THE

House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1976 – 81

HOUSE OF ASSEMBLY

Tuesday 2nd December, 1980.

Pursuant to the adjournment, the House of Assembly met on Tuesday, 2nd December, 1980 at 12.30 p.m. o'clock.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Rt. Hon. J. M. G. M. ADAMS, Q.C., M.A., (Prime Minister and Minister of Finance and Planning); Hon. C. L. BOLDEN, LL.B., (Minister of Communications and Works); Mr. D. A. C. SIMMONS, LL.M.; Hon. Miss B. A. MILLER, (Minister of Health and National Insurance); Hon. L. B. BRATHWAITE, (Minister of Agriculture, Food and Consumer Affairs); Mr. J. G. ODLE, B.Sc., (Chairman of Committees); Hon. H. B. St. JOHN, Q.C., LL.B. (Deputy Prime Minister, Minister of Trade, Tourism and Industry) (Leader of the House); Mr. V. L. JOHNSON, M.A.; Mr. B. M. TAITT, M.A.; Mr. DeL. O. BRADSHAW; Mr. L. L. SISNETT; Dr. R. L. CHELTENHAM, M.Sc. (Econ.); and His Honour E. E. ALLEYNE, LL.M., (Deputy Speaker).

Prayers were read.

Dr. HAYNES entered the Honourable Chamber and took his seat.

MINUTES

Mr. SPEAKER: Order, please. The Minutes of the Meeting of Tuesday, 25th November, 1980.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, these Minutes have been circulated and, subject to any observations as to error by Honourable Members, I beg to move that they be now confirmed.

Hon. C. L. BOLDEN: I beg to second that.

Mr. SPEAKER: If there are no observations by Honourable Members, let those Minutes stand confirmed. (PAUSE) Those Minutes stand confirmed.

ANNOUNCEMENTS BY HIS HONOUR THE SPEAKER

Mr. SPEAKER: I have to announce, that I have received copies of Accounts and Statements, as prepared by the Accountant General for the month of September, 1980.

PAPERS LAID

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I am commanded to lay:

Report on the Audit of the Accounts of the Auditor General's Department for the year ended 31st March, 1979.

GOVERNMENT NOTICES

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I beg to give notice of:

A Resolution to grant the sum of $164,855 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1980-81, Part II – Capital, as shown in the Supplementary Estimates 1980-81, No. 22 which form the Schedule to the Resolution.

I also beg to give notice Sir, of:

A Resolution to grant the sum of $340,635 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1980-81, Part I – Current, as shown in the Supplementary Estimates 1980-81, No. 23 which form the Schedule to the Resolution.

Dr. CHELTENHAM: Mr. Speaker, I beg to give notice of:

A Bill to repeal and replace the provisions of the Barbados Chamber of Commerce Act, 1868.

OBITUARY SPEECHES

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I just wish to announce that next week, Sir, we will move some Obituary Notices. It cannot be done today for obvious reasons, if one observes the presence of Honourable Members in the Honourable House, but next week, we will be moving a Resolution under this item.

ORDERS OF THE DAY

Mr. SPEAKER: Government Business is the Instant Order of the Day.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I beg to move, that Your Honour do now leave the Chair and the House go into Committee of Supply to consider a Resolution.

I think, that I may draw to Your Honour's attention, I believe, that Resolution (b) is not for Committee of Supply, according to the Order Paper. My understanding is that Resolutions relating to guarantees are dealt with, not in Committee of Supply, but in the whole House. I think, that it is an error in the Order Paper there. It is not an appropriation as such; it is only a guarantee, which has to come before the House. It is a mistake, is that correct? I am assured that that is the procedure.

If Your Honour will notice, under 1(b) they have it, but that cannot be dealt with in Committee of Supply, that has to be dealt with in a Resolution with Your Honour in the Chair.

I beg to move, Sir, that Your Honour do now leave the Chair and the House go into Committee of Supply to consider a Resolution.

Hon. C. L. BOLDEN: I beg to second that.

The question was put and was resolved in the affirmative without division and Mr. SPEAKER left the Chair and the House went into Committee of Supply, Mr. CHAIRMAN in the Chair.

12.40 p.m.

SUPPLEMENTARY ESTIMATES 1980–81 No. 21

Head 13 was called.

Hon. H. B. St. JOHN: Mr. Chairman, I beg to move that Head 13 stand part. The object of this expenditure is very clear. It is a very small amount for $4,200, and the reason is that at the time of the Estimates there was no certainty as to the amount of the provision that was necessary for electricity, and subsequent to the Estimates being approved by this Hon. House the Public Utilities Board gave a decision which resulted in all users of electricity having to pay an additional amount, so that all Government Departments will have to have supplementary provisions.

I may say Sir, that a little later in the day we will have a Resolution which will deal comprehensively with the question of electricity and I would hope that we do not have a double debate on the matter. There is another Item on the Order Paper on which it will be more appropriate to have a comprehensive debate. I am not suggesting that we do not debate this, but I would think that if we are going to have a comprehensive debate on electricity in Barbados that that would be the appropriate time.

I beg to move that this Head stand part.

Mr. SISNETT: I beg to second that.

The question was put and resolved in the affirmative without division.

Head 16 was called.

Hon. H. B. St. JOHN: Mr. Chairman, again this an under-estimation to the extent of $10,570 in respect of utilities. The major items here are electricity and telephone service, and it is $10,570. In addition to that there is one Item dealing with new typewriters for the Electoral Department. The need for replacing the typewriters in the Electoral Department is quite considerable at this time of the year.

