration of the home allowance which, as is provided for in these amendments, will allow home owners in wholly occupied residential properties to claim an amount of \$3 500 in an income year for purposes of mortgage interest, repairs, renovations, energy or water saving devices and the particular amendment also goes on to make provision for the

apportionment of the allowance in cases where the residential property is not wholly occupied by the owner and other related matters. The main point is that the provision of this allowance provides some opportunity for Barbadian home owners to have some leeway in being able to engage in repairs primarily in order to protect the value of their homes. It will also provide the element of relief which we believe is required as an inducement for persons to instal energy saving and water saving devices and other facilities. By having a flexible arrangement, a flat allowance of \$3 500 at a time when one does not have repairs, renovations and water and energy saving devices going that amount can also be claimed in mortgage interest.

We believe that apart from the ease which the homeowner gets in terms of being able to use the facilities there we believe that the benefits will be seen by the small construction sector, the small carpenters, masons, electricians, plumbers who are the ones who were the principal beneficiaries of the small repairs that are done by Barbadians on their homes from time to time.

We are satisfied that this particular amendment will be of particular benefit, not just to the home owners, but to those small individual repairmen, the artisans in this community who either are engaged exclusively in that line of business or who are able to supplement their income from working with a larger firm by weekend activity. I personally know of a mason who is the only man I would have to do any work for me – I almost said of a masonic nature – of a masonry nature. He is employed by a firm during the week but on Saturdays, Sundays and public holidays he is able to do two things. One is that he supplements his income by engaging in a number of small repair construction jobs but he also provides an excellent service and an opportunity for persons whose income flow is not such that they will be able to engage the services of a large contractor to build on the back bathroom or to improve the front steps but whose income flow on a weekly basis might more adequately and accurately match his availability for work. They get paid on weekends. He is available on weekends and together they all move along happily.

So Sir, we believe that the principal beneficiaries of this amendment will be the small repairmen, the artisans, the carpenters, the masons, the plumbers who will be able to engage in some of the repair work which had virtually dried up when persons were no longer able to claim those allowances after the 1992 reform which generally as you know, Sir, eliminated itemised allowances and deductions except for registered retirement plan contributions, covenants and subscriptions to trade unions, savings to cooperative societies and subscriptions by parliamentarians to political parties.

The range of things which would have been eliminated then would have been the personal allowances – there is now a basic allowance – the dependent allowance ranging from individuals under 18 years, university fees and household help and gardeners and so on, medical expenses and pensions and so on. So we are pleased to participate in the restoration of that particular benefit.

Another important component of the amendments of this Income Tax Act relates to the provision of group relief for companies. We have had a situation in which companies which are essentially wholly owned subsidiaries or as the Act makes provision for, at least 75% owned and controlled, these companies have not been able to set off their losses of one subsidiary against the profits of another. 5.20 p.m.

I think one of the things we have to recognise is that there is a need to provide every opportunity and impetus for a number of companies to strengthen and consolidate their position and also to give due recognition to the fact that essentially, if the ownership is common, then at the end of the day you are talking about the profits or losses really accruing to a single set of shareholders. Therefore, the artificial separations which would have existed between companies and the group really could best be removed.

There is an entire section in the amending Act, section 8, but it makes amendments to several parts of the Act mainly in section 23 to provide for definitions of the accounting periods to the claimant companies, the surrendering company. It makes provision for the 75 per cent ownership requirement. It determines what is a subsidiary company. It aligns the specifics of claims that can be made for group relief and losses which might be surrendered. It makes provision for technical and mechanical issues relating to correspondent accounting periods and several other matters which would ensure that the matter of group relief can be properly administered.

What it also does, Sir, is that it exempts a number of companies which are incorporated by special enactments, mainly of an incentive nature, from benefiting under the group relief arrangement. Those companies would be companies established under the International Business Companies Act, the Exempt Insurance Act, the Societies With Restricted Liabilities Act, the Offshore Banking Act as well as any other company which was granted tax concessions by any other enactment except for those under the Hotel Aids Act.

The reason for the exemption of these companies from making additional claims for group relief is that all of these companies that we have mentioned before are paying in most cases a low rate of taxation. In the case of

the International Business companies, the companies are paying a maximum of 2.5 per cent reducing to 1 per cent subject to certain conditions. If the Act were to be applied without exempting these companies from group relief and they were to further claim the group relief then that would bring their income down to proportions that are not permissible. Sir, we are satisfied that this measure of incorporating group relief for companies operating as groups and as prescribed in the Act will be a beneficial one and would spur on some business activity.

Now, Sir, another important aspect of the amendment relates to the whole question of providing incentives for the use of water sewage facilities. Mention was made under my discussion of the home allowance of the fact that householders, as individuals, who have individually owned and occupied residences can use all or part of their \$3 500 allowance with respect to water saving devices. But there is also a separate provision relating to the installation of water storage facilities at commercial premises. This is obviously an important provision. There is provision for the same level of allowance, that is, a maximum of \$3 500 for each commercial building. This is in respect of water storage facilities on commercial buildings.

It is important, Sir, that a provision like this be considered not just for its tax implications but it is really one of the means of Government seeking to underpin and give some support for its general thrust toward the whole question of water management. I do not have to spell out for you the particular challenges which the future development of Barbados faces with respect to the water constraint. We are happy to be able to incorporate incentives both for commercial enterprises as well as for individuals in their residences to make use and install water storage facilities.

Now, Sir, another component of these amendments relates to the matter of the tax credit for foreign exchange earnings. Now, this has been a matter that has been almost a vexing issue for some time. Section 14A was introduced several years ago, somewhere in the early 1980s to allow for those companies which were earning foreign exchange, mainly individuals in the terminology of the law, whether corporate individuals or individuals in or of the flesh, but the point is that section 14A originally would have made reference to exporting companies related to products.

The intention of a subsequent amendment was that persons engaged in services would also be able to benefit from the earning of foreign exchange by way of a tax credit. That was out of recognition of the fact that Barbados was already and still continues to earn considerable sums from accountants, lawyers, engineers and other persons who were either at home working in the offshore sector, or who were doing what would have been

new to Barbados in the 1980s, going out into other locations and engaging in construction activities and the like.

There were, however, a number of difficulties that arose with respect to differences of interpretation and similar matters that are not unknown to tax administration. As a result, you would very well be familiar with some persons who have had outstanding matters relating to the claim for tax credit on foreign exchange earnings for services for many years. What has been done is that an amendment to Section 12(g) of the principal Act has been included in this amending Act which would seek for a person to be granted a tax credit equal to 30 per cent of the net foreign currency earnings in the relevant income year. That will address the issue as it was then. In other words, all of those outstanding issues relating to the claiming of the allowance will be dealt with by amending section 12(g).

