THE

SENATE DEBATES

(UNOFFICIAL REPORT)

PARLIAMENT 2008 – 2013

THE SENATE

Wednesday, October 28, 2009

The Senate met in the Senate Chamber, Parliament Buildings, on Wednesday, October 28, 2009, at 11.15 a.m.

PRESENT

His Honour SENATOR Dr. Branford TAITT, D.H.L. (Honourary), M.PA., LL.B. (Hons.), B.A. (President)

Her Honour SENATOR Miss KERRYANN F. IFILL, , M.B.A., B.Sc. (Hons.) (Deputy President)

SENATOR the Hon. Miss M. P. O. McCLEAN, M.B.A., M.A., B.Sc.,(Hons.), (Leader of the Senate) (Minister of State in the Prime Minister's Office)

SENATOR the Hon. H. L. BENN, E.M.B.A. (Marketing), (Minister of Agriculture and Rural Development)

SENATOR the Hon. A. B. WALTERS, M.A., DPSA (Oxford), (Minister of State, Ministry of Labour and the Civil Service)

SENATOR the Hon. D. W. BOYCE, F.C.A., C.M.A., M.B.A. (Finance), B.Sc. (Econ.), (Minister of State, Ministry of Finance and Energy)

SENATOR Mrs. V. I. SANDIFORD-GARNER, M.B.A., CIM, Dip. Mng., (Parliamentary Secretary, Ministry of Community Development and Culture)

SENATOR P. W. B. GILKES

SENATOR Miss P. I. INNISS, B.Sc. (Hons.)

SENATOR D. K. A. GRIFFITH

SENATOR J. INCE, J.P, M.B.A., B.B.A., Dip.,

SENATOR Miss H. E. THOMPSON, MBA (Distinction), LL.B. L.E.C.

SENATOR A. E. HOLDER, MSW., LL.B (Hons.) B.Sc. (Hons.)

SENATOR the Hon. Prof. V. E. Newton, S.C.M., M.A., LL.B. (Hons.) B.A. (Spec. Hons.), (U.W.I.), F.L.A. (Gt. Brit.), L.E.C.

SENATOR the Very Reverend H. E. CRICHLOW, G.C.M., B.A. (Hons.) (Dunelm)

SENATOR Dr. F. L. CHANDLER, Ph.D., B.Sc. (Hons.)

SENATOR R. O. MARVILLE, M.B.A., M.A., African Studies, B.A. (Hons.),

SENATOR R. G. CAVE, CBE., B.C.H.

Prayers were led by Rev. Father Errington Massiah.

Mr. PRESIDENT: The Senate is in session.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR-GENERAL

Mr. PRESIDENT: I am in receipt of a Message from His Excellency the Governor-General which reads as follows:

MESSAGE NO. 5/2009

HIS EXCELLENCY THE GOVERNOR-GENERAL

TO

THE HONOURABLE THE SENATE

His Excellency the Governor-General has the honour to inform the Honourable the Senate that in accordance with the advice of the Prime Minister under Section 39(1) (f) of the Constitution, the seat in the Senate held by Mr. Peter Anthony Vaughan Millington was declared vacant with effect from 16th October, 2009.

His Excellency the Governor-General

21st October, 2009

ANNOUNCEMENTS BY HIS HONOUR THE PRESIDENT

Mr. PRESIDENT: I am in receipt of a letter which reads as follows:

Dear Your Honour

Re: Leave

I beg to request leave to be absent from the Honourable the Senate during the periods 26th to 31st October and 6th to 26th November 2009 in order that I may attend to international duties on service of my country among others.

Respectfully,

Sir Roy Trotman

General Secretary of the Barbados Workers' Union

PRESENTATION OF PAPERS

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I am commanded to lay the following documents.

1. Annual Report of the National Petroleum Corporation for the year 2006-2007;
2. Duties, Taxes and Other Payments (Exemption) (Information Kiosk) Order, 2009;
3. Annual Reports of the Urban Development Commission for the financial years ended March 31, 2003 and March 31, 2004; and
4. Report of the Judicial Council for the year 2007.

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

SUSPENSION OF STANDING ORDERS

SENATOR the Hon. Miss M. P. O. McCLEAN: 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.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I further beg to give notice of:

1. The Property Transfer Tax (Amendment) (No.2) Bill, 2009, and
2. The Stamp Duty (Amendment) Bill, 2009.

INTRODUCTION OF BILLS

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I beg to move that the following Bills be read a first time:

1. The Property Transfer Tax (Amendment) (No.2) Bill, 2009, and
2. The Stamp Duty (Amendment) Bill, 2009

The question was put to the Senate and agreed to.

PUBLIC BUSINESS

ORDER No. 1

FINANCIAL INSTITUTIONS (MISCELLANEOUS) PROVISIONS AND VALIDATION) BILL, 2009

SENATOR the Hon. Miss M. P. O. McCLEAN: I would like that Order No. 1, the Financial Institutions (Miscellaneous Provisions and Validation) Bill, 2009 and Order No. 2, the International Financial Services (Validation) Bill, 2009 be taken together as they concern the same subject matter.

The question was put to the Senate and agreed to.

SENATOR the Hon. Miss M.P.O McCLEAN: Mr. President, I rise to speak to two pieces of legislation which seek to validate provisions made in the Financial Statement and Budgetary Proposals of 2008. As you are aware, Mr. President, Barbados as a small jurisdiction has built up a solid and even enviable reputation as a jurisdiction in which the financial services sector has been established and a reputation that we operate according to best practices. In fact, this has been indicated on several occasions.

Only yesterday, in my capacity as Minister of Foreign Affairs, Foreign Trade and International Business, I was congratulated on the reputation of Barbados in this jurisdiction. This reputation comes out of a commitment of the political directorate of this country and indeed, successive Administrations. Certainly, from the perspective of this Administration, it comes from a commitment to observing the appropriate levels of integrity, transparency, et cetera.

Mr. President, a critical part of ensuring that the businesses operate is to establish a regime of regulations and licensing. Obviously, as you would anticipate, Mr. President, such a process requires the application of a range of resources. Of course, like any other process which requires significant resources, there is typically a fee or a charge attached to it.

11.30 a.m.

Mr. President, one of the situations that became very evident was that as these companies operate, they have been able to do so at a fee which remained unchanged for at least a decade. Sir, in reviewing the various revenue measures, the Minister of Finance saw it appropriate to increase the range of fees applied to the process of registration and operation of these institutions.

Mr. President, I would hasten to add that in increasing the fees to these institutions, it was not done in a haphazard manner, it was not done in a manner that ignored the importance of the cost of doing business. In fact, it recognised that as these entities sought to do business, that there were several factors which clearly were taken into consideration when these fee structures were set.

Mr. President, from the perspective of the financial institution seeking to do business in a particular way when it looks at a jurisdiction, fees are, of course, an important consideration. Beyond that, what is also looked at are the range of conditions under which that entity would operate. In the process of operating or making the decision to choose a jurisdiction as a host destination, those many factors are taken into consideration.

Therefore, I believe that in making that decision to set up in Barbados or for existing financial institutions to remain in Barbados, I would argue that fee structures are important but that there are a number of other considerations which would come into play. Therefore, where there has been some criticism - and I do not recall seeing any major criticisms emanating from the players in the sector - I would perhaps pose a number of questions in relation to critics who say that the fees should, perhaps, remain at the same level.

Mr. President, one of the things I would have asked is that we look at the fee structure. What, perhaps, does the fee structure constitute, as part of the entity's total operating cost? That is what I would consider as a marginal thing. Sir, the answer is that it would, perhaps, not constitute a significant kind of fee. The other thing is that in setting fees, we also have to look at what our competitors are asking of similar operations. Mr. President, beyond the fees and the component of the total cost the fee constitutes, there are also questions as to what does Barbados offer to a potential investor in the financial institution, for example, the offshore financial institution or some other sector.

Mr. President, Barbados as a small country with a population with a high level of literacy... Sir, I know there are some questions raised about that but when we look at the capacity to train staff, when we look at the investment in our secondary and tertiary education, when we talk about financial institutions, there are job opportunities for persons who would have benefitted from our education system.

Mr. President, one of the things that we have been able to offer and to use as a major competitive characteristic, is that we have a pool of potential employees who are easily trainable because they have received a high level of education. When we look at the offerings at our University of the West Indies, which recently had a graduation ceremony, I recognised there were people who graduated in banking and finance, not at the graduate level but at the undergraduate or First Degree level. When we look at that, at our educational capacity and potential pool of employees, that obviously is a significant plus.

When we look at the physical infra structural arrangement in Barbados, this is an area in which we are quite competitive. Barbados has been blessed with an excellent infrastructure and support facilities, and so all of these things come together to ensure that we are able to provide our potential investors, whether it is a commercial bank, trust company or international bank, all of these companies and the persons who, perhaps, come into Barbados at various levels to work or to manage some of those operations alongside the indigenous workforce, are able to enjoy a quality of life, which also has to be factored in.

Mr. President, in terms of the assignment of employees of multinational companies, when they are being assigned, they do not only look internally to the entity to which they are assigned, they also look to the conditions under which they are coming because clearly most people travel, not alone but with families. Sir, overall, I believe that as we talk about the business of establishing a fee structure, one of the things we need to recognise is that Government recognises the size and scope of business activity attributable to any one entity.

It also looks at the fee structure in relation to the general or broad operating cost of an entity. It looks at what is happening, not only internally but in other jurisdictions because as we all appreciate, Barbados has to compete with other jurisdictions. It also looks at what it puts out as a jurisdiction in terms of facilitating, not only the establishment of the entity but the ongoing operations of that entity.

I believe that as we look at these, it is very clear that in adjusting a set of fees which were not changed over a decade, that careful attention was paid to the potential impact of an adjustment upwards. I am sure that had this been a major issue for operators of banks and other financial institutions, they would have perhaps made a loud noise about it.

Sir, I know they understand there is a cost to facilitating their activities and to ensuring that as we seek to maintain our reputation as a positive progressive jurisdiction, careful attention is paid to high standard of operation and oversight. Government took all of these things into consideration in setting these fees.

Mr. President, as I said, on the part of Government, careful consideration was given to what adjustments were made. Sir, in the same way as players in the financial services sector examine an increase in our fees, they also looked at what the Government is investing in several areas, to ensure that they can function effectively and profitably within the Barbados business environment.

Mr. President, I believe that as we seek to validate this Bill, we recognise there is the ongoing concern that there is a time lag between the decision of the Minister of Finance to make adjustments and the legal machinery within the public sector to do the necessary things that are required to amend and modify legislation. I can say that there is a commitment on the part of this administration to reduce this lead time because it is absolutely essential that there is an effort made by all parties, to ensure that as we make these adjustments, that the necessary legal adjustments are made in tandem.