As Hon. members will appreciate, I think the flow of new I.D. Cards has increased considerably, certainly a large number of people have told me that they have received theirs, and we hope that all the people despite the problems of postage in Barbados at the present moment will get theirs at an early stage, and this is something which the Government would like people to appreciate and understand, that we still have people who have not been photographed although they have been enumerated. I think that now they see their friends with the new format of the I.D. Card and modern and up to date picture, we hope that many more people will come forward to get their pictures taken. The photographic process is still open, anyone who has been enumerated, anyone in Barbados can still go the Headquarters and get themselves photographed and indeed enumerated.

It is true that some people may feel now since they can use the old I.D. Card for the purpose of voting that they do not need to go, but I think that it is necessary to remind people that one of the objects of the national registration scheme is to provide the means of identification for the new drug and health service, so that it is still necessary for everybody, and we are asking the Opposition and our own members to keep publicising the fact that we would really like everybody in Barbados to have a new national registration number and to have a new photograph. The format of the photograph is modern and the information provided on it is modern, so that there is no restriction. We have not stopped, we are appealing to people to come forward because we would like to have everybody come forward.

I beg to move that this Head stand part.

Mr. SIMMONS: I beg to second that.

The question was put and resolved in the affirmative without division.

Head 23 was called.

Hon. Miss B. A. MILLER: Mr. Chairman, as acting Minister of Education and Culture I wish to say that this Head is seeking a supplementary provision in the sum of $194,000 for the Student Revolving Loan Fund.

In the contract between the Government and the Inter-American Development Bank it is required that all student loans which are already committed should be disbursed not later than 25th May, 1981, and these monies are being sought so as to enable the Funds Committee to pay the total committed sum to the financial agent, which is the Bank of Nova Scotia, for on lending to those people who are beneficiaries under the Loan Fund and to claim corresponding disbursement from the Inter-American Development Bank in good time. They need this in good time.

That is the official Addendum, Mr. Chairman, and I do not know that there is a great deal more that I could say on this. I beg to move that Head 23 stand part.

Mr. SIMMONS: I beg to second that.

The question was put and resolved in the affirmative without division.

On the motion of Rt. Hon. J. M. G. M. ADAMS, seconded by Mr. SIMMONS, Mr. CHAIRMAN reported the passing of one Resolution in Committee of Supply, and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. J. M. G. M. ADAMS, seconded by Hon. C. L. BOLDEN, the Resolution was read a first and second time and agreed to.

12.50 p.m.

Mr. SPEAKER: Order No. 3.

RESOLUTION TO APPROVE OF THE PUBLICATION OF A NOTICE OF ABANDONMENT OF THE ACQUISITION OF LAND AT CLAPHAM, ST. MICHAEL

Item No. 3 was called – To move the passing of a Resolution to approve of the publication of a notice of abandonment of the acquisition of land at Clapham, St. Michael.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, this was really a very simple matter. Sometime ago when there was a large re-settlement scheme being proposed at Clapham in the parish of Christ Church for persons being moved, if I remember correctly, from Bridgetown, certain parcels of land were agreed by the House to be acquired.

The Government does not now need the full extent of all the parcels which were formerly approved and we are therefore seeking the abandonment of acquisitions of certain parcels and returning them to their owners in whose possession they have been or were presumed to have been despite the acquisition notice.

I beg to move accordingly that this Resolution of abandonment do now pass.

Mr. SISNETT: I beg to second that.

The question was put and resolved in the affirmative without division.

Mr. SPEAKER: Item 1(b).

RESOLUTION TO APPROVE THE GUARANTEE OF THE REPAYMENT OF A LOAN NOT EXCEEDING 6 250 000 UNITS OF ACCOUNT TO BE MADE BY THE EUROPEAN INVESTMENT BANK TO THE BARBADOS LIGHT AND POWER CO. LTD.

Item No. 1(b) was called – To move the passing of a Resolution to approve the guarantee of the repayment of a Loan not exceeding 6 250 000 Units of Account to be made by the European Investment Bank to the Barbados Light and Power Co. Ltd.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, a very great deal has been said about the electricity in

Barbados in the last few years. Most of it is focused on the increasing cost of electric power. The Electric Company in a way spoiled its customers because there was no increase in the Electricity Tariff for 17 years, from 1957 to 1974 and in that year the first of what turned out to be a steady succession of increases in the cost of electricity came about and it is unfortunate that the public has come to think of electricity services in terms of constantly increasing electricity rates because there is really much more to electricity services than that and it is about that much more that the Resolution before the House today now deals.

To put it very shortly, Sir, a country cannot progress unless it has an adequate source of energy, energy to spin the wheels of industry, energy to air-condition Hotels and air-condition places of retail business, energy to make the home more comfortable and to allow householders to enjoy all the benefits of modern living.

Barbados is a very fortunate place in that unlike many countries, developed and developing alike we have enjoyed a reasonably adequate supply of electrical energy over the years. We are now very near, Sir, to achieving our plan of 100% coverage of electricity throughout the country. I do not even believe that the existing houses out of electricity in Barbados now number 100. I do not mean that there are less than 100 houses without electricity for there are still houses without electricity in districts that have electricity and I mean in the districts which do not have electricity comprised in all perhaps 60 or 80 houses and no more and even these are being attended to, Sir.