Sir, with respect to foreign currency earnings from income year 1996 onward, there are a number of clarifications as well as new and interesting provisions that have been made.

Now, section 12(g) of the principal Act has been amended by adding a 12(h). Section 12(h) goes into full details on what would qualify for foreign currency earnings. You will notice, Sir, that it speaks to foreign currency earnings instead of net foreign currency earnings as some definitional issues that had to be worked out there. It specifies that the person carrying on a business in Barbados and they derive assessable income from fees, payments or rewards in respect of undertakings in construction and professional services and other matters that they have transferred the foreign currency to Barbados through the Barbados banking system, or that the payment, if it is made outside Barbados, is held in a foreign currency account held in a bank outside of Barbados with the permission of the Central Bank of Barbados that those funds would be legally remittable and so on to Barbados. What it does is it provides for such persons to set off against the tax payable the foreign currency allowance calculated in the manner specified in the Fourth Schedule. So the Fourth Schedule of the Act gives an indication of how these allowances are calculated. So that provides some clarification and would hopefully avoid the situation which I had referred to earlier in which that provision which was amended in the 1980s to allow for earnings from services was fraught with several difficulties and persons had cases outstanding for several years with the Inland Revenue Department which seemingly could not be resolved.

5.30 p.m.

But in relation to some other definition issues which are important with respect to the operation of this provision, definitions have been given for foreign currency earnings, qualifying overseas projects and so on. As a

result, Sir, the Second Schedule has been amended and I would like to highlight the major issues in the amendment to that Second Schedule. What has been done with respect to the Second Schedule is that amendments have been made which have sought to recognise the wider range of services which are being offered internationally and for which we believe the foreign currency allowance should be applicable, and rather than specify just the general services, we have sought to be fairly descriptive to avoid the technical problems that arise in these matters.

So, Sir, in addition to the construction projects that would have been identified before and in addition to the accounting and management consultancy areas that would have been identified before, we have sought to spell out, in addition to those, some more clear and precise terms. We have mentioned, for example, public accountancy services, administrative services, legal trusts and corporate secretarial services, entertainment, medical and dental services, cultural services and sports, so that we would, for example, by expanding the range of services expect that our entertainers who we are pleased to say are now travelling around the world and earning foreign currency would be in a position in respect of filing their claims for tax returns would now be in a position to claim the foreign currency allowance with respect from income year 1996.

Similarly, Sir, we have a number of sportsmen and persons who are giving cultural services, the dancers and other persons in the cultural industry, who are travelling around and earning foreign currency. Again they would now be able to benefit from the foreign currency allowance under these new amendments. We fully expect a group like Krosfyah to benefit from the earnings in foreign currency.

Sir, a group by any other name would be able to benefit, and I am told that a representative from Square One is present and that the management of Square One would be pleased to know that the group can also benefit from foreign currency earnings. The point I am making, Sir, is that we have recognised that the earning of foreign currency is not restricted first of all to products alone. It is not a question of the export of products. Also too the range of services which Barbados is able to supply to the rest of the world is only limited by our imagination and that it does not relate only to the traditional services and we must not see it only in terms of the offshore financial services sector so that the allowance which was originally limited to some of the performers in those areas has been expanded so that our artists and our craftsmen and our musicians and other persons providing these services would be able to benefit.

Now, Sir, among other things provided for by all these amendments a number of technical refinements have been done as well. For example, residency has been

clarified in as broad and handsome a means that would be possible and which would allow for a greater clarity for those persons who are engaged in the offshore financial services sector and who find themselves sometimes stuck in terms of what jurisdiction they may actually fall under for tax purposes in any given year.

Generally speaking, Sir, these amendments have been designed to provide for the areas that I have mentioned so far. That is, Sir, they have allowed for the clarification and the expansion of the whole matter of tax credits for foreign exchange earnings. They have granted group relief for Corporations. They have re-instituted a home allowance for mortgage interest, repairs, renovations, energy and water saving devices. They have also provided for an allowance for corporations who have installed water saving devices.

Very importantly, Sir, the amendments have also exempted pensioners, 60 years and over from the payment of withholding tax on interest income. That is one of the provisions that would have been lost in the tax reforms of 1992 and we are pleased to be able to restore that.

So, Sir, we are satisfied that these amendments are in the best interest of all concerned and that these amendments will go a long way towards stimulating economic activity and clarifying some of the issues which, in some cases, have been outstanding and have been a bit of burden on the administration of the income tax system in Barbados for some time.

I beg to move, Sir, that this Income Tax (Amendment) Bill, 1996 be now read a second time.

SENATOR C. A. MASCOLL: Mr. President, I rise in this debate to make a contribution more on the basis of an advisory capacity than anything else. The \$3 500 will not translate into the kind of benefits that the Leader of the Senate suggested and therefore for a number of reasons this initiative will not translate into any small construction sector being revived. That is not at all difficult to understand. So just let me explain why though. The Government is supposed to be giving back \$3 500 in allowances and that \$3 500 can be comprised of mortgage interest, repairs, renovations, water saving devices and the works and there is a limit of \$3 500. So that if you have a mortgage say of \$100 000, first 5 years the interest component alone is going to exceed that \$3 500 substantially such that in any given year a \$100 000 mortgage for 20 years at 10 per cent and the interest payment on that is \$833 per month which multiplied by 12 translates into about \$9 700. Anyhow, the issue is that even though that mortgage is 5 years or 10 years the interest payment on that small mortgage is going to exceed that \$3 500 claim.

5.40 p.m.

Sir, the thing about that is that just the mortgage interest alone is going to cover the allowance. So that in any given year a person with a mortgage of that magnitude or even much less did repairs, there is still no incentive to do repairs or to do renovations because you cannot claim beyond \$3 500. So that it does not make a difference. It cannot inspire and it cannot activate activity within the construction sector. It is much too small to do that and, in any case, I will demonstrate why the initiative itself cannot cost Government any \$6 million. Now to say that this initiative is going to cost \$6 million is to vastly understate the impact of this measure. I think that the Government has failed to understand the magnitude of the proposal which it is putting in place when it is multiplied across the board.