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

The question was put to the Senate and agreed to.

11.40 a.m.

Mr. PRESIDENT: Senator Thompson.

Senator Miss H.E. THOMPSON: Thank you very much, Mr. President. Sir, essentially there are a number of issues, in my view, contained in the matter before the Chamber and I will attempt to speak to them individually.

Sir, I begin by indicating that there is, on This Side, support for the validation measure because it is the legitimisation of a process of taxation. I have indicated last week that there are times, because of bureaucratic processes when taxation is imposed and collected but that the legal measures for the process are not fully carried out and hence, you come with a validation some considerable time after. There has been a lag time here but it is not considerable and it is necessary to legitimate the taxation process and, therefore, I give support to the process.

Mr. President, I would like to make it clear, however, that I do not support the level of taxation that we are, today, having to validate the process for. I am giving approval of a process of legitimacy but not the act of imposition of a higher level of taxation on the financial services sector and, Sir, I will give my reasons.

Mr. President, because we are also looking at financial institutions here, let me start by forming a broad view. I will just make the point, Sir, and I am not going to speak on it at length, that under the issue of financial institutions that the IMF notes in its Report of September 2, 2009, the Article IV Report that the issue of CLICO threatens to seriously undermine the economy of Barbados.

Sir, the Report speaks at length to the dangers posed by the CLICO meltdown. There has been much debate and discussion about it in the Lower House and the Barbados Labour Party has made its position on it clear. I would have thought that today when the Honourable Leader of Government Business spoke that she may have wanted to comment on something that the IMF refers to as a significant threat to the economy of Barbados, but she chose not to do so and maybe somebody else might.

Mr. President, I would have thought too, Sir, that given the change of policy announced by the U.S. Administration, and given the change of routes and approach also announced by the Government of Canada, and given the new measures purported to be pursued by the OECD that, surely, the Leader of Government Business would have, at least, even if not tangentially, collided with one or two of these significant matters for the people and the economy of Barbados. Sir, I said “significant”, because I place it in the context of the revenues earned by tax systems from the financial services sector.

Mr. President, the financial services sector employs in excess of 3 500 directly and this has nothing to do with indirect employment. In addition to that, some 60 per cent of corporate tax revenue is earned from the financial services sector. It is, therefore, critical that support should be given to the sector in a time when there are several options and several jurisdictions for them to operate from and in a time when there are economic strictures, internationally, that would impact on their overall performance.

It is not possible to give support to a sector and to allow it the flexibility to grow in difficult times by increasing taxes significantly on that sector. Sir, I am going to give the exact increases before I conclude my comment but I am making the point that the level of taxation was stifling.

Mr. President, the sector is not one to be seen to be getting into a public quarrel with the Government. Therefore, the observation of the Leader of Government Business that they have not been heard to complain really is of no consequence. They made a statement that the level of taxation was extraordinarily high but they are not going

to get into a quarrel with the Government over the matter. You either pay the taxes in the jurisdiction, you leave the jurisdiction or your profitability is reduced.

If the taxation is so prohibitive that it stops new entrance. If it is so prohibitive that it stops a reasonable profit margin. If it is so prohibitive that it impacts the way in which the sector does business then, ultimately, it will have an adverse impact on the overall state of the national economy.

Mr. President, one has to be concerned, therefore, when one saw in the Budget that the Prime Minister imposed a level of taxation that was equal to beating up the sector, giving it a black eye and burst mouth and then inviting it to Ilaro Court for a reception. Sir, that is what happened. After the taxes were imposed in the Budget then they were issued an invitation to Ilaro for drinks.

Sir, as I indicated, it is the equivalent of beating a woman, giving her a black eye, bursting her mouth, stopping her from taking a meal and then inviting her out to dinner. Sir, it is really an appropriate analogy even if not one that people might like. It was behaviour that is inexplicable in the context of a tax structure and the way in which business was done.

Mr. President, I will go broader and come back to the specifics. The whole issue of the regulation of the financial services sector and the financial institutions is one that is under review globally because of the international financial meltdown. There is a major debate over the question of whether or not there should be higher levels of Government intervention and control. There is a school of thought that supports high Government regulation and intervention. There is another school of thought that gives support to more free market principals and says let the players sort out their business without significant Government regulation and intervention.

Mr. President, we have heard emerging from the United States of America a debate as to whether or not...

Asides.

Sir, it did not matter if the car companies closed down in the United States of America following the problems in the banking system. It did not matter if people lost their homes, let the market settle itself without Government intervention.

Mr. President, for me, it also raises a question which I saw some attempt at addressing it by the accounting profession in the newspaper this week. The question arises as to what is the role of accountants in financial firms and financial institutions when there is something terribly amidst in the accounting processes. Subsequent to Enron, the Starbucks/Oxley legislation was introduced to ensure a greater degree of regulation. However, all of Enron, as indeed all of the institutions now, which were subject to the international financial meltdown, and others may say precipitated it, also had accountants and one has to wonder what level of oversight and what is the role of the accounting profession, vis-a-vis overseeing the operations of financial institutions and the way in which their operations can potentially affect large numbers of customers as well as the wider banking and financial institutions nationally and globally.

11:42

I do not want to say cook their books, but the way in which their operations can potentially affect large numbers of customers, as well as the wider banking and financial institutions nationally and globally. Coming out of Enron, we saw not only the change in legislation in the United States relative to the accounting profession and processes, but the rise of corporate social responsibility relative to who should be defined as stakeholders within the system. Sir, that is to look at the financial institution from the perspective of regulation.

Sir, if I can deal again with what is a matter of grave concern, the financial services sector is a sector that the Barbados Labour Party, in a previous administration under the late Tom Adams, spent a tremendous amount of time getting off the ground. In fact, I remember listening at the time to speeches of the then Prime Minister and Minister of Finance, about the offshore services sector and what it could mean for Barbados. A lot of people did not understand it. A lot of people felt that it had to do with offshore construction. People did not understand how it could create employment, but over time, through the nurturing of successive Administrations. We have seen how it has grown to be a major part of the Barbados economy outstripping other sectors of the economy, like sugar and other financial services that focus generally to be a significant earner of foreign exchange for the country. To be a major employer and most of all to contribute 60 per cent of corporate taxes in Barbados.

Dealing with the sector therefore requires careful hands and not the imposition of greater taxation at this time. We cannot afford to alienate the sector or to be so apropos in our approach to taxation that it stifles business activity at a time when this money is really needed. Sir, I fear that is, in fact, exactly what has happened.

We were seeing up to the imposition of the new taxes, by the present Prime Minister, a steady growth in new businesses coming in for licence. In 2003, 223; 2004, 379; 2005, 426; 2006, 547; 2007, 672; and by the end of 2008, they had dropped off to 579. Already you are beginning to see, in my view, a reaction within the sector to

the level of taxation relative to being able to attract of business. Sir, this is something about which we need to be concerned.

If you consider it, in the context of the shrinkage of other sectors of the economy, most of the revenue from other sectors of the economy, then it speaks to a continual contraction within the Barbados economy that is more grave and will be prolonged as the International Monetary Fund ones beyond the international global economic difficulties.

It should therefore be of concern that in the International Monetary Fund Report, it speaks to the future outlook as being uncertain and tilting towards the down side. We cannot therefore be oppressing the major revenue earners of the economy. I make the point that not only were taxes imposed on the financial services sector, but in the same Budget those serious increases were also placed on the tourism sector. We have heard that there is to be a major lost of carrier capacity into Barbados. We know that our hotel rooms are empty at a time when they are ordinarily full. We have seen a shrinkage also in other areas of economic activity, like construction, which was another engine and major driver of economic activity in Barbados.

Sir, I am making the point that not only are all of our foreign exchange earners down in the light of an international recession, but in light of taxation which stifles activity within the country, but the major engines driving the economy are driving foreign exchange earners, which were taxed in the Budget last year, are all reeling from it. You can look at the numbers to see that the decline is apparent and palpable.

Sir, I am equally concerned that having put in place in 2007 an economy Budget, before the Democratic Labour Party came to office, it told the country that inflation was too high and that the Government was doing nothing to control inflation. Within a year of the Democratic Labour Party's policies implemented, and the new taxation being leveled, inflation has gone from 4 per cent to 7.1 per cent. Sir, I am quoting from the Economic Statistics published by the Government of Barbados in February 2009, and updated by the Central Bank in its Quarterly Report. Since the documents are documents of this House I did not bring them specifically, I extracted my figures and my notes.

Sir, it is at a time, as I indicated... I am going to make this point elsewhere about the fall in construction activity and the implication for Barbados. Suffice it is to say, inflation, which the Democratic Labour Party said in 2009 was too high, has virtually doubled and we are not hearing from the Administration how they are proposing to deal with it.

Sir, economic activity in the major foreign exchange earning sectors has fallen and continues to fall. In her major address today the Leader of Government Business sought not to deal with those issues. She sought not to deal with what I think are the principal issues identified by me at the beginning of my own observations, the OECD, change in US policy, change in Canadian policy and the impact of new taxes on the sector.

Moreover, it is clear that not only is the economy suffering, not only are we in a position where what was a previously strong economy, is now seen to be weakening with the last of our foreign exchange cover and the under performance of the economy in all sectors. It is interesting to note and sad to note, that these policies, and you can almost see the logic of it, with the decline in all of the major revenue earning sectors of the economy and business activity. Unemployment has gone from 6.7 per cent to 10.1 per cent. 12.00 p.m.

12.00 p.m.

Senator Miss H. E. THOMPSON: When we left office in 2008, and at the first quarter at 2008, before the Democratic Labour Party had an opportunity to assault the economy, Sir, unemployment was 6.7 per cent. As of the first quarter of this year, or the second quarter, Sir, once the Democratic Labour Party had an opportunity to put some big kicks and some big blows and some belly searchers in the economy, unemployment increased from 6.7 per cent to 10.2 per cent.

Mr. PRESIDENT: I do not like to interrupt the Honourable Senator, but I am not sure about the violence which you seem to be putting forward today. First of all, you had people being beaten up and getting black eyes and now you are saying somebody put some blows in something.

I wonder if you would moderate your language in this regard.

SENATOR Miss H. E. THOMPSON: Sir, thank you. I am indeed grateful to your Honour to adopt your language.

Sir, before the Democratic Labour Party had an opportunity to do serious violence to the economy and the people of Barbados, the unemployment was 6.7 per cent but has grown to 10.2 per cent in the first quarter of this year and has since risen even higher.

Sir, I am about to cite a statistic that has given me great distress. There is a direct relationship between economic activity and social development. You used your revenues from taxation to provide goods and services within the social sector. The IMF has said that social

programmes have to be cut. I refer to page 7 of the IMF Report. It has made it clear where those cuts have to take place within the context of the economy. We have seen the response of the Democratic Labour Party cutting social programmes. The latest we hear is that the Youth Programme based at St. Lucy, which has helped so many young people, is also to be cut.