I am very glad to say that such districts as Russian Village in St. Thomas and even Duke's Tenantry which were thought to be beyond the reach of electricity at one time has either got or will shortly be supplied with electrical power but this situation cannot continue for ever or indeed cannot continue even in the short time unless steps are taken to increase the generating capacity of the Barbados Light and Power Company. Barbados is undoubtedly at this moment, Sir, moving in the direction of an industrial take-off, as the Economists used to call it 15 years ago.

Despite World recession all the signs are that the wheels of Manufacturing industry are spinning as busily as ever in Barbados. I recall, Mr. Speaker, that I was asked a question during a Press Conference which I was giving last month on the Television about what the Government was doing to combat unemployment in the Electronic Industries and a better answer than I gave at the time has since appeared in the Newspaper. It appeared in the form of an advertisement by a Company which is not even still enjoying a tax holiday for additional staff to man a second shift to produce Electronic components.

This Company is one of our long established Electronic Component Firms and it is opening a new shift because in its particular sphere its market is holding up well enough to improve the demand for its products.

The Minister responsible for Trade and Industry told me today that manufacturing in general is not showing the kind of recession that we would have been expecting and the latest figures from the Index on Industrial production shows that unlike most other countries in the World, Sir, industrial reduction is still rising in Barbados but we cannot carry it much further unless substantial increases in the capacity to generate electricity come about very soon.

The great Intel Factory, for example at Sargeant's Village, Christ Church went through a period where it was touch-and-go as to whether electricity would be available to give work to the thousands of people to whom the factory proposes to employ.

1.00 p.m.

There are many other industrial plants in Barbados, there are a number of hotels and hotel extensions, so demands for electricity have been so great as to strain against existing capacity. Indeed Mr. Speaker, before the end of the year it is expected that the formal agreement to build a cement plant will be signed jointly with representatives of the Governments of Trinidad and Tobago and Barbados and the Austrian Government which is associated with the construction and marketing of the product. We have had to decide that there is insufficient electricity in Barbados to supply the cement plant. It cannot be supplied by the Barbados Light and Power Company, not except at the risk of interruption of supply to householders and to the tourist industry, and the cement plant will therefore have to be provided with its own power generation plant in order to make it viable.

Now the expansion of the electrical capacity of the island will mean something in all like the expenditure of $200 million in order to put down the necessary generating units. I do not want to go into all the technical details because I do not know how far hon. members are interested in them at this stage, but I mention the amount which will have to be spent over a period of four years because it will give some idea of the scale of the operation. This basically will be the largest investment operation ever undertaken in Barbados and it is beyond the capacity of the Barbados Light and Power company, certainly at the present rates, to raise sufficient money by itself and on its own credit to carry out the expansion. So if we want to give electricity to the people of Barbados, the Government will have to intervene, and it is intervening by way of joining in negotiations with the World Bank, the European

Investment Bank, the Caribbean Development Bank and other international financial institutions and giving a guarantee to the institutions themselves that their money, which to tell the truth, Mr. Speaker, will be no more than seed money to bring to other investors, will be backed by the revenues of the country itself, and this is the purpose of the instant resolution before the House in respect of the European Investment Bank.

The Government, I may say Sir, has pushed quite a hard bargain on the Electric Company over this particular guarantee. The Electric Company has been given concessional conditions by the Bank to improve rural electrification out of this loan, and a certain percentage of the loan, a percentage which is still in a delicate state of negotiations but it will be around 3%, a certain percentage of this loan which is guaranteed will be paid to the Government by way of shares in the Light and Power Company. In other words, in return for this guarantee the Government will be receiving a substantial further shareholding in the company. I mention this at this stage because within a few days rather than weeks, effectively the Barbados Light and Power Company will cease to be a foreign controlled company. The present share issue which has been advertised in the press is going to be subscribed locally partly by the Government, by the Insurance Board which is making an offer for some of the shares, and partly by private local individuals. In addition, a quantity of shares are going to be purchased from the former overseas owners on the same terms as the new issue and by the end of the year effectively we expect that control of the Electric Company will have been localised, not governmentalised, not entirely, localised. The Government National Insurance Board plus local shareholders will hold a 50+% of the Electric Company.

The guarantees, because this is not the first guarantee into which the Government will be entering, will further increase government holdings, because we are not taking cash for the guarantees as I said. We are taking further share holdings in the company and we are approaching it on this basis. Utility companies are in a very special position in Barbados. They have Public Utility Board procedure which insists that they will make a reasonable return on capital. Indeed they not only make a reasonable return on capital, but that return is permitted to be distributed to shareholders in the form of additional holdings of capital company shares from time to time, so that as money is invested into the production of electricity in Barbados, the shareholders have a larger and larger stock of equity as it is called to represent the value of the investments.

The Government considers in this particular case that since the shareholders are unable to provide all the funds needed to improve their generating capacity from their own resources but require to be backed by the Government that the Government and people of Barbados must take some share of the eventual financial benefits of the increase of capital that will come about through increased investment, and that is why we are taking shares rather than taking cash. Indeed the Utility Companies will be very happy to pay the Government; they would be glad to pay us cash now and reap the benefit of the capital improvement for themselves and the existing shareholders some time in the future.