Let me just explain that if the initiative will cost Government \$6 million, in the 40 per cent tax bracket we will simply inflate that by dividing it by point 4 and that will give you about \$15 million. If you divide by point 4, you would get about \$15 million. Now the thing about that therefore is that on that simple score in the 40 per cent category, take the \$15 million and divide by \$3 500, that is going to translate into just about 4 000 people in that particular income tax category. What I am saying is that if you look at the real estate environment in Barbados there are in excess of 12,000 to 15,000 mortgage owners and that represents out of a housing stock of 75,000 of which 40 per cent is wooden which is 30,000 houses and then you can reduce that systematically. But the issue at hand is this, that that \$3 500, as I said before, can only satisfy about 4,000 mortgage owners. So that there is a substantial under-estimation of the cost of this initiative. Now this is very serious and that is why I am saying that I am talking today in an advisory position. This is not supposed to be a contentious thing at that level. I am making this point because in this 1996 environment and this initiative was proposed since last year, but this initiative is going to cost much more than \$6 million. I said before and I continue to say, and I am sorry that the trade unionist is not here, that this initiative should have been used very skillfully in the recent collective bargaining process because that demonstrates that Government is indeed in a position where it can effectively negotiate or could have given the workers of Barbados a rate of increase...

SENATOR THE HON. G. S. H. MURRAY: Mr. President, on a point of order. I just would like to know if the Honourable Member is repeating his accusation that the trade unions sold out.

Mr. PRESIDENT: That is not a point of order.

SENATOR C. A. MASCOLL: I really do not intend at all to be contentious. I am just saying in this particular debate and for a very good reason I do not intend to be contentious either. So that I have difficulty in

understanding how this initiative could in fact only cost a mere \$6 million to Government. It is something that has to be looked at by the technocrats. There is no doubt at all. Prior to this tax environment you were able to sum your allowances but you only benefited from the mortgage interest deduction if the allowances exceeded \$15 000. Right. In this new regime, you do not have to sum anything. This \$3 500 is on top of the \$13 000.

So that whereas before there were a number of people claiming mortgage interest deduction who ran the sum onto the children allowances and the other allowances who still not exceed the \$15 000 cap. That does not come into play in this particular regime. There is no longer the question of a lot of people being able to claim mortgage interest but still could not get over the \$15 000 threshold and that happened to the extent that in 1990 only 2,517 individuals benefited from the mortgage interest deduction in that particular tax regime which we had in 1990. But that did not say that they did not have a whole host of mortgage owners who had in fact summed on the income tax form but still could not exceed the \$15,000 mark. That is why I made the comment in a debate sometime back that what we have now is a completely different ball game where we are now saying that all mortgage owners can now get a benefit as a result of this particular initiative that Government is putting in place. That is why I am querying the costing of my Government. There is no way that this initiative can only cost \$6 million to the Government purse and that has to be looked at in light of the fact that there is supposed to be an economic programme in place which has at its heart the objective of contracting domestic demand which also has at its heart the whole question of competitiveness within the economy. So I am saying that in many ways this initiative cannot be part of that objective. Just let me reiterate because I know sometimes when you deal with figures that people do not necessarily pick up what you are saying immediately.

SENATOR THE HON. R. R. FARLEY: On a point of order, Mr. President. I just think that the Honourable Member is not deliberately but he is misleading the Senate by suggesting that all mortgage owners can claim this amount. It specifically states in the Act that this relates to owner occupied residential property. If you take the mortgage figure, based on the figures from the commercial banks, not all mortgages will be held by wholly or partly occupied owner residences, so I think the Honourable Member would want to be very clear in what he is saying. 5.50 p.m.

SENATOR C. A. MASCOLL: I think the Honourable Member is splitting hairs on this particular issue. Indeed, if the initiative is not designed to assist people who are mortgage owners, then what is it designed for? Before,

anyhow, you had to be living in the particular residence in order to claim the mortgage interest, so it does not change the magnitude of my argument, it changes the magnitude of the numbers, which is really not an issue. That is, you may have more people or less people, but it does not change the magnitude of my argument. In short, Mr. President, the reason given by the Leader of the Senate for the re-introduction of the allowance cannot be substantiated on technical grounds, that is, in terms of trying to boost construction, trying to get carpenters and painters back into the so-called mainstream of activity, this initiative is not going to succeed in doing that.

In any case, what we found in 1990 is that chattel houses, which were predominant then, still to a large extent are, except that there has been a dramatic decline in wooden houses in Barbados between the censuses of 1980 and 1990, but we have had a situation where only 229 people claimed for repairs on chattel houses in the 1990 period. It is my desire that if this initiative is to have any meaning, we will see a greater participation among people who own houses of that class and that this initiative ought to be targetted at that end of the market. We should be in a position where we recognise of course the housing stock and the housing needs in Barbados and we recognise that they are predominantly among low income earners in Barbados, and therefore such initiatives ought to be targetted at the lower end of the market and not simply be targetted at the higher end.

The problem, therefore, is this. People who live in wooden houses for the most part do not have mortgages, so what are you saying in terms of an ongoing benefit? The repairs may occur in year 1, but then a poor person or a low income person is not going to be in the habit of repairing every year just for the sake of a particular benefit. So again the initiative is more targetted towards persons who own mortgages more so than targetting at the end of the spectrum where people in wooden houses are more in need of the resources to continuously refurbish and renovate their houses. Again, it cannot be said that this is going to translate into any significant construction or any significant repairs on the part of those people who matter. Just let me reiterate. The persons in the middle to high income categories who can afford to use this initiative maybe on an annual basis to repair and renovate do not have to do so. Why would they wish to repair and renovate to get this benefit of \$3 500 when the mortgage interest which they paid is going to cover this \$3 500? This then does not serve to be an incentive to people in the middle and high income categories who have larger mortgages and whose mortgage interest will cover \$3 500 in any given year. So even those persons who can afford to repay and renovate on a yearly basis do not have the incentive to do so because their mortgage interest will cover the \$3 500. It does not matter, therefore. It cannot therefore translate into any meaningful jobs for carpenters, painters and the like.

Now, the previous thing did that in that it encouraged and it allowed you also to get mortgage interest plus repairs plus the light. That is a very honourable thing to do for those people who are benefiting, but what is wrong with such an initiative is that such an initiative will stop precisely because 4 000 people in Barbados in that 1990 study got as much as \$30 million allowances among them. You had unlimited mortgage interest, repairs, a whole host of other deductions and allowances and therefore on the basis of the overall impact it was having on Government's revenue or Government's purse, it was deemed necessary to remove that sort of luxury that people were enjoying. More importantly, that removal was accompanied by the removal of levies on people who earned very low incomes but yet still had to contribute in the form of high levies. Do not come the route of levies. Levies remained the heartbeat of the Barbados Labour Party. The environmental levy which is currently being introduced...