Sir, social programmes have been cut, as a result of policies that have caused loss in revenues, as a result of people feeling the financial pinch and having themselves to pay greater taxation and having less disposable income. Let us face it because the same Budget that imposed these taxes, raised Road Tax and other taxes on individuals and on corporations in Barbados.

It is no wonder, therefore, that as a result of the policies of the Democratic Labour Party doing violence to the economy and the social sectors, there is a clear decline in the quality of life of Barbadians as evidenced by the United Nations in the Human Development Report, published October 2009.

Sir, the last Human Development Report and Index that came out when the Barbados Labour Party was in Government had Barbados at No. 31 on the Human Development Index. It is a position we had, within the last few years, moved between position 25 and 30 and so on. For the first time, Sir, in nearly 20 years, Barbados fell from position 31 on the Human Development Index to 37, in one year of Democratic Labour Party Government.

It is a significant indictment on the collapse of social programmes in this country, the misuse of Government funds and spending, the inappropriate prioritisation of activities like summer camps, like the constituency groups which have nothing to do with quality of life.

In one year of Democratic Labour Party office, Barbados fell six points on the Human Development Index. It is the first time it has happened in a single year in nearly 20 years. Sir, it is unprecedented and I am linking it directly to the policies of the Democratic Labour Party at both the social and economic levels.

SENATOR J. INCE: Mr. President, on a point of order. Senator Thompson is misleading this upper Chamber, as well as the listening public of Barbados.

The whole idea of a Human Development Index has to be based on a number of social factors when you have to look at the social infrastructure, and social development and, she was speaking about linking social development to economic development. I would like her to explain the premise of this social index. Sir, like everything else, it has a premise but Senator Thompson is speaking about this Index but yet failed to explain to this Honourable Chamber what is the premise driven by the social index.

Mr. PRESIDENT: Point made.

SENATOR Miss H. E. THOMPSON: Mr. President, I know that the figure will cause great embarrassment and distress, or should, to the Democratic Labour Party, so that I expect to hear all kinds of speeches today. The reality is, however, that either there is economic activity which is vibrant, which allows people to have disposable income and spending power to drive activity in the economy and cause productivity, or economic activity is repressed and you are not collecting good taxation, people's quality of life is affected, you do not have the same spending power, you cannot have the same degree of social and other services.

The point I am making therefore, Sir, is that Barbados has two problems. The first problem is an international climate, which is not good; that is known and accepted. The second problem that Barbados has, which is by far the worst problem is that it has the Democratic Labour Party Government making all the wrong decisions in the context of an international economy, which is not good.

Sir, rather than putting in place measures that would increase activity, measures that would cause productivity, measures that would stimulate economic activity and growth, thereby allowing the economy to be vibrant and thereby providing tax revenues to allow for social services and social sector development, exactly the opposite is happening.

Sir, the taxes that were imposed on all the sectors were so high, coupled with increases in taxation that would affect individuals and their quality of life, rather than seeing an improvement in conditions, and acting as a buffer in relation to what is happening at the international economic level, our situation in Barbados is being made worse.

My argument is that it is now being manifested in a number of statistics; inflation, unemployment, and a fall off in activity of all the major sectors. Sir, you must have serious inflation, if you tinker with energy prices in the way in which this administration has done and continues to do.

Equally, you are now seeing it, Sir, reflected in what is a terrible drop for us on the Human Development Index.

12:10:14

Barbados has for years prided itself on quality of life and the fact that we as a small island developing state enjoy

one of the highest places in this hemisphere on the index. A drop of six points is not minor, it is significant. Mr. President, that is directly attributable to the Democratic Labour Party's policies. The last Human Development Index and Report that came out while the Barbados Labour Party was in Government certainly shows...

SENATOR J. INCE: On a point of order. Mr. President, it would be appreciated if Senator Thompson could tell this upper Chamber what variables are used to measure this index. Barbados has a social and economic sector. The Senator needs to tell this Chamber what drives this index, how it is determined based on what she is saying, the year and the month of the report and what was used to drive it. The Senator is making an off-the-cuff statement.

Mr. PRESIDENT: That is no point of order.

SENATOR Miss H. E. THOMPSON: Mr. President, Liz Thompson does not write the Human Development Index or the Human Development Report, it is written by the United Nations with set criteria for 186 countries. The only variable therefore - the Honourable Senator Ince asked for the variables - is the Democratic Labour Party. The last Human Development Index and Report in 2000, when the Barbados Labour Party was in Government in October 2007, shows that our position was 31. I am therefore saying that the only variable in there is the Democratic Labour Party and its policies. In a year's time, this year October, the United Nations reported that we are now at number 37, that is the variable.

SENATOR J. INCE: On a point of order. Senator Thompson is trying to mislead this Chamber as well as the listening public of Barbados. You cannot use the Democratic Labour Party as a variable. You are using a mathematical formula or formulae, a financial module called an index, that is used to look at the social and economic development within a country. I would appreciate it if Senator Thompson - I have all the time in the world - would explain to this Chamber what variables were used to arrive at those numbers. I would stand on a point of order until she explains to this Chamber.

SENATOR Miss H. E. THOMPSON: Sir, if the Honourable Senator is going to stand on a point of order until I explain, then I would like to suggest that he would be a yo-yo in here today, jumping up all the time.

Mr. PRESIDENT: I have to draw to your attention that Honourable Senators in this Chamber do not jump up. They stand in their place and make their point. They do not jump up in here. I would not allow it.

SENATOR Miss H. E. THOMPSON: Well, he would keep rising then, Sir, in his place.

Sir, the problem here is that the Honourable Senator has not read the Report, so let him go and read it and see what the variables are for himself and then he could get up and curse the United Nations if he wants to.

Mr. PRESIDENT: I would prefer if he or any Senator would not curse the United Nations. I would not allow it.

SENATOR Miss H. E. THOMPSON: I would prefer it too, Sir. Indeed, that is what the problem is here. The ranking disturbs the Honourable Senator, but I did not come up with the ranking. The United Nations used the same criteria that they have always used. They used it on Barbados and on the other 185 countries in the index. When we were getting the ranking of 30 and maintaining that for years, nobody was quarrelling with it then.

Sir, I know that you say not to draw you into these debates but you have been a Minister in the social sector and in the economic sector, and we retained these high rankings for years. This is the first time, since the Democratic Labour Party was last in office, that we have fallen so low on the Human Development Index. Mr. President, I am crying shame today and I am crying shame on the Democratic Labour Party and on their policies.

Sir, unless something is done that effectively deals with the economy, that moves beyond the cosmetic, the rhetoric and the public relations, the three pillars on which the Democratic Labour Party have been performing since coming into office...

Mr. President, we need substance now to effect positively the quality of life of Barbadians. That in a year all of the economic indicators could change so significantly, that our ranking from the international financial institutions could be downgraded?

Sir, despite all of the talk about how much money we spent and so on, the reality is that when the reports were done by the international financial rating companies and the international financial services companies in February and March 2008...I am talking about institutions like the International Monetary Fund, Standard and Poor's and so on.

Mr. President, right after our term of office finished, our rankings were still excellent. We were still high on the Human Development Index and we were still doing well as a country, but within a year of Democratic Labour Party policies, which are oppressing societies and the economy, we have fallen effectively from a good economic standing to a bad one and from a good social standing to a worse one.

SENATOR J. INCE: On a point of order. Senator Thompson again is misleading this Chamber and the listening public of Barbados. Standard and Poor's as well as Moody are rating agencies and, as far as I know, they look at what you would call local and international currencies sovereign debt. They do not measure any human index as far as Jepter knows. Senator Thompson is referring to Standard and Poor's and Moody. I would like her, Mr. President, to explain this human index and tell Jepter. Sir, it tells me that she is unprepared.

Mr. PRESIDENT: Who is Jepter?

SENATOR J. INCE: Tell Senator Ince, I am sorry. Senator Thompson has little or no idea of what she is talking about, and I am prepared to be a yo-yo for this Administration and the public of Barbados because she is not going to get away with it in here today.

Mr. PRESIDENT: May I make the point that if you are going to be a yo-yo that you could only be a yo-yo for the President.

SENATOR J. INCE: Yes, Sir.

Mr. PRESIDENT: And I do not consider you or any other Honourable Senator to be a yo-yo. Senator Thompson.

SENATOR Miss H. E. THOMPSON: Mr. President, I did not say that Standard and Poor's rated any social index. I said, and I know that you heard me and I believe that Senator Ince heard me correctly as well, that in a year of a Democratic Labour Party office, all of our rankings and favourable ratings on every independent indicator and by measurement of every independent institution, whether they were measuring social or economic indices, have fallen.

The economic indices which are indicative of our economic standing have fallen considerably. Our rating internationally relative to financial capability has fallen. Our social indicators, which have now come out this October, have fallen. Sir, that is the point I am making. I am not attempting to say that Standard and Poor's is measuring social indices.

12.20 p.m.

Mr. President, what I am saying, however, is that there is a connection between social and economics. The world does not exist in a vacuum. If you are going to build a road, it takes money. If you are going to develop, you have to have capital. Therefore, if you suppress your economic activities through incorrect policies, it will be reflected in the quality of social development that the country witnesses. People will feel it in their pockets at the level of disposable income. People are going to feel it relative to the quality of life.

Mr. President, I am saying, when you consider all of our spiralling downward positions under the Democratic Labour Party...

SENATOR D.K.A GRIFFITH: Mr. President, on a point of order. Senator Thompson is misleading this Honourable Chamber. Sir, Senator Thompson keeps referring to a downward social spiral under the Democratic Labour Party. I think a point of correction should be made in that the Report Senator Thompson is speaking to, actually indicates, in its preface, that the information they are collecting started in 2007. I believe the Barbados Labour Party was in power then. Mr. President, I thank you.

SENATOR Miss H. E. THOMPSON: Mr. President, the Report is for the last year. If the collection started, it could have started in November or December 2007. The point is that it covers the year-plus of Democratic Labour Party governance. As a matter of fact, I would challenge the Honourable Senator relative to the collection starting in 2007 because of the date of the previous report.

SENATOR D.K.A GRIFFITH: On a point of order. Mr. President, I believe I should clarify. The Reports are issued annually or that is the intention. That does not mean that the reporting data is based on a year-long period. As I said, the Report is prefaced by information that the collection of data started in 2007. Sir, if the Honourable Senator would like to challenge that, I am sure she could lay the Report here.

SENATOR Miss H. E. THOMPSON: Mr. President, I did copy part of the Report and brought it here. It is a thick volume and so I did not bring the whole Report. I am saying that the figures are for the period during the time that we were under the governance of the Democratic Labour Party.