I should also point out, Sir, on the point of the guarantee, international institutions of this sort who are given concessional finance which in the long run will mean slightly cheaper rates of electricity, do insist on Government guarantees for this kind of loan. They feel that the Government must put the weight of the revenue behind the expansion of so fundamental a service as electricity, and I do not really think that hon. members who are by now accustomed either to electric and telephone guarantees will argue against the concept of guarantees of the concessional part of these packages, the institutional part of these packages. If it were not for the guarantees, electricity rates already high might have to go higher; if it were not for the Government guarantees, private shareholders, in many cases foreign private shareholders would reap great capital gains in the medium term, and these gains would make them richer rather than the Government and people of Barbados; so I do think that the House is unlikely to disagree with the Government's proposals in this matter.

In conclusion, Sir, I would want just to return to the theme on which I opened my speech, which is the theme of rates. We are all thinking about electricity in terms of the rates, and while I think I have made a case to point out to the public that without more electricity you cannot have more jobs, we are not going to conquer unemployment in the next five years as we hope unless we have the factories to employ people, and unless the factories have electricity they will not be able to open. That is undoubted. But it should not be thought that the Government is sacrificing the consumer on the altar of expansion of service, because expansion of service, Mr. Speaker, in the long run will mean that we may all pay a little more in order to achieve our other aims. Let us have no doubt about that.

1.10 p.m.

The way it is paid may be subjected to a tariff study, it may be subjected to different concepts of utility procedure, but in the end, these loans have to be paid for. There is no doubt about that and we are not, in this day and age, in the fortunate position, that we were in, between 1957 and 1974, when the expansion

of electricity to households and the tourist industry was in itself sufficiently profitable to maintain the rates at a particular level.

I think, that those who do not know, that the cost of electricity is the cost of oil and electricity goes up, with the cost of oil, nothing can now put that into their heads. The fuel charge, I believe is still resented to some extent, but, there is universal acceptance the world around, that at a time of suddenly increasing petroleum prices, that a fuel charge is the best way to deal with it. So, we have the fuel charge, which is now almost as much as, what the Electric Company gets. The fuel charge goes to the Mobil Oil Company for the supply of fuel and the rest of the money goes to the Electric Company.

I am happy to say Sir, that the Government has had a very careful look at the charging procedures for fuel, at the Mobil Oil Company. Mobil makes its price to the Electric Company and the Electric Company passes on the price unchanged more, or less, to the public. The Government has been permitting Mobil Oil Company, dating back to decisions taken, as long ago as 1974, certain surcharges dealing with problems which the Oil Company said it had. I do not know, if the Oil Company has now discovered, that the Government intends to put teeth into the new National Petroleum Corporation and that it is facing an eventual takeover of its operations in Barbados. I cannot tell what new accounting practices have been introduced into the accounts at Mobil Oil Company to make it appear profitable, now that they fear, that they may be taken over by the Government, where it used to appear unprofitable, when they wanted an increase in the price of gasolene, fuel oil, diesel and so on. I am not an accountant, and even if I were the best accountant in the world, I would have no way of getting behind the transfer pricing systems, operated by the local refinery, in relation to its parent company in the United States.

However, the Government's Accountants have examined the profit position of the Mobil Oil Company and we feel, that we can reduce the price of certain of the fuel oils, which are used to generate our electricity. This will very shortly be done and should within a very short time, result in a small, I am not saying a big Sir, a small reduction in the fuel charge on electricity bills.

I have already said, on another occasion, that it is expected, also that in May, the other component of the charges for electricity will also be reduced. That is when the surcharge imposed by the Public Utilities Board to allow the Electric Company to make up for losses, while the Board was having its hearing, will be removed. These, of course, Sir are but small ameliorations. They nonetheless show, that the Government is committed to making absolutely sure, beyond any question of doubt, to keeping down prices in this vital area, wherever they can be kept down. They are not going to be kept down forever, Sir. I cannot tell any member of the public, that we are ever going to see another situation in Barbados, where electric prices go, for any number of years, certainly not 17 without an increase. Perhaps, we will go, counting from the date of the last increase, two years on this occasion maybe a little bit more depending on movements in the price of oil and none of us can be sanguine with the Gulf War going on as it is, that the price of oil will remain stable. There is only so much cushion within Barbados to absorb change.

We can squeeze the surcharges, which previous Governments and this Government has granted to Mobil, so as to squeeze something out of Mobil's profits and distribute it among the consumers in Barbados, but, at a certain point, obviously, Mr. Speaker, we will discover, that there is nothing left to squeeze and my only counsel for the consuming public, in those circumstances is to repeat what I have said before. Everything has a cost, everything costs something. You cannot increase wages in the Post Office and let taxes stay at the same level. You cannot maintain a subsidised bus fare, in the face or rising oil costs, of rising wages and let taxes stay at the same level. If you do not pay one way, you have to pay for it another and if you do not pay for it at all, in the end, the International Monetary Fund will come and explain that you have to pay a much heavier price, than you would have paid, by a sensible policy, in the first place.