Aside.

SENATOR C. A. MASCOLL: ... it is the heartbeat of the Barbados Labour Party. They like levies. We said there was no way we could continue to burden low income earners in Barbados with levies of that magnitude. Even if you earned a dollar you have to pay a levy. That is not fair. The whole purpose of the reform was to redirect taxation towards the property owning classes of Barbados and you had a situation where property owning classes, represented in the form of land or finance, so we had a situation in fact where there was an expressed principle to shift the burden of taxation from those low income people who paid levies towards the property owning classes. What we have seen as a result of that initiative is this. We have seen an increase in land and property taxes, we have seen more importantly a fairly substantial increase in the corporate tax take of Barbados. That is what you call principle, that is what you call initiative on the part of the Government and therefore we shifted the burden of taxation towards the land owning and the financial owning classes in Barbados. That constituted in large measure a very radical shift in tax policy in Barbados, a policy that certainly is now being lauded and has been lauded and documented in places, but those places will be revealed in time.

I have some difficulty, first of all, in understanding how such an initiative can only translate into a costing of \$6 million for Government. I have difficulty because this initiative will not translate into any increased jobs for carpenters and painters. This initiative does not assist new home owners in getting any very significant benefit. As I stated before, a small mortgage of \$100 000 at 9% or 10% means in excess of \$9 000 per year in mortgage interest. So this is a marginal benefit. This initiative was designed to try to embarrass the last Administration and that was

the intent of this Administration. It didn't have to do with any clear thought in relation to the tax system so much so that the Prime Minister in his presentation last year did not quite understand what he was saying, to the extent that the drafting of the legislation contained an error which had to be corrected in the Lower House in the last debate.
6.00 p.m.

SENATOR THE HON. R. R. FARLEY: On a point of order, Mr. President, I hope that the Honourable Member is not casting improper motives on the Prime Minister and Members from the Other Place by suggesting that the Rt. Honourable Member did not understand what he was doing. Secondly, I believe the Honourable Member is misleading the Senate by suggesting that the Rt. Honourable Prime Minister is a drafter of legislation.

Mr. PRESIDENT: I think the point perhaps is that under the Rules one should not reflect on proceedings in the Other Place.

SENATOR C. A. MASCOLL: I can withdraw. The legislation as drafted does not conform with the stated objective in the last budgetary presentation and I did say that in my initial remarks. Therefore there was confusion even at that conceptualisation level and it has not really been clarified because we demonstrated or we can demonstrate that even by a mere showing that you did some repairs you could have claimed the entire \$3 500 in allowances, even without being able to substantiate it. Now is that what you are hoping to accomplish? Are you simply in the business of giving away or are you in the business of trying to direct resources towards the best use and allocate resources as you see fit within some kind of vision? Are you directing your policy at a particular group? Are you channeling resources where you think they are most needed or are you simply in the business of giving away resources for the sake of political gain?

I am asking these questions of the Government. I am saying that given what has been put before us and as I said before I did not intend neither am I being contentious I am simply stating clearly that the initiative will not seek to satisfy the objectives as expressed by the Leader of the Senate. Therefore I have difficulty in understanding why it is that this policy initiative would have been informed by the position expressed by the Leader of the Senate when it clearly shows that there is no way in which this particular initiative can achieve the desired objective of increasing jobs within a month – carpenters and painters and the like.

I am inviting the Government to look at its position since I anticipate that this initiative will cost the Government much more than \$6 million.

Aside.

SENATOR C. A. MASCOLL: ... That is not for me to decide. I am no longer in the position where I have to do those things. I have now become part of the policy initiative and direction even if I am doing so from within the Opposition ranks, hoping that will be transformed in a very short time. Sir, I have no difficulty in giving my expertise and in demonstrating clearly to you and the Government that there is need to revisit the costing on this initiative that is going to cost more than it appears to be costing Government at this stage. I cannot say in terms of the amount but certainly from my initial research in 1994 there is certainly need to revisit this initiative.

On that score, if the Government can afford to restore this allowance, then the Government can certainly afford to give who deserves, that is, the civil servants of Barbados, a much better deal than they got in the last collective bargaining process.

SENATOR C. K. LAURIE: Mr. President, I would like to refer to section 12C(1) – allowances water storage facilities. I think Government must be congratulated on any action taken towards water conservation. However, as usual, I think there is no consideration for agriculture because I am not sure what it means by commercial buildings. There is no definition included in this amendment and it does not say what a tank is. In my opinion, we should be giving farmers who create ponds that collect run-off for utilisation of that water some kind of incentive also. In this commercial building one gets the impression that this is a manufacturing establishment which is going to collect water off the roof.

There are farm buildings. Are these commercial buildings? Is runoff from farm yards which is collected into ponds also going to be given this? I would appeal very strongly to the Government that we should look at that because it is a very significant use of water and it would be beneficial to the island as a whole. Thank you.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, I think that one of the problems with persons like Senator Mascoll is that they have just jumped into politics and they have not really followed the development of Barbados politically in order to understand any concessions which are granted, particularly in housing.

Back in 1976 when the Barbados Labour Party Government formed the Government, we declared a policy of housing the nation by the year 2000 and the Democratic Labour Party endorsed that policy. We said quite clearly that there were several factors affecting housing in Barbados. If you look at the statistics of the fire department, you will find that 98% of the fires occurring in Barbados take place in chattel houses and we decided

that you could not improve the chattel house stock in Barbados, because neither could you improve the wall structure stock in Barbados because of the situation with land use and tenantry and rental.

In order to get around that, we moved to the Tenantry Freehold Purchase Act which the Leader of the DLP at the time, the late Errol Barrow, got on a horse and rode through St. George, in Drax Hall, and said that the Barbados Labour Party was confiscating Colonel Drax's property and he was going to sue us for that.

As a result, we had to pull every Member of the Barbados Labour Party Government back from where they were across the world to vote for that Bill and it was passed with a two-thirds majority to override the constitutional issue. Immediately after that, there were several components which went together to help the people Senator Mascoll said did not benefit. That is the people at the lower rung of the spectrum. We increased the volume of money put in the Barbados Mortgage Finance Company. We created a land bank in National Housing. We took the land down by the University and we divided that into lots and gave it to several builders to build houses for small people.