I am saying further that if you look at the performance of the economy, at rising unemployment figures, doubling of inflation figures, suppression of economic activity in construction, in foreign services, in financial services, in tourism, in every single major revenue earner for the country, in every single foreign exchange earner, in all of the major engines which should drive economic activity, now coupled that with the social indicators, all of which declined in the year of Democratic Labour Party office, then it clearly points to the fact that they are the variables.

Mr. President, it is under the Democratic Labour Party that this country is not doing well. Sir, the rhetoric, cosmetics, propaganda and public relations are going to fail

because people are feeling the reality. Sir, as more and more statistics emerge, not from the Government but from independent agencies, it is going to become more and more apparent what a deep crisis we are in, as a result, not solely of the international situation, but as a direct consequence of the decisions and policies taken by this Administration.

Mr. President, as I said last week, when you hear a Prime Minister getting up in the Estimates and telling you that he is going to balance a Budget and that he is going to give you a small deficit, at that point you know directly that you are in trouble, whether he wrote that alone or whether with the support of the Honourable Senators who are charged with helping him.

Hon. D.W. BOYCE: On a point of order. Mr. President, the Honourable Senator is misleading this Honourable House. The Prime Minister did not say that he is going to run nor that he did run a fiscal balance and a fiscal deficit in the same year.

SENATOR Miss H. E. THOMPSON: Mr. President, I am saying to you, Sir, as a matter of fact and record, that was said. Sir, it was first said in the Throne Speech, and I thought it had to be a typographical error. It was then repeated in the Estimates. I heard them both, and in the Throne Speech I read it with my own two eyes.

Mr. PRESIDENT: Senator Thompson, the easy way to verify that would be to quote from the document, since those two speeches to which you referred are documented. All you need to do would be to ask the Clerk of this Honourable The Senate to bring for you the requisite document and you will be able to verify what you are saying. If I have to rely only on what Honourable Senators say to clarify factors, then I will have difficulty.

For those Honourable Senators who continue to point out to me that the time has expired for the Honourable Senator, those who are doing it by sign language, I draw to your attention that the easier and better way would be to stand on a point of order and draw it to my attention. Please continue, Senator Thompson.

SENATOR Miss H. E. THOMPSON: Mr. President, I did not quote the page, not out of any disrespect for the Honourable Chamber but merely because I was speaking from my notes and from memory and because they are both documents of this Honourable House. I would simply ask for the documents to be brought, so that I can, in fact, point to the pages in the Estimates speech of the Minister of Finance, and in the Throne Speech delivered in this Honourable Chamber.

Mr. President, in my concluding remarks, I think I am going to have to rise on a point of elucidation, if the Chair would permit, to give those direct pages. I am not too sure what the Rules allow.

Mr. PRESIDENT: Honourable Senator, show me what you need direction on.

SENATOR Miss H. E. THOMPSON: Mr. President, I am simply saying that I have now asked for the documents to be brought. I was in the process of making my peroration when the point of order was taken.

Mr. PRESIDENT: I have not drawn it to your attention but you have exceeded the hour to which you are entitled. Therefore, when you receive the documents, you can rise on a point of elucidation. I have no difficulty with that.

SENATOR Miss H. E. THOMPSON: Mr. President, that is why I was asking directions from the Chair. Mr. President, I have just received word from the Clerk. I am waiting, so I am going to continue, pending the arrival of the documents. I will then have to search for the pages but if I do not find them within the time, then I will rise, with the Chair's permission, on a point of elucidation and bring them to this Honourable Chamber.

Mr. President, I do not understand. Well, no, let me put it the other way. I do understand why Honourable Senators on the Other Side might not like to hear these things. Ultimately, there has to be a policy path through these difficult economic times, which would allow the country to grow and people still to enjoy their reasonable quality of life.

Mr. President, I do not believe that policy path is being taken. I am supported in that view by the fact that our social and economic indices and indicators are now showing a downward spiral and a level of decline, about which all Barbadians, irrespective of political colour - even if they are politically without colour - should be concerned because we all have to live here, unless we are going to abandon the country.

12.30 p.m.

I am, therefore, just asking the Government to review its policy. There is nothing wrong with saying that it made an error, that it was the wrong position, that it was the wrong policy path and that it is not achieving the outcome that was anticipated.

Mr. President, I already made the point in this Chamber already that you cannot expect growth, stimulated activity and production if you tax simultaneously individuals at every single engine which is to drive the economy. It is now clear by the ratings and rankings given by independent agencies that wrong decisions were taken

and that we have, in fact, reached a position where we all ought to be concerned. Sir, that is all I want to say.

Mr. President, Honourable Members on the Other Side do not have to agree with me. They can quarrel about the UN processes but the point is, Sir, when we were getting good rankings, we never quarreled before but, all of a sudden, when the rankings are not good, we want to quarrel with the methodologies.

Let us, Sir, listen to what is emerging from these institutions and change direction if we need to before it is too late. Do not get so caught up on trying to focus on me, but reflect on whether or not there needs to be a change in direction because, in my view, there needs to be.

Mr. President, I believe my time has expired and, Sir, with your permission, as agreed, once the documents get here, I will rise on a point of elucidation and share them with Your Honour and with the Chamber.

Mr. President, I am much obliged to you.

MR. PRESIDENT: Senator Cave.

Senator R.G. Cave: Mr. President, I would just like to speak on this Bill before us and to say that like you and other Members of this Honourable Chamber, I attended a dinner at the University of the West Indies last week. I also attended the graduation ceremony of the University of the West Indies on Saturday and I cannot say differently other than both of these occasions were of a world-class standard.

Sir, our university has reached a world-class standard. It was beautifully put on and so much so that the Chancellor, in closing the evening, reminded the audience and members of the graduating class that things did not happen by chance and that somebody had to organise the quality of the show.

Mr. President, he went further to state that he admired the students for how they had turned out. He said everyone was smart-looking, beautiful, well-turned out, that it gave him great pleasure and made it worthwhile.

Mr. President, I say these things only to mention that out of the university came 1 000 graduates this semester. I thought about it and when I went home, I picked up the International Financial Services Sector Bill and thought to myself, what are we going to do with 1 000 young people who are coming out, all talented persons, looking for great jobs and where are we going to place them.

I started by doing some research on the international financial services sector. I phoned a few people, I asked for different statements and I got some information that made me feel that sector, if handled correctly could absorb those students from the university. Sir, not only that, it can lift Barbados to a level beyond tourism.

Mr. President, I feel this sector can take Barbados to another level but we have to listen. Sir, many of us do a lot of talking and many of us do not listen. I understand that the sector contributes over 60 per cent of the corporation tax, but I do not know if that is right or wrong. I understand it employs about 4 000 and that directly it also supports the hotel industry, restaurants and many other services. So what do we need to do?

Mr. President, we have been advised by such eminent and knowledgeable persons as Professor Avinash Persaud in a recent statement that we need to define our niche. The areas of business we wish to pursue to create a best in class regulatory regime appropriate to those areas of business, along with highly efficient business facilitation services.

Mr. President, we need to do many things. We need to improve our level of services within the country but one of the difficulties that we have is that we often do not listen to the advice that is being given to us. I further went back and look at some of our past processes. I found out that in November 1998, the leading international business stakeholders and pioneers hosted, along with Government, the Barbados Forum on Global Financial Services. We invited leading global experts in private management, mutual fund insurance, trust, international banking and capital markets to brainstorm us on product development for each of these sectors.

Mr. President, in not one case did we take the needed action to effectively follow up and implement the advice of the experts. A report was filed and there it ended. Some of the world's top experts on international mutual funds, specialist mutual funds tax accountants, lawyers, custodians gave specific unanimous advice to the effect that the then proposed mutual fund legislation would not facilitate Barbados' growth as an international centre for the registration and administration of mutual funds but, what did we do? We ignored them and pass the very legislation which our experts told us was useless for the purpose of developing an international mutual fund industry.

Mr. President, I say these things only because history helps us to go forward. My son was actually part of one of those conferences, he remembers it and was able to advise me about some of what happened, but the results are awful to show.

Mr. President, we passed that legislation although we were told not to. Sir, I do not know how many international mutual funds we have in Barbados but I doubt

it could be more than two few handfuls. Sir, when I examine what goes on in the Cayman Islands, I found out that they have just short of 10 000 mutual funds, all grown within the last 10 to 12 years.

We had a head start and we had the best advice but we did not use it. Sir, you know what taxes they produce? The registration fee for a mutual fund in the Cayman Islands is US$1 000 so it means that they have 10 000 companies just paying US$1 000 each which is BDS$20 million which they get as registration fees and that has nothing to do with what goes through the economy as foreign exchange, through the banking system or work done by legal people and accountants. Sir, we have 1 000 young people coming out of the university and the young lady making the presentation was magnificent. She summed up in a short time what the future could be for all the young people.

Mr. President, I listened carefully and it worried me because I want to know where are we going to place the young people.

12:40

I am not pandering to politics here. I am seeking to make sure that we do not make the same mistakes again. That we look to get a task force set up for the international financial industry, with the best advice that we can get on the island. We can get it off the island or in the island, but we do have quality here.

Sir, I called a man's name whom I believe is a Bajan. He now infiltrates the G20 countries, therefore, he must know a thing or two.

SENATOR Miss H.E. THOMPSON: On a point of elucidation. I hate to interrupt the Honourable Senator, but having found one of the documents, I thought that the sooner I got it into the records, the better.

Sir, referring to the Throne Speech, as the Honourable Elliott Belgrave delivered in this Chamber of February 12, 2008, at Page 14:

"My Government will give priority to achieving and maintaining a balanced Budget while allowing for small manageable fiscal deficit."

Mr. PRESIDENT: Senator Cave, you may continue.

SENATOR R.G. CAVE: Mr. President, we missed the boat on the Mutual Funds legislation because we did not listen. It is a great pity to me. First of all we are developed in the mutual fund industry but that is not my reason. My reason is the 1000 young people coming out of the university. The great thing is, Barbados has tremendous advantages over the Cayman Islands. They do not have a university. They have to import labour at high cost in order to service that industry.

We have young people. We have quality here to service that entity at low cost, but I do not believe that we are listening to the advice. I do urge that whoever makes the policy in Barbados seek to get at the Act on getting...do not let us miss the boat again. Let us get the right people in a room, a task force, put the right legal positions in place. I believe there are probably certain required regulations.

Bermuda has taken another step to move along. Another step in terms of their insurance industry which, again, leaves us in second place, but I think we can catch up and we can pass them. We have the quality here. We have the conditions that are excellent in Barbados that people around us do not have. Bermuda does not have the climate we have. Cayman is a small island, and people would much prefer to be here. Sir, the Ministry of Foreign Affairs is creating treaties all the time that we can use. So we have not even stepped into the places that we can go. This is a huge opportunity here and we are not really focusing.