Barbados, Sir, because of the good sense of its citizens and their good sense is not by any means quiet, good sense because I accept fully, the need to be vigilant, on the part of Consumer Associations and on the part of the Opposition to make sure, that Government does not get away and private retail suppliers of services do not get away with unreasonably high prices. But I think, that our good sense has enabled us to understand, that whereas policies being followed, by the Government have had their result in steady economic expansion, where we have innumerable examples around us of countries, whose economic policy is leading to social and economic disruption. I do not want to detain the Honourable House too long Sir, but I would point out, that in a country we know very well, in Great Britain, the rate of inflation at present, is twice that in Barbados, that there are over two million unemployed in Great Britain and these unemployed are not boys and girls leaving school, as they are in Barbados, they are not persons waiting to get their first jobs, they are persons, who have been working for 20 and 30 years and who now find themselves at home, without a job, depending on social security, the greatest number of unemployed ever known in Great Britain. The rate of inflation at 18%, unemployment beginning to push towards double figures. The rate of male unemployment is already greater, than

it is in Barbados. In the United States, rates of interest at an enormous height, inflation, a little more, than it is in Barbados and the country in such a state, that for the first time, in nearly 50 years, a sitting President is defeated at the polls.

All of these things, Sir have a lesson and the lesson that I ask Honourable Members and the general public to draw is this, do not seek the easy way out of anything in economic affairs. If you want to keep your head, while all around are losing theirs, you have to keep your head well screwed on to your shoulders, do not be misled by false prophets, do not be misled by violent, disgusting rumours, do not be misled by accusations about inflation, about Government activity which cannot stand the ray of truth, do not be misled by impressions, deal with the truth, do not be misled by papadock, or baby dock, or teenage dock.

Mr. Speaker, Sir, I beg to move, that this Resolution of Guarantee of a loan of BDS$ 13 million to the Barbados Light and Power Company, by the European Investment Bank do now pass.

Dr. CHELTENHAM: I beg to second that.

Mr. SPEAKER: The question is.....

Dr. HAYNES: Mr. Speaker, I think that this matter is so vital, in fact, the entire question of energy, not only in the developed world, but the developing world, that one must adhere to a presentation of facts, and not a presentation of impressions.
1.20 p.m.

It is necessary for us to look very carefully and see the extent to which Government has been misled into the position in which it finds itself at the present moment. The Democratic Labour Party is not unaware that Barbados, like many other developing countries, has been faced with the question of recognising that energy now presents itself as important as element in the development process as tradition elements of capital and labour etc., and therefore any present administration, and certainly the one which seems destined to succeed it in the not too distant future, will have to be devoting a large percentage of its time to the question of energy in this country.

The record of the party to which I have the honour to belong in the area of electricity is one which stands out in a primary position among developing countries of the world. We recognise the social and economic benefits which an expansion of electricity to the homes of the people in the commercial sector and in the industrial sector, what it will mean to the entire development process. We also recognise that it is fundamental to the cultural development and the development of educational opportunities within this society. We also recognise that they were innumerable benefits within the home, whether it be in terms of providing adequate lighting or providing power for fridges, providing power for radios or hi-fi sets etc., that these are very vital to a part of human development within this society, and so it was, Mr. Speaker, that we embarked on this very massive programme of electrification of Barbados.

Today we find that a situation has arisen, and I think an unfortunate situation, where despite – and I must congratulate the people of Barbados – despite every effort at conservation of electrical energy made by the population of Barbados, they find themselves in the situation where they cannot pay the exorbitant bills unless they make substantial sacrifices in other areas.

There are many persons, Mr. Speaker, particularly those retired persons on fixed incomes, old age pensioners, who were misled by the Manifesto of the Barbados Labour Party into believing that this party would pay their electricity bills. It is clearly stated in the Manifesto, and if my memory serves me right, and I just need to look and see where your picture appears in the Manifesto, and on that page you will see the promise made. Now there are many interpretations that I hear being made now that this did not relate to all old age pensioners but only to some, but right here, Mr. Speaker, it sets out quite clearly "to ensure full implementation of proposals to pay the water rates and the electricity bills for old age pensioners," a clear statement within the Manifesto.

Now, Mr. Speaker, I do not wish to disagree with the Hon. Prime Minister that if there is to be further expansion.....

Mr. SIMMONS: Mr. Speaker, on a point of order. If the hon. member is saying that the Government is not presently paying water bills and electricity bills of old age pensioners who qualify for assistance, then that is an incorrect statement. I can advert to a number of persons in my constituency who are having their water rates and electricity paid in pursuance of that Manifesto promise.

Dr. HAYNES: Mr. Speaker, as you are aware, I said nothing of the kind. I said all old age pensioners, a clear indication from the Manifesto. As I was saying, Mr. Speaker, I am not in disagreement with the position that there is a need for the expansion of the Barbados Light and Power Company to meet the commercial and industrial expansion of this country in the future. The question arises, who pays for it? There is absolutely no doubt – and I have heard this confirmed by the management of the Barbados Light and Power Company – that the demand for expansion of the Barbados Light and Power Company does not arise from the domestic users in Barbados. This has been a clear statement made by the management of the Barbados Light and Power Company, that the demand is coming from the industrial sector in

particular and to some extent from the commercial sector in the country.

Now, Mr. Speaker, some time ago we made it clear that if the rates of electricity as handed down by the Public Utilities Board in May of this year were allowed to stand, that certain things will inevitably flow from them. First of all, we stated that the people of this country through taxation will be having to pay a considerable amount more in electricity, because virtually every department of Government will find itself having to pay increased bills on electricity. Therefore, the people of Barbados will be paying for it through their taxes, they will have to be paying the increased taxes in order to pay those bills. We also made it clear.....

Mr. SPEAKER: I take it that this is not the same speech that you have made three or four times already.

Dr. HAYNES: Where, Mr. Speaker?

Mr. SPEAKER: In this Hon. House.