The intention was to clear the landscape of chattel houses in Barbados by the year 2000 and you could only do it if persons had security of tenure on their lots. The lots belonged to them. You reduced the number of house fires and you create better living environment. You go further. When you build the sewerage plant you move the people from down in Emmerton and you carry them up in Clapham and you built wall structures for them. You carry wooden houses and replace them by wall and you give them toilets and baths, guard walls etc. to try to get away from chattel houses. When Senator Mascoll produces figures about chattel houses and mortgages, the Barbados National Bank has a special fund created for people to change chattel houses into wall.

6.10 p.m.

From the time the Democratic Labour Party came in power they took away the concessions they gave on mortgages. Carpentry work went down the drain. Masonry work went down the drain. The result was that you had more minibus drivers and ZR vans. That is when you had...

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: I do not deal with figures like you because your figures are always wrong.

Asides.

Mr. PRESIDENT: Do not be distracted, Senator Bolden.

HIS HONOUR SENATOR C. L. BOLDEN: No, I would not be distracted by the Honourable Senator. He will write a lot of papers for people abroad that do not understand Barbados because I have always said that I do not have any respect for the two-day consultants like them so because they do not know what is going on in our society.

Mr. PRESIDENT: If you are speaking of another Honourable Member...

HIS HONOUR SENATOR C. L. BOLDEN: No, I am not speaking of that Honourable Member, Sir. I said two-day consultants like them so.

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: That Honourable Member sitting down is casting aspersions on the Chair. He said that I behaved badly today.

Mr. PRESIDENT: I have not heard that comment. He is not supposed to speak from his Chair. I did not hear it.

HIS HONOUR SENATOR C. L. BOLDEN: Mr. President, any allowances given in mortgage interest, whether it be \$3 500, \$1 000 or not, it will encourage people in the smaller income bracket to try to move away from chattel houses. We talk on one side today, we look at the next side and we say something else the next day. I keep hearing politicians talking about how many empty lots we have across Barbados and we should not take anymore land out of agriculture to be divided into lots. But every day you see a new housing development.

I was talking to the developers of the most recent lot which has been opened at Cane Garden and in less than a month he has told me that over 50 per cent of those lots have been sold. They are not 10 000 square feet lots or 15 000 square feet lots. They are 5 000, 4 000 and 7 000 square feet lots. The people who will build houses on those lots are obviously people moving from the chattel house stage or the people who have no houses at all and will have mortgages not exceeding probably \$110 000 or \$115 000, if so much.

If you look at the Venezuelan project in Cane Garden, those houses are being sold at \$80 000. You are not going to get what you call the real middle-class or the upper middle-class persons going into those houses, so an \$80 000 mortgage will fit within any concession which is given in mortgage interest and would spur those who are already in houses in that mortgage bracket to do repairs, probably do extensions, et cetera.

When we talk about writing housing stock for habitat, et cetera, I often say when you go to places, take the southern United States that people talk about, you go to the southern part of Georgia and those places and you see housing. The housing is not as good as housing in Barbados. I have travelled through the United States and seen houses still standing on little prop sticks that I used to see in Barbados when I was a little boy. You do not see it now. When you write an article for housing stock and you compare it with certain parts of Africa and those places, you really do not have housing. But the average Barbadian, even if he lives in a 14 x 9 wooden house, he keeps it in a certain way and he wants to progress.

The two Governments within the time I have been in politics all talked about eliminating the chattel houses and they all went into what was called starter houses and you must understand. I have had chance to entertain one of the Clerks from the Parliament in Jamaica because when I went to Jamaica as a Minister they entertained me. They showed me around Jamaica. When they came here the Clerk of this House would tell you when we took them in the Pine and Wildey they said: "These are not Government houses." We said: "These are Government houses." I had to call a girl and said: "Bring your rent book and show them that this is a Government house" because they call them apartments and condos.

The Senator is forgetting something else. This Government now is selling out the lots in Bayland to the tenants who want them where people have been calling for that for years and the Democratic Labour Party said it could not be done. It was fraught with difficulties but I am telling you. The people in Bayland are now buying the lots their houses are on so they will become owners and any amount of money which is given back on mortgages is a help to those persons.

Do you know the Democratic Labour Party policy? Let me tell you their policy. When we talked about the Tenantry Freehold Purchase Act, the record of Hansard will show that the Members of the Democratic Labour Party's philosophy was to tell the people: "Do not buy the lots. You will now become a taxpayer and you will have to pay tax when you do not pay tax where you are now." So you could not enjoy any benefits or for any mortgages because as a tenant you cannot enjoy the benefits. Who is going to lend a chattel house owner a mortgage on a chattel house that can be moved the next day? Nobody would, and the Senator must understand what he is saying. You cannot one day blow hot and blow cold two days later.

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: Well, if they are so foolish to employ somebody like that, that is their business. That is not my business.

The Senator talks about \$6 million and that it will not go too far. But if \$6 million is enough to restart housing in Barbados, it is a beginning. I am saying to the Honourable Member, wait until next week. He says he is not going to be confrontational today, he is in an advisory position. Now, I would say "Please wait. Wait to hear the Budget next week and come and criticize it if you find something to criticize." I know you will find something to criticize. Fortunately there is always somebody here to put you right.

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: He says he is a half-baked consultant? The gas must have gone down a bit.

Mr. President, all I would like to say is that the Honourable Member likes to hear himself talk and he likes to throw figures. When asked how much it was going to cost over \$6 million he cannot tell you. All I am saying, Sir, is I think the country will be grateful that there is this concession being given on mortgage interest.

I would like to draw to the Honourable Member's attention that a lot of people in West Terrace, I would say probably 90 per cent of the people who bought houses in West Terrace had their money calculated down to the last \$100. When the 8 per cent cut took place, I knew of policemen who used to draw pay slips with \$00.00 at the end of the month. I know school teachers who carried home nothing. If you had a rebate on your mortgage interest, you would still be able to claim something but when you get nothing you cannot claim anything. Even if somebody can claim \$500.00 out of the \$3 500 allowable, I do not see anything wrong with that.

Now he goes on to say that the \$3 500 can now be added on top the \$13 000. What is wrong with that? What has the Senator to do with the costings of Government? He keeps saying "if we were in Government." He lives in hope. I know as Senator Laurie will agree with me there is a place called Hope. There is a place called Lancaster down below it and if he lives at Hope and he dies at Lancaster, all too bad for him but I am sure...

Aside.

Mr. PRESIDENT: Senator Mascoll, please.

HIS HONOUR SENATOR C. L. BOLDEN: I am sure that those persons outside who fall within range to benefit from the rebate on mortgage interest will be singing the praises of the Government tomorrow. They lost it and they suffered. I would not be one to criticize it. I would say I hope to get \$7 000.
6.20 p.m.