Sir, I have said all of these things but Senator Boyce, I believe will take note. I know he is not the Minister of this area. I know that the Ministry of Financial Services falls in a different capacity, but nevertheless I believe that certain policy makers in Government sit in the Senate. I think that they are able to create the policies to make this country grow, and I am interested in the country growing.

Sir, there are a few other little points in the legislation which I will just like to make, but these are mundane.

The period of time taken between the announcement of a policy - around 18 months ago we created these service fees that we are adding. I believe that the time we introduced them was the time that we should have introduced them. The truth is, we never put them into Law, which we should have done, within four months.

I believe there is some Bill, I do not even know the name of it, the Provisional Collection of Taxes Act, which again we are overriding, because that Bill apparently says that you should put into Law within four months if it is a money matter. We are now nearly 18 months since this was first introduced. I just say that we should follow the rules and do the right thing.

Sir, I do not have any big issue with the fees. I have listened to what people may not tell the Government. I have listened to what they told me, and I can say that generally the issues are not big issues. I think that the Captive Insurance is one that we will become competitive

with, Bermuda, and we will become perhaps uncompetitive with the Cayman Islands. That is not a big issue.

Sir, the issue is more the message that goes out that the Government is first of all introducing retroactive tax issues, and secondly, what next are they going to do with fees?

We, as business people in Barbados, understand how Government works and we live with it, but we are dealing with the international world and we have to be careful not to send the wrong message. So if we are putting fees in place, we should give an indicator that we are not going to continue to increase fees and other fees in this arena for some time.

Mr. President, I think I talked too much.

I will earn my overtime, not in talking, but listening. So I am going to sit down and listen.

I thank you.

Mr. PRESIDENT: Senator Chandler.

SENATOR Dr. F.L. CHANDLER: Mr. President, I will like to make a few comments on an issue which is connected to the Bill before us. Senator McClean mentioned the number of advantages that Barbados offered investors in the financial area. As far as I know we are trying to attract these investors. Senator McClean mentioned about the pool of easily trainable people and about our good physical infrastructure, among other things.

Mr. President, should we not also be offering a family-friendly environment to these investors? I understand there is a problem now with the wives of some of these people not being able to get their drivers' licences renewed, because they cannot show a Barbados identification card with the new system being an ID number. I understand there is a difficulty. Obviously, this would create havoc in families who have children to collect, et cetera.

Mr. President, I wonder at the rationale behind that and what effect it would have on potential investors. I think we should be trying to make them feel welcome and facilitate them. I wonder if this could be looked into.

I thank you, Mr. President.

Mr. PRESIDENT: Senator Boyce.

SENATOR the Hon. D.W. BOYCE: Mr. President, I want to support this Validation Bill, and to assure Senator Cave that we are listening to both himself and persons in the business sector. We are trying to do some things as quickly as we can, to make sure that we keep the sector going.

Sir, as you will recall, in the last Budget Speech we introduced some proposals with respect to making it easier for persons who are not domiciled to be taxed in Barbados, which is a foreign currency earnings credit. We have brought some other measures relative to the international business sector. We have tried a number of things to facilitate the sector in Barbados.

Sir, it will take us a little time to do all that has to be done.

12.50 p.m.

I expect that year by year, you will see changes being made to the legislation to the administrative procedures that make the sector more competitive and help the sector to grow, as we know that it can grow.

Mr. President, we are behind the scene doing all that we can to talk to the various other Governments, where issues arise that we need to intervene, such as the Canadian Government, the United States of America Government and so on, to make sure that we keep the field clear of obstruction for our international business companies.

Mr. President, I do have to say a few things, as it were to set the records straight in respect of the economic performance of the country. We have heard a lot today about the decline in our ratings.

Yes, Mr. President, we have had declines in our ratings, but the rating agencies had been very clear to say, in the case of Moody, that the declines in the underlying performances of the economy that led to the downgrades started as long as a decade ago.

Asides.

SENATOR the Hon. D. W. BOYCE: Mr. President, that is back in 1998, 1999, 2000 and that is when the underlying issues began. Each year it accumulated and got worse, and it is going to get worse and worse. Mr. President, that is what has happened and we have had a hand to deal with but we have not prepared that for ourselves. It has been prepared by others. We have inherited it and we will manage it to the best of our abilities and we will manage it well. Mr. President, I have every confidence in the ability of the people on This Side to manage the affairs of this country properly.

Asides.

SENATOR the Hon. D. W. BOYCE: Mr. President, we hear about the declines in the economy as if declines

have never ever occurred in this country. In 2001, we had a recession that was not as bad as this recession today. This recession is worse than the one we had in 2001. This recession now is a global recession and it is a financial crisis. All over the world, we have had tremendous changes in the economies of the world, where economies that were growing by 3 per cent and 4 per cent have been declining.

The United States of America's economy itself declined very significantly, where their unemployment rate rose from 6 per cent to more than 10 per cent recently. The U.K. has gone through and continues to go through tremendous challenges with declines in their housing market and declines in their economy.

Mr. President, if we derive most of our tourists from the U.K. and from the USA, we can only perform as well as they perform. If they are not performing well, we will not perform well. It is commonsense. Sir, but what happened in 2001, things have flowed in the minds of all persons, who make comments like that.

Sir, in 2001 this economy declined and this is in the 2009 statistics, produced by the Barbados Statistical Services and, I believe, it is a document of the House. If it is not, I will make it a document of the House. I think it was laid last week.

Mr. President, in 2001, GDP at factor cost, fell from $4.2 billion to $4.06 billion and that was a very substantial fall in our GDP. Every sector of the economy fell and it did not fall for one year, they fell for two years. Mr. President, this is not the first time that we have had declines in our economy, but this is the first time that we have had, in modern times, the kind of crisis we have had in the world, with our economic crisis, where all of our major trading partners have had substantial deterioration in their economies; substantial increases in unemployment; substantial falls in foreign direct inflows; substantial falls in their stock markets and their housing markets. Mr. President, we behave as if this is the first time in the history of Barbados we had a decline in our economy.

Mr. President, what are we being asked to do in this decline in our economy? To prime the pumps some more; to put more and more money into the economy; to run a bigger and bigger deficit and to subsidise energy prices when that subsidy in energy prices require the Barbados National Oil Company to run a debt of $180 million, which has now had to be converted into a term loan. They stopped all of their drilling programmes because they had no cash. They have now restarted that drilling programme. Mr. President, those are the facts.

Mr. President, early last year during the Budget, we increased Reversed Tax Credits, very early in the life of this Administration because of the increases in prices of commodities on the world market, wheat, oil, everything. We increased Reversed Tax Credits for the lowest earning members of our society.

Mr. President, the first thing we did was to increase that Tax Credit. Secondly, we introduced the free bus fares for school children so that the parents would get a little ease. Thirdly, we introduced the free summer camps during the vacation, so that the children would be under supervision, and that the parents would get a little ease.

Mr. President, we increased the spending on the Queen Elizabeth Hospital. We increased the spending on the Barbados Drug Service. We increased the spending on education, including the University of the West Indies Cave Hill.

Mr. President, we did not reduce by one iota the spending on social services in this country because we understand the connection between a fine society and a good economy.

Asides.

SENATOR the Hon. D. W. BOYCE: Mr. President, we are a service economy and therefore we have kept our social services going, so that we can keep a little peace in this country and we can therefore continue to prosper from our good tourism and our good international financial services.

Mr. President, we hear talk about the tax take in this country gone up by tremendous amounts. The figures that are produced - I do not have them here - by the officials indicate to me that our tax take, the percentage of revenue that Government takes out of GDP in this country, has barely moved in the last three years, but we will hear talk and this gouging of matters.

Mr. President, on the matter of new licences in the international business sector, if the profitability of companies in the rest of the world from where we get our international business companies has fallen, if the capital flows into those countries and out of those countries have fallen, it is only obvious that the numbers of new companies that will be established will also fall in Barbados.

Mr. President, let me put the matter of the increase in the fees in context. The increase in the fees for the whole financial sector, international as well as local, I think came to a total of $9 million. Mr. President, if the international business companies paid approximately 60 per cent of the Corporate Tax, they must pay around $275 million to $300 million.

Mr. President, the $9 million in fees that we are talking about is a minuscule amount of the profit that is paid by those international business companies. Mr. President, they paid taxes at the rate of 2.5 per cent maximum, and if they contribute $300 million, multiply that by 40 and that gives you the indication of the level of profitability of the industry in Barbados and therefore it puts into perspective, the $9 million that we are seeking to raise in licences.

Asides.

SENATOR the Hon. D. W. BOYCE: It is minuscule. It is less than .1 of 1 per cent.

13:00:12

Mr. President, we are doing what we have to do to try to make sure that a level of supervision and regulation in that industry is good. There have been problems for a long time with regulations in parts of the industry. We know where these parts are. The International Monetary Fund has commented on them in the financial stability assessments and programmes, and we are putting measures in place to deal with those parts of the sector.

Those things would be in place by the middle of next year. In the meantime, we continue to get a very good rating on our banks supervision. We continue to be ranked among the top countries in the world in financial services regulations in banking. We will make sure that our whole financial services sector has that same quality of supervision and regulation in short order. Those things are already in train.

Mr. President, let me just switch a little bit to the matter of the length of the recovery. Everybody who dabbles in economics in Barbados knows that there is a lag between when the recovery begins in the international economy and when the effects come through into Barbados. That lag is normally between four and six months. The view is now that given the increased savings rates that you are seeing in the United States of America and the United Kingdom, that the lag may be extended to maybe six to eight months.

Mr. President, we would expect that our recovery would be six to eight months behind the recovery in the United States of America and the United Kingdom. It is not any high science. It is because we are dependent upon the United Kingdom and the United States of America for the bulk of our tourists and we are dependent upon the Canadian economy for the bulk of our international business services, so therefore we are going to have a little lag between when they recover and when we are going to recover.

Mr. President, I just raised these things because we have to make sure that when we say things that we say the whole story and we do not omit important information and send out to this Honourable Chamber and to the public of Barbados a set of information which excludes important information. If information is partial when it ought to be total, it is tantamount to misinformation.

Mr. President, with those corrections, I therefore wish to support this Validation Bill.

I thank you, Mr. President.

Mr. PRESIDENT: Does any other Honourable Senator wish to speak?

SENATOR A. E. HOLDER: Mr. President, in the context of the Bill that is before this Honourable Chamber, I wish to make a couple of observations. First and foremost, a rationale ought to have been given as to why the increase in 2008 given the fact that the global economic recession was upon us.