Dr. HAYNES: I have not spoken on the question of electricity to any extent in this manner, I am setting the background which is necessary to lead up to the question of this guarantee and whether we can support it or not.

Mr. SPEAKER: I am referring to inside this Hon. House. I am just trying to refresh the hon. member's memory inside this Hon. House.

Dr. HAYNES: To the best of my recollection, Mr. Speaker,.....

Mr. SPEAKER: All right, proceed. The hon. member may proceed.

Dr. HAYNES: We warned that those rates, if allowed to stand, will inevitably give rise to decreased employment opportunities and most probably some increase in the levels of employment in Barbados, and from the reports that I am getting from the industrial sector, particularly among the smaller business men whose businesses have a relatively high incidence or high proportion of costs going to electricity, that their projections for expansion of their businesses have been significantly compromised because of the amount of money that has to be expended on electricity.
1.30 p.m.

We warned, Mr. Speaker, that that increase would have a significant effect on the rate of inflation in Barbados. The Hon. Prime Minister is talking about the rate of inflation of about 10% or thereabout according to his assessment. I wish to refer, Mr. Speaker, to the quarterly Report of the Central Bank of Barbados, Volume VII, No. 3 September, 1980, where there is a clear statement to the effect that the rate of inflation continues to rise during this period bringing the annual average increase for the period ending June, 1980, to 21.2%.

The hon. member for St. Thomas might have his own new Index. He might have his own concept of splicing but I would advise him that in the interest of the people of Barbados that he should publish his own figures along with the figures of the Central Bank based on the Old Index rather than getting involved in this business of splicing probably for a period of 12 months or so.

Now we warned, Mr. Speaker, that eventually several things would happen, not only with the cost to the Government vote, the cost to the domestic consumer that it would be at a level where the vast majority of people would find it a serious burden even to burn a couple of bulbs in their homes at night even in the absence of other electrical appliances.

Mr. Speaker, I felt them and I feel now that the Public Utilities Board made a very serious error of judgment in its May decision. I feel that it was an unjust and an unfair decision and I feel, and I must say this, that the Rt. Hon. Prime Minister by his untimely intervention in the matter and by an improper statement when he returned to Barbados, a statement which was published in the *Sun Newspaper* to the effect that the Electricity rates in Barbados were too low and to the effect that the World Bank took a position, even more seriously than he did in relation to this matter.

My own feeling is that that might have had some degree on influence on the decision taken by the Board. I think it was improper and I think it is my duty to say that I thought it was an improper statement made at the wrong time. I also feel, Mr. Speaker.....

Mr. ALLEYNE: On a point of order.

Mr. SPEAKER: The hon. member has risen on a point of order.

Mr. ALLEYNE: I can state, Mr. Speaker, categorically as the Legal Adviser to the Board and present at its deliberations that that statement had absolutely no effect whatsoever on the Board's decision.

Rt. Hon. J. M. G. M. ADAMS: On a point of order. The hon. member first of all quoted from a newspaper which is not before the House. I do not believe that the Newspaper said, I certainly did not, that I had said that the electricity rates in Barbados were too low.

Secondly, I am not aware that an hon. member can state that another hon. member made an improper state-

ment with a view to influencing a decision or which had the effect of influencing a decision of a public body. As far as the quotation is concerned, Sir, I would be glad if we could have the truth of the quotation and not the impression of the hon. member and thirdly, I ask him to withdraw the use of the word "improper".

Dr. HAYNES: I would be very happy to withdraw the use of the word "improper" but I would say "untimely", an untimely statement.

Now, as I pointed out, Mr. Speaker, the case with the Barbados Light and Power Company Limited, rested on the need for expansion, the need for capital expansion of that Company. Now, in July, 1979, the Public Utilities Board using the usual criteria for a Rate Hearing, awarded a 1 cent increase.

Rt. Hon. J. M. G. M. ADAMS: Does it go down in the record that the *Sun* said something that I did not say, Sir? Is the hon. member allowed to misquote a Newspaper? I have never said that it was my opinion that the rates were too low. Am I a madman to say so when the Public Utilities Board was sitting? Can it be conceived that the Prime Minister has been asked in the middle of a quasi judicial proceeding which is going on to try to prejudge the issue and can it be said that I said so and that it was improper for me to say so?

Mr. SPEAKER: You know it is the hon. member for St. Michael South Central who has given to this Honourable House to understand that in politics the truth does not matter. It is impressions that count. This is on record.

Dr. HAYNES: The record in July, that 1 cent increase, Mr. Speaker, gave the Barbados Light and Power Company Limited approximately half a million dollars in excess of what was required providing the usual criteria was used for determining rates in this country. Those criteria were seriously and previously entrenched.

I believe in a judgment handed down by Sir Stanley Gomes as far back as 1956 or 1957 which relates very much to the question of the property used and useful in a public service where other determining factors such as depreciation and the cost of service were concerned.

In December, 1979 that was increased to 1.25 cents and that gave an excess, Mr. Speaker, to the Barbados Light and Power Company Limited some $1.1 million. Then in May, 1960, the Public Utilities Board having rejected a series of new accounting concepts which I will deal with, rejected it themselves.

Mr. SPEAKER: Is it that the Public Utilities Board is now on trial in this Debate?