Mr. President, I think we all have missed the intent of the debate on that side. I have often said they belong to a party of an offshore company and those people live in big houses that pay \$3 000/\$4 000 mortgage per month so they are quarreling that the \$3 500 cannot fit into that sort of mortgage interest.

Aside.

HIS HONOUR SENATOR C. L. BOLDEN: That is exactly what I say they miss. You are now hearing exactly what they are quarreling about. They are quarreling that the amount is not sufficient to offset the mortgage interest on the five, six and seven thousand dollar a month mortgages. That is what they are quarreling about. Yet still they are saying it is not such that would help the people who need help. Is it that you are saying it is the people at the top who need help but not the people at the bottom. All I am saying, Sir, those people who will benefit will be happy that this has been restored and I would hope that the Minister of Finance is capable of managing the economy to such an extent that in his Budget he will be able to increase it a little bit more than \$3 500. Thank you, Sir.

SENATOR T. E. BARKER: Mr. President, I want to commend this Income Tax (Amendment) Bill to this Chamber. Sir, it contains some rather revolutionary proposals and it will redound to the benefit of not only the home owners but individuals and companies will also get some measure of relief from corporation tax as well as income tax.

Sir, I want to focus my attention on the home allowance section of it. Sir, it is true that when the mortgage interest was taken off in 1992 that there was a reason why it had to be taken off because leakages were great. Anybody who understands anything about fiscal matters knows that you cannot give unlimited repairs or unlimited interest. That is common sense.

The problem with our income tax started with the July Budget of 1986 and the then Opposition spokesman on Finance who is now Prime Minister said in no uncertain terms that such a proposal was bare foolishness and time as the Barbadian says is longer than twine. Time proved him right but the simple thing to do in 1992 was not to remove the concession but to put a limit so that you can say to those people with three and four thousand dollar a month mortgages, if you want to build a house that is your business but do not expect the taxpayer to finance your construction of a \$2 million house. We are not going to subsidize this sort of expenditure. All they had to do was to put a cap as was the case before July 1986 when there was a cap which gave some measure of relief to the average mortgage. To remove it, Sir, was a backward step

which, Sir, was instituted by a backward Government in a backward way on the back of a Manifesto as someone said.

Sir, Senator Mascoll has a problem with numbers. I tried, Sir. God knows I tried but he has a problem with numbers. Sir, may I respectfully suggest that he could work out the cost. I can suggest a figure for the cost \$12 million which is 5+4+3. Perhaps he can take that figure. If he does not agree with the figure of \$6 million he can probably, Sir, because he has a liking for those numbers. His jeep has the number 543 so it could be 5+4+3. The point, Sir, I trust the technocrats. They know what they are doing. They have not been wrong so far. It does not make sense, Sir, to just go and say you have 45 000 homes and try to work it out that way. Do not forget that in those homes are a lot of pensioners who do not pay taxes and only get an income of \$20 000. A lot of them are persons who earn less than \$200 or \$300 a week. Sir, under the present income tax law a person working for \$200 or \$300 a week, when you take into account that you do not pay tax on income of less than \$13 000 plus \$2 000 for two children which most families have this would mean that a person working for \$250 week or up to \$300 a week would in any case not be paying tax so this does not benefit them in the way that it would the lower middle class and the middle class.

Sir, I would take out, Sir, the pensioners who own houses and the lower income earners who own houses. Therefore, Sir, the \$6 million to me sounds reasonable. In any case, Sir, the amendments mean so much to the economy that even if you are over \$1 million or \$2 million it is worth it given the fact that for many years people could not afford to do necessary repairs to their homes because of the downturn in the economy and the fact that there were no incentives or no allowance to help them in this matter. If they are going to do it now well then the extra cost is more than worth it because Sir, we have to continuously improve the housing stock in this country of Barbados. That is an imperative.

We must improve the housing stock because, Sir, as the last Senator mentioned most of the house fires in Barbados occur in wooden homes and mainly of persons in the lower income bracket. Therefore, Sir, we have to ensure that measures are put in place which would improve the housing stock of people in Barbados. This is but a small step on the road. And, Sir, for the benefit of those Senators who do not understand fully it means that a person who would now get \$13 000 taxable allowance first of all and then if he has two children another \$2 000 and then this \$3 500 would be added so it would mean that a person working for about \$18 500 would pay no tax which is more than the \$15 000 which was instituted in 1986 because that \$15 000 included all of the allowances, mortgage, repairs, whatever, that was included in the \$15 000. This then is an improvement so to speak. But, Sir, we are not going to allow what happened in 1986 in

terms of unlimited claims. We are putting a cap on it and when we feel that we can do better we can always increase the home allowance. This, Sir, is the first step because we realise that in the final analysis we still have roads to build, schools to maintain, hospitals to maintain and we have to ensure that we do not ruin the Treasury as happened in 1986/87 when as a result of the unwise income tax changes within 9 months, and nine months is significant, the gestation period, within 9 months in the April Budget of 1987 we had the largest increase in indirect taxation ever visited upon the people of Barbados. This came soon after the income tax giveaways which mainly benefitted those people with large mortgages, large houses, and large repair bills.

The way how it is done now makes a lot more sense. It is phased in, and when the situation improves you can add on to the \$3 500. In other words you are not going to rape the Treasury in order to institute this.

Sir, I do not understand Senator Mascoll's problems. First of all he is saying that it is too low that people are not going to benefit because \$100 000 mortgage would pay about \$10 000 or so in interest and this is only \$3 500. But, Sir, from the other side of his mouth he is saying it is going to cost too much. On the one hand he is saying it is too low and on the other hand he is saying that it is going to cost too much. I do not know how we can please the Honourable Senator. It is either too low or it is going to cost too much. Sir, I am at a loss to understand what goes through his mind. I am not so certain that he himself understands what he is saying. The point is, Sir, that the Government has to be concerned about any tax measure as it impacts on Government Revenues.
6.30 p.m.

Sir, let me tell you what this will mean to the average householder. This \$3 500, Sir, will mean that a person who is in the 40 per cent income bracket will receive \$1 400. That is what the people will receive in the 40 per cent incremental bracket will get. Sir, the others who are in the 20 per cent bracket, they will get \$875 in tax rebate and this is significant. We cannot quarrel about this amount. It is all that we can afford at present but it is by no means, Sir, insignificant and I am glad that I myself will benefit from such a scheme.