In addition to that, the question must be asked as to whether the increase in the licence fees will make it better for companies to operate in Barbados. In addition to that, it must be recognised that in relation to the financial sector, that we are a competitive jurisdiction. It therefore means that we must compete with the British Virgin Islands and the Cayman Islands, so that in any justification of any increase in the cost of licence, we must ask ourselves, does it make us more cost competitive with the other jurisdictions that are offering the same thing that we are offering.

What is amazing, Mr. President, is the significant increases brought about by Page 101 of the 2008 Budgetary Proposals. Mr. President, if one examines the level of increase, it is indeed exorbitant. For example, if one examines the first amendment, you are moving from $5 000 to $20 000 and in another instance, you are moving from $100 000 to $250 000.

Mr. President, in percentage form, the increases are in excess of 100 per cent. The question must therefore be posed: Is there a nexus between the increase in the level of licence fees and the decline in the revenue earned from that sector? That question must be asked because here it is that we have increased the fees substantially and for the period 2009 we have witnessed a significant decline in the revenue from that sector.

Mr. President, not only that, we must also take into consideration the importance of that sector to our revenue earning capacity and the fact that it represents two-thirds of the corporation taxes. The question then must also be posed: Was that a prudent fiscal measure given the state of

our economy? I dare say that all the indicators must say no. In a global recession, is it part of a stabilisation programme to increase taxation? What is evident from these measures is that it has started to contract rather than to expand.

Mr. President, what is even more significant is that as a result of the increased in licence fees, the percentage of new entrants fell by over 100, that must make a difference. Mr. President, with increase licence fees, does it make sense to do so at this time, and is there a concomitant increase in the services being offered? We have increased fees but does it make the obtaining of a licence more accessible or easier? Has there been an improvement in the Corporate Affairs Registry and the ability of those persons to process application quicker?

Mr. President, we have to juxtapose the increase in licence fees with the increase of services being rendered. I would say unashamedly, Sir, that nothing has improved. These measures have not brought about any significant improvement in the international financial sector. What is even more startling is that you have increased fees but revenue is down.

Mr. President, it has been banded about that the international recession is caused by exogenous variables, we know that.

1.10 p.m.

However, it is important that the domestic economy meets these challenges. It is important that a direction be given to stabilise the economy in the height of its recession. It is evident that the fiscal measures adopted have not done anything to stabilise the economy and/or to create an engine of growth to expand the economy.

Mr. President, the question must also be posed, in light of what is before you, what is the status of regulation in this sector, has this new Administration brought any regulatory framework to improve the sector? They see nothing so far. The question must also be posed, what is the Administration doing in light of the Central Bank Reports? The evidence, based on all the Reports laid in this Honourable Chamber, would clearly indicate that nothing has been done to be effective in this sector.

Mr. President, while we on This Side support the Validation Bill, we are concerned about the significant increases brought about in 2008, which, from all indications, have retarded the progress in this sector.

Mr. President, I am obliged to you.

SENATOR J. INCE: Mr. President, I stand in support of these initiatives taken by Government to increase the fees in licences to financial institutions. Sir, I am also puzzled that I sat and listened to comments that were not related to what is before us. I thought, at one time, I was at a Sunday morning service, listening to a parable spoken by Jesus.

The whole thing is that when we are going to discuss issues that are important, we must consider not only ourselves but the fact that the public of Barbados, the students of the colleges and university of Barbados who are listening to us and may well use the information whether for a paper, a research or for general discussion.

Mr. President, on the issue of this Government not doing anything to stimulate economic growth, I would want to say that in May 2004, oil prices at the time was $40 dollars a barrel. The war in Iraq had started. Sir, at the time, I made a public declaration that the war in Iraq would dislocate economies, that it would create financial challenges and that if the price of oil moves to $75 a barrel, it would cause economies like Barbados to hemorrhage. I said if it moved to $100 a barrel, we would have to do some economic adjustments. Sir, the Government at the time wanted to know who was Senator Ince and what crazy person was he at the time.

SENATOR Miss H. E. THOMPSON: On a point of order. Mr. President, I do not know from which fairy tale the Honourable Senator is speaking. I do not know when he was supposed to have made these predictions and who would have answered him. In fact, this is the first time I am hearing that he has ever spoken about oil prices back in 2004. I do not know if he wants to have a discussion about himself, that is a matter for him but really, he cannot be saying that the Government wanted to know who he was.

SENATOR J. INCE: Mr. President, I would advise Senator Thompson, it seems to me that she is never prepared. Sir, we must remember that Senator Thompson made a statement last Wednesday in this upper Chamber that she was confused and so I would forgive her. Sir, I would like her to check any of the two radio stations and she would be able to get information on what I said.

SENATOR Miss H. E. THOMPSON: On a point of order. Mr. President, I am merely asking that the Honourable Senator should speak in a way that does not confuse me. Sir, I remember when I was a student, just before examination I saw a sign which said: “Irrespective of how prepared the student is, a foolish man can ask a question that the wisest man cannot answer.” Mr. President, no matter how well-prepared I am, I may well hear something from the other side that I cannot address.

SENATOR J. INCE: Mr. President, when we look at that statement, we have seen the war in Iraq escalating. We have seen a global economic crisis of unprecedented proportions. It has dislocated companies, families and

financial institutions. We have seen a restructuring of the USA economy to the tune of $750 billion. Sir, let us get back to the local economy.

Mr. President, Senator Thompson spoke about the Moody Reports. What Senator Thompson should have stated was that it also said that Government had taken the correct measures and that Government has the parameters in place to protect the economy or to protect the social dislocation off the Barbadian people.

Mr. President, if we are going to say that the increase in fees is going to have an adverse effect on economic activities, what should have been stated - and I am going to make it clear. Sir, Senator Thompson made no reference to capital gain taxes or to corporation taxes. Sir, there is a very wide margin. Senator Thompson went on to talk about black eyes and blue eyes in the economy, that is why I mentioned about confusion. Senator Thompson talked about the economy being black-eyed and how this Administration kicked the economy.

Sir, the challenges we faced were part of their initiative eight weeks before Elections, when they took on a massive off-budget spending. I said in a call-in programme on one of the radio stations that it would come back to be a challenge for whosoever Government is in charge of the economy at the time. Therefore, without planning any budgets at all, they went ahead to fix every road, to cut every tree, to pave every highway, with no planning as far as budgets were concerned.

Mr. President, Senator Thompson is talking about vision. She said where there is no vision the people perish. Sir, this Administration has a vision and the people of Barbados will not perish. Mr. President, if we believe in divine intervention, which I do, it seems to me that whenever the Barbados economy and its people are at a crossroad, that the Democratic Labour Party is in office to guide them.

Sir, I am going to repeat. Whenever there is a serious challenge in the economy of Barbados, the Democratic Labour Party is always in office, at the time, to guide and to assure the people of Barbados of their future. When we approached, as far as our Independence was concerned, ask the question who was in office?

1.20 p.m.

As far as our Independence was concerned, the Democratic Labour Party was in office.

Sir, in 1974, we had the oil crisis that threatened the livelihood of Barbadians and the Democratic Labour Party was in office. Sir, the Democratic Labour Party was in office when there was the crisis in 1991 to 1994. We were elected in 2008, we are now in 2009, and we are seeing a global financial crisis that has never been seen before, which has perplexed the best economists and financial analysts in the world and the Democratic Labour Party is now in office to lead the people of Barbados. Sir, this has to be divine intervention.

Mr. President, unemployment rates. The economy of the United States of America is facing a massive unemployment rate of just over 10.2 per cent, which is a challenge. The global economy declined by 6 per cent of GDP and, Sir, Barbados is part of the global economy. Sir, we are not separated, our tourism sector and our manufacturing sector depends on remittances and we have challenges where, as our imports increase, we are going to have challenges as the revenue earning declines yet still you are hearing this theory that we have no strategic plan and that the Administration does not understand social issues.

Mr. President, as the oil prices move, this Administration was not the one that made Barbadians believe that we were subsiding oil or subsiding gas prices. This was not this Administration, but we took a bold initiative to allow supply and demand to dictate the price of fuel for Barbadians.

Sir, the Barbados Labour Party led them to believe that it was being subsidised through some economic magic and the subsidy resulted in $180 million to Barbadians and then they came with the idea that we should launch a bond. Sir, could you imagine this, when you are speaking about taxes?

Sir, after they inflicted $180 million on the people of Barbados, they are now saying that a bond could be launched and have that bond invested by financial institutions so that the debt could be removed from the people of Barbados and paid later. Sir, it is economic madness. It is economic nonsense.

SENATOR Miss H.E. THOMPSON: Mr. President, on a point of order. The Honourable Member is misleading the Chamber when he suggests that our approach would have been to borrow to pay for any support given to petroleum products for the protection of the economy. The reality is that petroleum products raise very high revenues and the monies that were used to give support to the economy could well be paid out of petroleum revenues in a very short time. There was not any bond and there was no need to increase prices on the taxes on the public. The petroleum revenues from taxation are significant and could have been given to the National Oil Company to give support to their purchasing deficit and would have been done. It did not have to be done by increased taxation and that, in fact, has resulted in significant inflation in the economy.

Mr. PRESIDENT: Senator, you may continue.

SENATOR J. INCE: Thank you, Sir. Mr. President, the present Administration has measures in place to guide the people of Barbados and to stabilise this economy. It was explained in our 2008 Budgetary Proposals leading into 2009.

Mr. President, let me look briefly at this Human Development Report for 2009. Sir, there is a reason why I asked Senator Thompson to explain to the upper Chamber where those numbers came from and on what premise. She was using the whole idea of the Human Development Report and the Human Index to say that this present Administration has no policies in place as far as social development is concerned.

Mr. President, the first Report was published in 1990 and the second Report was published in 1992. Sir, that is why I asked her the question and I told her to be prepared.

Mr. President, the second Report was published in 1992. Sir, that Report said that Barbados was 20th in the world and the Honourable Senator could check this. Sir, we fell to the 37th position and I will give you some quick statistics. This is why I told the Honourable Senator to be prepared because the people of Barbados are listening to her and that she should not walk into this Chamber with off-the-cuff, unprepared reports.

Mr. President, the Report looks at gender. It looks at things such as how many women are in Parliament; the movement of females and the movement of males. It looks at things like how many managers and senior officials are women and how many are men. Sir, this is the type of report the Honourable Senator is talking about. Sir, those reports do not mention anything about Government policy.

SENATOR Miss H.E. THOMPSON: Mr. President, on a point of order. The Human Development Index Report, although it deals with these things, is taken as the most credible measure of quality of life in countries across the world. It deals with wide social parameters and indicators, inclusive of the elements to which Honourable Senator Ince referred but it speaks to wider social indicators than that.