Dr. HAYNES: No, Mr. Speaker, but I have to establish the point that if we are going to guarantee a loan for expansion then I have to go through the whole history and demonstrate quite clearly and the eventual point I wish to make is that I am in favour of a guarantee provided that there is a proper ownership for the Barbados Light and Power Company Limited and this has got to be established and it can only be established by going through it properly and truthfully to the best of my knowledge.
1.40 p.m.

Mr. SPEAKER: And truthfully.

Dr. HAYNES: And truthfully, to the best of my knowledge.

Mr. SPEAKER: On fact.

Hon. H. B. St. JOHN: On a point of order, I think the hon. member is perfectly entitled to make his speech to advance his point of view with his reasons whether he supports or not supports the guarantee which is the subject matter of this discussion. I do not think that it is competent for the hon. member to make a speech critical of a decision which in accordance with the Law of Barbados is subject to certain procedures. Under the Law of Barbados the Electric Company rates are fixed firstly by the Public Utilities Board. There is an Appeals procedure of the Supreme Court of Barbados. Now both of these procedures have been carried out and the Supreme Court has pronounced upon them in the form of a decision of the Chief Justice himself, so therefore the rates which have been fixed have been fixed in accordance with the Law of Barbados, and I submit it is not competent for the hon. member at the present moment to seek to impugn the integrity of the decision given in accordance with statutory powers and confirmed in accordance with legal powers by the Chief Justice of Barbados.

Dr. HAYNES: Mr. Speaker, I am not seeking to impugn integrity. The Standing Order says that you should not discuss any matter before the courts in a manner which is likely to influence that decision. There is no Standing Order of this Honourable House which says that you cannot discuss a matter once a decision has been made. There is no Standing Order in this House. As a matter of fact, you can even discuss a matter before the courts provided you do not do it in a way which would influence a judicial decision according to the Standing Orders of this Honourable House.

Mr. Speaker, if I may continue.....

Mr. SPEAKER: I don't believe that the hon. member is forgetting the presence of the Chair when

he is making these statements, because you would have to re-read your Standing Orders, and not only to re-read them, but to understand what they say before making your statements. Reading is one thing but understanding is another.

Dr. HAYNES: To continue, Mr. Speaker. There has been a further increase and the net result of that is that the consumers in this country will be making a non-refundable gift of some $11 million to the Barbados Light and Power this year, that is the year beginning July, 1980, and $5 million for each successive year, so that all the excess money that the taxpayers of this country have to pay not to meet the legitimate running costs of the Barbados Light and Power.....

Hon. H. B. St. JOHN: Mr. Speaker, on a point of order, the hon. member cannot make statements that consumers of Barbados are making a non-refundable gift of $11 million and $5 million for each year when that point of view was put before the Chief Justice of Barbados and it was rejected. The hon. member is misleading the House because the question of deferred tax payments and all these matters were gone into by the Chief Justice and were to be deducted off the rate base. That was the decision and he cannot criticise a decision of the courts without giving notice and full particulars, and I draw Your Honour's attention to Section 10(b) of the Standing Orders at page 35. If he is going to criticise the conduct of the Chief Justice in his official capacity which he is entitled to do, the hon. member must give the House notice and give the facts. He cannot make these wild statements.

Dr. HAYNES: Mr. Speaker, I am not criticising the Chief Justice, I am not criticising any judicial decision; I am going on the figures which I have got by looking at the evidence presented before the Public Utilities Board. I have no idea what evidence is presented in court, I did not follow the court case, I was not there, I do not know, and I am in no position to criticise any decision taken by the court. I am looking at the facts as I know them.

Mr. SPEAKER: Order, please! I find that the hon. member for St. Lucy has now entered the House and is trying to give you some instructions. My only advice to you is that any instruction which the hon. member for St. Lucy might try to give you in this matter you must apply a little commonsense to to the instructions that he might give you. But my advice to the hon. member for St. Michael South Central is that I want you to continue your debate, but I cannot and will not sit here and allow the hon. member to be quoting figures as if he is pulling them out of a hat and as has been intimated to this Honourable House just trotting out figures as if he is on a political platform. The Honourable House is not for this, but remember I do not want to have the hon. member to discontinue his speech.

Dr. HAYNES: Mr. Speaker, if you wish me to justify the figures that I have quoted, I would say that within the figure is some $1.2 million as a consequence of the acceptance of the principle of deferred taxes which was rejected in December but subsequently accepted; it refers to some $831,000 which related to the investment tax credit component of that rate case as a cost of service, it relates to some $675,000 consequential on an accelerated rate of depreciation which was accepted by that body in May and not accepted in December; it also relates, Sir, to a figure of some $1 million and above that in relation to expenses which should have been disallowed; it relates also to certain tax liabilities that the company might now encounter in terms of Barbados taxation as a consequence of the acceptance of those accounting principles, and that is what it adds up to. I have spent eight months going through this matter, in fact, since May until now, just about seven to eight months going through these matters in the greatest detail. There are people who take different positions in this matter, but I believe I have a duty and I have an obligation to look at this matter from the point of view of the consumer of this country, and I will not be told that I am trotting out figures out of a hat irresponsibly when they are based on fundamental facts that are there.

Mr. SPEAKER: Now please. You have been told so by the Chair and whenever the occasion presents itself, you will be told so again or ordered to discontinue your speech.