Sir, I also note that it also applies to energy saving devices, because do not forget that we have made significant savings because in the 1980's or so the then BLP Government allowed solar water heaters to be income tax deductible. The result is that the industry sprung up in Barbados. We had 3 or 4 factories that set up and as you look around all the hotels have them and most of the houses have solar water heaters. So a whole industry

sprung up and export throughout the Caribbean grew. Sir, I went to a conference about 2 years ago and Barbados was praised as being a pioneer in solar water heating development in the region even surpassing the results of some parts of America, all because the Government of that day had the wisdom to say that we can get an industry going by just giving a tax allowance here or a tax allowance there which meant that some people were able to make use of it. The result is, Sir, that people can have hot water for their domestic use and with no increase in their fuel bill. In my own situation, I have had one for 11 years and I have only had to use the electric booster once or twice. The maintenance cost is low and I get my hot water very cheap. Of course, the capital cost was high so the Government helped in defraying the capital cost. The result is that since 1992 when that unwise Government made that unwise move to save on water heaters to properties. That is a fact. That is a statistical fact.

SENATOR C. A. MASCOLL: Mr. President, I rise on a point of elucidation. Senator Barker has admitted that this measure will cost and he boasted that he will get \$1 400 per year. More than 10,000 workers out of a workforce of 100,000 workers in Barbados, according to Senator Barker, will benefit from this measure and a simple calculation will show that 10,000 times \$1 400 is already \$14 million. This is the same Senator who suggested earlier that this initiative cannot cost \$6 million.

SENATOR T. E. BARKER: Sir, the Honourable Senator displays a lack of knowledge every time he opens his mouth. Not many people are in the 40 per cent bracket.

Aside.

SENATOR T. E. BARKER: It is not \$3 100. You took it out.

Mr. PRESIDENT: Please address the Chair, Senator Barker.

SENATOR T. E. BARKER: Sorry, Sir. But the point is, Sir...

Mr. PRESIDENT: Will other Senators please remain silent.

SENATOR T. E. BARKER: Sir, no 10,000 people are in the 40 per cent incremental bracket. I know that for a fact. His point is a none point. Not 10,000 people are in the 40 per cent incremental bracket and he can check the Income Tax records to determine if that is true.

Sir, I will not be deflected. I was making the point, Sir, about the water saving devices before I was interrupted on what essentially was a none point. Sir, the point is that in the last couple of years savings on solar water

heaters have plummeted with the result, Sir, that people have lost jobs as a result of the removal of that allowance. People from the solar water heating companies call me all of the time. They wanted this measure back in because it meant so much to their business and all the managers of these 3 or 4 companies called me because this was an important measure as far as they were concerned for their own business. Sir, by allowing now solar water heating devices now to be taxed allowable would mean a lot for those companies once more and more jobs. It is all because the Government had the foresight to put in this measure.

Sir, I support it 110 per cent if that is possible. It is a good move. So when I hear Senator Mascoll saying that he does not want to be contentious and still bringing in these none points, Sir, it is because he knows what they did in 1992 when he was the advisor was madness. It was pure madness and it did not do anything for the sake of income distribution and nor did it do anything for the improvement of the housing stock. This, Sir, will do because this will allow the people to benefit who own their home and, Sir, do not forget according to the statistics most Barbadians own their own home. Sir, this will go a long way because it includes mortgage interest, repairs, renovations and other energy saving and water saving devices. So a lot of people will benefit from this particular move.

Sir, therefore, it is to be commended and I am sure that all Barbadians were just waiting for this. I spoke to a lot of them and they were just waiting for this to come in before they started doing anything. If I may speak personally, I was waiting for it to come in to do certain things in my home because as we all know, Sir, no matter what kind of house you have the maintenance costs alone can be considerable. Do not forget, Sir, when a person maintains his home, do you know what happens? When the next premium for land tax assessment comes, the person may find as a result of this that he or she may not have to pay a couple of dollars more or will not have to pay a lot more. But the Government will benefit 2 ways: (1) The beauty of the country will be enhanced because the property will be in a better state of repair and to me, Sir, that is very important. (2) When you go around the country and see the country in a certain state, it means something because it is a tourist country. When people come and see us living a certain way, it means something. Not only will this improve the ecstastic value of the country, but when you improve the environment, one thinks differently and improves one's spiritual well-being in some sense. So this is to be commended.

Sir, this Government is doing all in its power to ensure that the housing stock of this country improves and this, Sir, is another measure and that is why it must be commended. That is why we on this side would to a man and a woman support this measure.
6.40 p.m.

There are other important things in the amendment. For example, we want to encourage our professionals – accountants, lawyers and so on – to start selling their services, especially in the OECS countries, because there is a shortage of skills in those islands in certain areas, so we want to encourage our architects and our consultants, like Senator Mascoll, to earn foreign exchange and bring it back, because we are going to treat it a little differently, because they are also bringing in foreign exchange to the country. We all know that foreign exchange is a scarce commodity, so we want to encourage our professionals to go out there and earn money for which we will give you a little concession. That will encourage you to bring it back and the country will benefit not only from the money raised but also from the fact that Barbados would then become known as a centre for these kinds of activities.

We have a university which is producing a lot of professionals in all areas and we have to make sure that when something is to be done in another island our people can go out there and compete and try to bring results. So this idea about foreign currency earnings is again a good one and one which was around since 1986. All the good moves we instituted went down the road, because the then Government was not able even to carry out these ideas because they did not understand them. They were ignorant about such matters and as a result this measure which was there just went by the wayside. All that was needed was a simple adjustment to make it fully operable, so we are back here now and the country is benefiting. Again, we want to encourage our professionals to internationalise, so to speak. I am sure Senator Laurie will take advantage of this as he sells his services outside of Barbados.

The home allowance and the foreign currency allowance are two important measures. There are others, but I will end on this point by saying I commend this to this Honourable House and ask that they give it the wholehearted support it deserves.

Thank you.

SENATOR Mrs. P. E. RICKINSON: Mr. President, I rise to support this Bill to amend the Income Tax Act and I would like to make two small contributions.

I would like to congratulate the Government on Clause 3 (c)(w):

"With effect from the 1st May, 1995, interest received by or credited to a pensioner aged sixty years and over..."

will not be taxed. I think it is an excellent move, because simply a lot of us pensioners when we get our gratuity we put it in the bank and tend to live off the interest, and this will go a long way in assisting the pensioners to enjoy levels of living.

By the same token I would like to ask, on behalf of pensioners, when the Budget Speech is read if they can increase the basic allowance from \$20 000 to \$24 000, giving us at least \$2 000 per month clear, which will also assist us pensioners in maintaining a fairly reasonable level of living.