Sir, it does not change the fact that this drop from 31 per cent to 37 per cent is the largest drop in a single year that Barbados has ever experienced and it happened under the Democratic Labour Party and it was collected for a year, during the time they were in Government.

Mr. PRESIDENT: The point is made. Senator continue.

SENATOR J. INCE: Mr. President, there is a copy of the Report and I will say again that I am questioning her on the numbers and on what basis but, Sir, I will move on.

Mr. President, the economy of Barbados. Sir, despite the challenges this present Administration, under the leadership of the Honourable David Thompson, Minister of Finance and Prime Minister, well supported by a Cabinet...

Asides.

SENATOR J. INCE: Sir, a Cabinet, at the time, who were deemed as cowboys and driftwood but the cowboys and the driftwood are leading Barbadians and stabilising the economy and doing so with transparency and integrity. Sir, Senator Thompson wants to mention about pain and suffering but when they rejected the idea of finishing the St. John Polyclinic, they should have considered the Human Index at that time. When they closed down part of what we term "The Eye Unit" at the hospital, they should have considered the Human Index but, Sir, nothing was done.

13:30

SENATOR Miss H.E. THOMPSON: On a point of order. Irrespective of the incidents being cited by the Honourable Senator Ince, our ranking on the Human Development Index at that time remained high. He is yet to explain how we have dropped seven points in a year since the Democratic Labour Party took over the Government.

Mr. PRESIDENT: No point of order.

SENATOR J. INCE: Mr. President, I am in support of the fees and licences. As I have stated and will continue to state, the people of Barbados have given us a mandate to govern the affairs of this country, and no Opposition is going to set our agenda or going to tell us how to manage the affairs of the people of Barbados.

Mr. President, I am obliged.

Mr. PRESIDENT: Senator Griffith.

SENATOR D.K.A GRIFFITH: Mr. President, I rise this afternoon to make my contribution to both these Bills being debated. I sat and listened to the discussion that came out of what should simply have been a financial debate. My concern comes when I hear terms being bandied around and no real consideration is given to their usage. I sat and heard about Sarbanes-Oxley. I do think it has a very important part in this debate, because Sarbanes-Oxley is exactly why we can feel that we are in a better position to be a financial services sector.

We have the regulations that even many developed countries have been lacking for a long time to make sure that companies existing in Barbados are going to be well regulated and will not take the financial risk that we saw when Sarbanes-Oxley was put into place in the US resulting from the scandal of Enron and other financial crises. Then the further financial scenarios that we are feeling now. Sarbanes-Oxley was a good thing being put into place.

Sir, unlike many of the people that we are competing with, we are a highly regulated destination. I do not think you will find any objection to that statement. We have heard for years that we are too highly regulated. Until we felt the current financial crisis, it was not so clear that was complete folly, to have a widely regulated jurisdiction which would lead to attracting more people to Barbados.

I have heard both Opposition Senators speak about how we are driving people away from Barbados with provisions that have not yet been implemented, but yet there are apparently having all sorts of effects on the economy.

Mr. President, I believe, again, we need to look...

SENATOR Miss H.E. THOMPSON: On a point of order, Mr. President. The Honourable Member is misleading the House. We are discussing the revenue rasing measures which have been implemented and are being collected. This is why we need to do a validation. If the Honourable Member is suggesting that these measures have not been implemented and the Honourable Members on This Side are saying that they have had consequences from their implementation, then the Honourable Member is misleading. They have been implemented and that is why we are doing a validation, and we are seeing the consequences of the implementation. It is not accurate to say that they have not yet been implemented.

SENATOR D.K.A GRIFFITH: Mr. President, I am sorry that the Honourable Member is so often confused, because she is the person who broadened the debate beyond the simple facts that we were supposed to be considering today. She brought in all scopes, because referring this debate to the Human Development Index was one of those very vast and wide view points of straying. She brought in everything under the sun.

Sir, I would move on to the Human Development Index because the speaker seems not to acknowledge. She said that we have created, somehow, the biggest drop in the Human Development Index rating for Barbados, in the history of the Human Development Index.

I am certain, I have the documentation in front of me. In 1992, Barbados was ranked No.20 in the world, not in the Caribbean, not in the Hemisphere, but in the world. So we are to be told how great a job it was that the Barbados Labour Party took it to No.31, and how dare we drop below that.

SENATOR Miss H.E. THOMPSON: On a point of order. Mr. Speaker...

Mr. PRESIDENT: I have not yet been demoted to SPEAKER.

SENATOR Miss H.E. THOMPSON: I apologise, Sir. Not that I wish that to be done, Sir. I did not realise.

Sir, the Honourable Senator is misleading the Chamber. If the Honourable Member is seeking to suggest that any change on the Index occurred in a year, my point is, this is the first time that we have dropped this far in any single year. I have indicated clearly what it is attributable to.

I am not suggesting that there had not been a decline before. When the rankings are done, there is movement in between countries. In other words, a country may come down because a country has moved upward. Barbados is in a very unfortunate position that 50 countries received lower rankings, and we are one of the 50, out of the 186 countries.

I am saying that is unprecedented. In the history of the Human Development Index it appears there is no period prior to this, when the Barbados ranking fell so significantly in any single year vis-a-vis, other countries in the Report. If it changed over time, over 30 years, since the 1990s, that is true, but we dropped more in a single year.

Mr. PRESIDENT: I wish when Honourable Members of this Senate rise on a point of order, that they stick to the point of order. I do not want you to make speeches under the rubric of an order. The Honourable Senator is sufficiently experienced in this area to know that is not acceptable. What the Honourable Senator did was an abuse of the privilege of this Honourable Senate. I will not have it. Please, Senators, help me.

Senator Griffith, you may continue.

SENATOR D.K.A GRIFFITH: Sir, I refer this House to Page 12 of the summary of the 2009 Human Development Index Report, which speaks to the 2007 Report. It clearly states here that it was the last summary for Barbados which was done for 2006/2007. This is 2009.

I believe the Honourable Member was trying to mislead this House by saying it is a yearly drop to begin with. Having dealt with that point, I will go back to my original point of the fact that under the Barbados Labour

Party this country has seen a significant drop in its Human Development Index ranking.

SENATOR Miss H.E. THOMPSON: On a point of order. The Human Development Index ranking came out for Barbados last year, and we were still at No. 31, when they were measuring the last year of the Barbados Labour Party Government.

SENATOR D.K.A GRIFFITH: Sir, continuing very briefly, what needs to be considered in this deliberation, these statistics took a snapshot and were related to the issues over time. We have been doing very well. We are speaking of a report that does not purport to carry out a survey of one year of the Democratic Labour Party Administration. It carries out a snapshot of that and a little more.

SENATOR Miss H.E. THOMPSON: On a point of elucidation.

SENATOR D.K.A GRIFFITH: On the point of elucidation, I choose not to give way.

Mr. PRESIDENT: The Honourable Senator does not give way.

SENATOR D.K.A GRIFFITH: Sir, what we are facing is a scenario, where we have had years of bad administration heaped upon the people of Barbados. We are now seeing the results of that bad administration.

SENATOR Miss H.E. THOMPSON: On a point of order. The Honourable Member is misleading the House. In 2008 a report came out which ranked us at No.31.

13.40 p.m.

If there was poor management the ranking would have been as low as it is now. It a consequence of poor management that the ranking is now low, consequent to a year of the Democratic Labour Party management.

Sir, I read, if I may, as a part of the point of order by making the point directly from the Report.

"The Human Development Index measures fundamental aspects of people's lives and opportunities. It is a much more complete picture of a country's development than any other such indicators."

Sir, it is a comprehensive assessment, based on a number of indicators. If there had been poor management, last year, the ranking would have been low. It is low now. The DEMS cannot get away from that.

Mr. PRESIDENT: Senator Griffith.

SENATOR D.K.A GRIFFITH: Mr. President, when we speak toward human development, it is not a matter of something being able to be judged for a period of a year and that, as any social scientists with a brain of knowledge will tell you, is a very clear fact. We are dealing with astounding levels of misunderstanding - and I will put it kindly that way - for any such suggestion to be made. We need to ensure that we understand the scenario we are going through.

Barbados has, over the last 14 to 15 years, declined from its position. If we are talking about this Report, we need to take it in totality. It started in 1990 but we are supposed to take this snapshot here and that snapshot there and never really look at the Report in its entirety.

Look at the fact that under that Report, we have been sliding backward for the entire terms of the Barbados Labour Party and speak to that but no, we are told we can only look at this particular part that makes the Honourable Senator comfortable, because she was not doing her job when she was in office, and she is trying to indicate that people who are working very hard right now, have not been accomplishing theirs.

Asides.

Senator D.K.A GRIFFITH: Mr. President, I will leave with this. We have to ensure that the social framework is in place in Barbados for us to achieve continued growth. This is a period in time when we are actually trying to develop Barbados for when we get out of the economic recession, and measures like the ones we are putting in place today are necessary. We have to get the infrastructure in place to make sure that when this recession turns around, we are coming out of the gates, ready.

The nitpicking that we hear from the Other Side is not helping us in this scenario. We are going to put forward a structure that deals with what we have to do to make sure that our productive sectors continue to flourish. Sir, we are not saying that we do not expect results in this period of time, where we are in an economic depression never before seen, or for many years never seen and, certainly, not by people in my generation.

Sir, we are putting a framework in place where we can develop Barbados and we can have a clear understanding and a vision for development. Whether it is a vision that the Opposition shares, which of late, I really have doubt that they ever actually had a cohesive vision for what Barbados is supposed to be and that me being kind because the vision I see coming from them which is to push poor people down further, and to ensure that businesses get the benefit and poor people pay the taxes. If that is the

vision that you expected us to pick up, it is what is coming across.

Mr. President, we therefore need a vision that sees the whole of Barbados benefitting.

Asides.

SENATOR D.K.A GRIFFITH: Mr. President, as such, I will rest on the fact that these initiatives are necessary for the continued and, sustainable - because this is a word that seems to elude the grasp of our Opposition. We raise taxes here. We drop them here. We need some sort of sustainability. How is this going to play out in the future? If we need that sustainability, we need measures like this that regulate the financial services in Barbados because right now, it is what distinguishes us, whether who is a low tax jurisdiction, a no tax jurisdiction whatever. What we see on the international market day after day is that people want some place safe for their money; that is here.

I thank you, Mr. President.

Mr. PRESIDENT: Senator McClean.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I rise to wrap up the debate on these two Bills. Let me start with first empathising with the Senators on the Other Side. In respect of the senior Senator, I tried very hard to follow her contribution which truly ranged far and wide and rambled all over the place.

Asides.

SENATOR the Hon. Miss M. P. O. McCLEAN: I believe, Sir, that the events on Roebuck Street this weekend and yesterday, and the discussion we heard in the media, seem to have confused the Honourable Senior Senator.