In connection with the conservation of water, I would also like to heartily congratulate the Government regarding its attempts to conserve water, because all of us are also feeling the pinch regarding water shortage. In addition to the tanks I think one will have to work very closely with the Ministry of Health and have the Public Health Inspectors inspect these water tanks from time to time to ensure that they are in a sanitary condition, because we do not want them to have water tanks on one side of the coin and on the other side having diarrhoea or gastroenteritis as a result of contaminated water.

I should also like to ask the Barbados Water Authority to try hard to speed up the installation of water meters, because the water meters will not only help us to conserve water but you will know at least how much water each individual household is using. In addition to helping us to conserve the water, I think that some education should be done in primary schools in particular. If an English person has to wash anything, the first thing they do is to get a small basin and use the water, and we would like to instil this in our people from the time they are young, so that when they become adults they will think of getting a basin and washing the dishes, clothes or whatever and conserving water.

Mr. President, I hope we will be able to move forward with regard to a desalination plant so that we can use sea water at least for flushing toilets, because we really are suffering as far as the water is concerned.

Again, congratulations and I fully support this Bill.

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

SENATOR THE HON. R. R. FARLEY: Mr. President, I certify that this is a money Bill and I beg to move that it be read a third time.

The question was put to the Senate and agreed to.

SENATOR THE HON. R. R. FARLEY: Mr. President, I beg to move that this Bill do now pass and be cited as the Income Tax (Amendment) Act, 1996.

The question was put to the Senate and agreed to.
6.50 p.m.

SENATOR THE HON. R. R. FARLEY: Mr. President, I do not propose to proceed with any further items of Government Business for today's sitting.

PRIVATE MEMBERS' BUSINESS

SENATOR Mrs. P. E. RICKINSON: Mr. President, I beg to give notice of the following Resolution:

"WHEREAS it is desirable that such a vital sector of national life as the health of our population should have the closest Parliamentary scrutiny.

BE IT RESOLVED THAT this Honourable Senate appoint a Special Select Committee on Health with responsibility:

1. To examine and report back to this Senate from time to time on
 - (a) the status of the efficiency and effectiveness of the delivery of health care services in public institutions in this Island,
 - (b) the status of the mechanisms for client or patient referral to public health care institutions and related matters, and
2. To make recommendations on strategies for improving the delivery of efficient and effective health care in this Island.

ADJOURNMENT

SENATOR THE HON. R. R. FARLEY: Mr. President, I rise to move the adjournment and before I do that I would like to let Members know that dinner is served downstairs and also to let Members know that we are proposing to meet again on Monday at 11 o'clock to deal with the 2 remaining items on the Order Paper, that is the Environmental Levy Bill and the Betting and Gaming Duties Act as well as the Bill which is to go before the Other Place on Friday, Special Development Areas legislation. Those are the main areas. We will meet next week to deal with that.

Mr. President, I beg to move that this Honourable Senate do now adjourn until Monday, May 20 at 11.00 a.m.

The question was put to the Senate and agreed to and
Mr. PRESIDENT adjourned the Senate accordingly.
6.57 p.m.

CONTENTS

PAPERS

SENATOR THE HON. R. R. Farley 1065

1. Report on the Public Enterprise Investment Fund for the Quarter ending December 31, 1995.
2. The Prisons (Amendment) Rules, 1996.
3. The Eighth Actuarial Review of the National Insurance Scheme.
4. The National Insurance and Social Security (Employment Injury) (Claims and Payments) (Amendment) Regulations, 1996.
5. The National Insurance and Social Security (Non-Contributory Old Age Pension) (Amendment) Regulations, 1996.
6. The Sanitation Service Authority (Fees) (Amendment) Regulations, 1996.

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

SENATOR THE HON. R. R. FARLEY 1065

Suspension of Standing Order 45(2) for the remainder of the sitting.

INTRODUCTION OF BILLS

SENATOR THE HON. R. R. FARLEY 1066

1. The National Insurance and Social Security (Amendment) Bill, 1996.
2. The Income Tax (Amendment) Bill, 1996.
3. The Environmental Levy Bill, 1996.
4. The Betting and Gaming Duties (Amendment) Bill, 1996.

OBITUARY SPEECHES

SENATOR THE HON. R. R. FARLEY 1066

Tribute to the late Sir J. E. T. Brancker, former President of the Senate, and condolences to the family of the deceased.

Senator C. A. Mascoll, 1067; His Honour Senator C. L. Bolden, 1067; Senator J. A. Workman, 1070; Senator Mrs. P. E. Rickinson, 1071; Mr. President, 1071.

PUBLIC BUSINESS

ORDER NO. 1 - THE NATIONAL INSURANCE AND SOCIAL SECURITY (AMENDMENT) BILL, 1996 1071

Senator the Hon. R. R. Farley, 1071; Senator Mrs. A. P. Thompson, 1076; Senator C. LeR. Trotman, 1081; Senator S. P. Bernstein, 1085; Senator the Hon. G. S. H. Murray, 1086; Senator T. E. Barker, 1088; Senator Mrs. P. E. Rickinson, 1091; His Honour Senator C. L. Bolden, 1093; Senator N. A. Lynch, 1096; Senator D. T. Gill, 1098.

ORDER NO. 2 - THE INCOME TAX (AMENDMENT) BILL, 1996 1100

Senator the Hon. R. R. Farley, 1100; Senator C. A. Mascoll, 1103; Senator C. K. Laurie, 1106; His Honour Senator C. L. Bolden, 1106; Senator T. E. Barker, 1109; Senator Mrs. P. E. Rickinson, 1111.

PRIVATE MEMBERS' BUSINESS

SENATOR MRS. P. E. RICKINSON 1112

Resolution calling for the appointment of a Special Select Committee on Health.

SUSPENSION 1076

ADJOURNMENT 1112

Senator the Hon. R. R. Farley, 1112.

SPEAKERS IN THIS ISSUE

BARKER, Senator T. E.
 BERNSTEIN, Senator S. P.
 BOLDEN, His Honour Senator C. L.
 FARLEY, Senator the Honourable R. R.
 GILL, Senator D. T.
 LAURIE, Senator C. K.
 LYNCH, Senator N. A.
 MASCOLL, Senator C. A.
 MURRAY, Senator the Hon. G. S. H.
 RICKINSON, Senator Mrs. P. E.
 THOMPSON, Senator Mrs. A. P.
 TROTMAN, Senator C. LeR.
 WORKMAN, Senator J. A.