I want also secondly to make a correction because I know people use statistics to show all kinds of things and I had several numbers in relation to the Human Development Index, which was brought into the discussion, Sir, that is fine because I suppose we can take it as wide as we can and, if we talk about a jurisdiction, the quality of life of that jurisdiction is important, aw well as the indicator, Sir, therefore we will accept that, even though the way it was introduced and it was spoken about really did not enhance its contribution to the debate on the financial services but I will just use two of the statistics.

My colleagues on This Side made reference to it and it was correct that in 1992, Barbados stood at Number 20. It is a measure which Senator Ince talked about. It talks about a number of things, such as gender issues, life expectancy education, literacy, et cetera.

Mr. President, what is interesting is that at 2002 it was 31. In 2007, it was 37 but I also want to say that the Senator on the Other Side did not explain that the methodology in computing the Human Development Index and the 2009 statistic is based on data relating to Barbados in 2007. The Democratic Labour Party came into power in January 2008, so if there is a decline, Honourable Senator on the Other Side, take responsibility for it.

Asides.

SENATOR the Hon. Miss M. P. O. McCLEAN: I do not believe we should come here and play games with the public because, at the end of the day, we are talking about the business and the best interest of Barbados and citizens of Barbados, so when we go down that road, bring the information.

Mr. President, I believe that there were a number of other pieces of gross misinformation. I would also want to say that in respect of a comment that I have heard repeatedly attributed to the Honourable Prime Minister about a balanced Budget, he said that he wanted to have a balanced Budget as a priority. In other words, he will seek to achieve that and in the process of trying to achieve a balanced Budget as a priority, he was looking to do so in a well-defined manner.

Asides.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, therefore, I believe that in all I have said, the value of this matter has been established. We heard the contribution of Senator Cave and I believe overall, the discussion has demonstrated that this matter is one which does not harm our Barbados in anyway but contributes to the well-being and the development of the sector.

I am obliged to you, Sir.

SUSPENSION OF SITTING

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I beg to move that this Sitting be now suspended until 2.50 p.m. today.

The question that the Sitting be now suspended until 2.50 p.m. was put to the Senate and agreed to and Mr. PRESIDENT suspended the Senate accordingly.

13:49:50

RESUMPTION

Mr. PRESIDENT: This Sitting is resumed.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I beg to move that the Financial Institutions (Miscellaneous Provisions and Validation) Bill, 2009 be read a second time.

The question was put to the Senate and agreed to.

On the motion of SENATOR the Hon. Miss M. P. O. McCLEAN, the Senate resolved itself into Committee, Her Honour, SENATOR Miss K. F. IFILL in the Chair.

COMMITTEE

Madam CHAIRMAN: The Senate is in Committee.

Clauses 1 to 4, inclusive, were called and passed.

The Schedule was called and passed.

2.00 p.m.

On the motion of SENATOR the Hon. Miss M. P. O McCLEAN, Madam DEPUTY PRESIDENT reported to His HONOUR the PRESIDENT, the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR the Hon. Miss

M. P. O. McCLEAN, the Bill was read a third time and passed and cited as the Financial Institutions (Miscellaneous Provisions and Validation) Act, 2009.

ORDER NO. 2 – SECOND READING OF THE INTERNATIONAL FINANCIAL SERVICES (VALIDATION) BILL, 2009

SENATOR the Hon. Miss M. P.O McCLEAN: Mr. President, as I indicated at the beginning of today's Sitting, the previous piece of legislation and this Bill spoke to similar issues and were debated together. I, therefore, beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

On the motion of SENATOR the Hon. Miss M. P.O McCLEAN, the Senate resolved itself into Committee on the Bill. MADAM DEPUTY PRESIDENT in the Chair.

COMMITTEE

Madam DEPUTY PRESIDENT: This Senate is now in Committee.

Clauses 1 - 2, inclusive, were called and passed.

On the motion of SENATOR the Hon. Miss M. P.O McCLEAN, Madam DEPUTY PRESIDENT reported to His HONOUR the PRESIDENT, the passing of one Bill in Committee and Mr. PRESIDENT resumed the Chair and reported accordingly.

On the separate motions of SENATOR the Hon. Miss M. P. O McCLEAN, the Bill was read a third time and passed and cited as the International Financial Services (Validations) Act, 2009.

ORDER NO. 3 – SECOND READING OF THE FINAL APPROPRIATION (2008-2009) BILL, 2009.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, as you are aware, the convention in this Honourable Chamber is that Final Appropriation Bills are not debated. I, therefore, beg to move that this Bill be read a second time.

The question was put to the Senate and agreed to.

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, as this Bill has been certified as a Money Bill, I beg to move that this Bill be read a third time.

The question was put to the Senate and agreed to.

On the separate motions of SENATOR the Hon. Miss

M.P.O. McCLEAN, the Bill was read a third time and passed and cited as the Final Appropriation (2008-2009) Act, 2009.

MINUTES (RECOMMITAL)

Mr. PRESIDENT: Honourable Senators, before we adjourn, I would like to inform this Honourable Chamber that I am in receipt of the Minutes for Wednesday, October 21, 2009.

The question was put to the Senate and agreed to.

ADJOURNMENT

SENATOR the Hon. Miss M. P. O. McCLEAN: Mr. President, I beg to move that this Honourable Senate do now adjourn until Wednesday, November 11, 2009 at 11.00 a.m.

The question that the Honourable Senate do now adjourn until Wednesday, November, 11, 2009 at 11.00 a.m., was put to the Senate and agreed to and MR. PRESIDENT adjourned the Senate accordingly.

3.10 p.m.

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McCLEAN, Senator the Hon. Miss M.P.O
THOMPSON, Senator Miss H. E.

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EDITORIAL NOTES — NOT PART OF THE REPORT

Prepared with the transcript; for checking against the recording and the Minutes.

EDITORIAL QUERIES

Points noted while preparing this report from the edited transcript. The text has not been altered except where stated.

Q1. *Masthead.* The session is not stated in the source, so no session line is printed.

Q2. *Order No. 1, Senator R. G. Cave.* After the President's call 'Senator Cave.', the first part of Senator Cave's speech (about 1,000 words) stands under the President's label, with 'Senator R.G. Cave:' set inline at the start of the first paragraph; his own speech heading appears only after Senator Thompson's point of elucidation. Printed as in the source.

Q3. *Order No. 1, heading.* The heading has unbalanced brackets: 'FINANCIAL INSTITUTIONS (MISCELLANEOUS) PROVISIONS AND VALIDATION) BILL, 2009'; 'ORDER No. 1' appears as ordinary text. Printed as in the source.

Q4. *Order No. 1, second reading.* The question on the second reading is recorded as put and agreed to immediately after the Leader's opening speech, before the debate, and again after the suspension when the Leader moves the second reading. Printed as in the source.

Q5. *Order No. 2, third reading.* The Bill is cited on third reading as the 'International Financial Services (Validations) Act, 2009'. Printed as in the source.

Q6. *Order No. 1, Senator the Hon. D. W. Boyce.* Senator Boyce's point of order is labelled 'Hon. D.W. BOYCE' and refers to 'this Honourable House'. Printed as in the source.

Q7. *Minutes (Recommital).* Under the heading 'MINUTES (RECOMMITAL)' the President reports receipt of the Minutes for Wednesday, 21st October, 2009, and a question is recorded as agreed to without any motion being moved. Printed as in the source.

DEBATE SUMMARY

(Editorial summary — not part of the record.)

The Senate met at 11.15 a.m. on Wednesday, 28th October, 2009, with the President, Senator Dr. Branford Taitt, in the Chair; prayers were led by Rev. Father Errington Massiah. The President read Message No. 5/2009 from the Governor-General declaring vacant, on the advice of the Prime Minister under section 39(1)(f) of the Constitution, the seat held by Mr. Peter Anthony Vaughan Millington with effect from 16th October, 2009, and a letter from Senator Sir Roy Trotman seeking leave for international duties. The Leader of the Senate, Senator the Hon. Miss M. P. O. McClean, laid four papers, among them the Report of the Judicial Council for 2007. Standing Order 45(2) was suspended and the Property Transfer Tax (Amendment) (No. 2) Bill, 2009 and the Stamp Duty (Amendment) Bill, 2009 were read a first time.

Senator McClean moved the Financial Institutions (Miscellaneous Provisions and Validation) Bill, 2009, taken together with the International Financial Services (Validation) Bill, 2009, to validate the increased licence fees announced in the 2008 Budgetary Proposals. She argued that the fees had been unchanged for at least a decade, formed a marginal part of operating costs, and that Barbados competed on its educated workforce, infrastructure and regulation.

Senator Miss H. E. Thompson said the Opposition supported validation as a process but not the higher level of taxation, cited the IMF's report of 2nd September, 2009 and the CLICO meltdown, and said unemployment had risen from 6.7 per cent to 10.2 per cent; the President asked her to moderate her language. Her references to Barbados's Human Development Index ranking drew repeated points of order from Senators J. Ince and D. K. A. Griffith and one from Senator the Hon. D. W. Boyce on the Prime Minister's statements about a balanced Budget; the President advised her to quote the documents, and she later read from the Throne Speech of 12th February, 2008. Senator R. G. Cave urged that Barbados listen to expert advice on international financial services, noting that the sector paid over 60 per cent of corporation tax and contrasting Barbados's mutual funds legislation with the Cayman Islands, and called for a task force. Senator Dr. F. L. Chandler raised the difficulty some investors' spouses had in renewing drivers' licences.

Senator Boyce, Minister of State in the Ministry of Finance, supported the Bills, said the Government was listening to the sector, and argued that the present recession was worse than that of 2001. Senator A. E. Holder questioned the rationale for increases of over 100 per cent, such as from $5 000 to $20 000, at a time of global recession. Senators Ince and Griffith supported the measures, both exchanging points of order with Senator Thompson over the Human Development Index; when she addressed the President as 'Mr. Speaker', he remarked that he had 'not yet been demoted to SPEAKER'. In reply Senator McClean said the Index for 2009 was based on 2007 data, giving Barbados's ranking as 20 in 1992, 31 in 2002 and 37 in 2007, and corrected what she called

misinformation about the Prime Minister's remarks on a balanced Budget.

After a suspension until 2.50 p.m., the Financial Institutions (Miscellaneous Provisions and Validation) Bill, 2009 was read a second time, passed in Committee with the Deputy President, Senator Miss K. F. Ifill, in the Chair, and read a third time; the International Financial Services (Validation) Bill, 2009 followed without further debate. The Final Appropriation (2008-2009) Bill, 2009, certified as a Money Bill, passed without debate in accordance with convention. The President reported receipt of the Minutes for Wednesday, 21st October, 2009, and the Senate was adjourned until Wednesday, 11th November, 2009 at 11.00 a.m.