Dr. HAYNES: Mr. Speaker, I am further concerned that that particular arrangement puts the Barbados Light and Power in a position now that is almost at a greater advantage than other public companies in Barbados in terms of their return on common equity. Public utility companies, Mr. Speaker, are in a special position in that they carry a lower degree of risk because they can, always resort to the consumers for any further increases. The return on common equity, if I may have your permission to look at a couple of documents if I had them here will show companies like Cave Shepherd etc. probably having a return somewhere in the region of 14.8% or less. I believe in this particular area the Barbados Light and Power will have a return on common equity provided the equity structure had remained the same, but quite clearly according to what the right hon. Prime Minister said, that equity structure will be changed somewhat because of the new issue of shares and so on, but on the existing equity structure of the Barbados Light and Power, you have a situation where the return in this particular area will be well in excess of somewhere

in the region of over 40 per cent and about 24 per cent in subsequent years, way in advance. It is a dangerous precedent, Mr. Speaker, and it is dangerous because every single public utility Board now has to write to ask for the same accounting provisions.
1.50 p.m.

Now, Mr. Speaker, if I may be permitted, I will make this a document of the House, the Barbados Light and Power Company Limited, Statement of Income and Expenses during the period, an unaudited statement for the 6 months period ended June, 1980. Now, this was before the May Decision, this is relating to the 1.25 cents in December. Look and see what is happening here. Operating Revenue gone up from $22 million to $36 million. These are round figures, Mr. Speaker. If you insist, that I quote the exact figure, I will quote it. Then, when you look at income, before interest charges, it has moved, from something like $2.9 million to $5.4 million. When you look at the net income, Mr. Speaker, it has moved, from $1.2 million to $3.4 million and when you look at the earnings per common share, Mr. Speaker, it has gone from 0.25 cents to 76 cents in a 6 months period, that is an increase of 1.25 cents. Imagine what it is going to be at the end of this year and when that decision was taken, that company was substantially owned, by foreigners and what it means is that the people of Barbados were being asked to provide money to buy capital, for a private company, that was foreign owned and at the end of that period, when the usual practices of rate hearing are applied in the future, then, the appreciated cost of that new capital would become part and parcel of the rate structure.

In other words, you have to buy the equipment and then, if that equipment goes up to a value of $30 million, or $40 million, that appreciated Capital Value must become part of the rate structure because depreciation would apply to it and all sorts of other factors must apply to it, as a fundamental aspect of rate hearings. I have gone through this in very much detail. I have not only looked at previous rate hearings in Barbados, but I even got good information out of, I think the Tennessee Value Authority and previous rate hearings in that country, that were so liberally quoted, within the Report, in the determination of the advisability of using concepts of Accelerated Depreciation, Deferred Taxes, Investment Tax Credit, *et cetera, et cetera,* in respect of the Barbados Light and Power Company.

Now, Mr. Speaker, it is my view.....

Mr. SPEAKER: To make the copy a document of the Honourable House.

Dr. HAYNES handed the copy of the document to the Clerk.

Mr. SPEAKER: Proceed.

Dr. HAYNES: It is my view, Mr. Speaker, that every single penny, which every citizen of Barbados have paid to the Barbados Light and Power Company since May, 1980, in respect of those increased charges, which came into effect, I think in July, that those citizens should receive Share Certificates, for that excess money, that they have paid because they are performing a shareholder's function, by providing the money for the purposes of buying equipment for the Barbados Light and Power. Justice demands it, economic justice demands it, social justice demands it. If the burden, Mr. Speaker, for providing capital for the expansion of the Barbados Light and Power to meet its industrial and the commercial needs has to be shared by the household consumers, then, it is important to apportion what proportion of their bill they are paying, at this point in time and in relation to the usual patterns that go in a rate case and what proportion they are paying towards expansion and that component should be made available to them, as shares in the company, in due course.

It is not good enough for the Government of Barbados to add a further imposition, although it is only a contingent liability at this stage of a guarantee because in doing that it is a contingent liability on behalf of the total people of Barbados, of every single Barbadian. Now, is it good enough for the Barbados Light and Power to be making shares available to those people, who have extra money to buy those shares now?

My contention is and I think, that it is a fair and just contention, that every cent on the electricity bill, I am not talking about the fuel charge, I am talking about the rate section, the left hand side of the bill, the one dealing with rate, Sir, that every cent, that anyone pays in excess, I repeat, in excess of what would have been the amount, according to the December Decision of the Public Utilities Board, that should be computed and in due course, people should be given Share Certificates for that excess money because they are making a sacrifice in that regard.

Rt. Hon. J. M. G. M. ADAMS: On a point of order, Sir, nobody wants to interrupt an Honourable Member in the course of his speech, but there reaches a point, where Honourable Members' misleading of the House is so great, in my submission, as to break the rules. The Honourable Member is fully aware, that the excess that he speaks of was granted because there was a short fall earlier and will come to an end, by May

next year and will be removed. The Honourable Member is fully aware of that, that it is because a long period of time passed, when the rates were not raised, that an extra amount, a surcharge was given to make up.

I am not here to defend the company, or the Public Utilities Board, but the House deserves better than this. The Honourable Member did another thing, he spoke about the appreciated capital value of the equipment is going to become part of the Rate Base and they will be able to calculate a higher Depreciation, but in fact, the higher depreciation will go into reducing the Rate Base. There is a countervailing effect. As the higher Capital Value goes up, so the Depreciation takes it down.

I mean, the Honourable Member is trying to blind the House with science and accounting practices, with which I will be charitable and say he is ignorant because if he knew these things, he would be dishonest in saying them to the House and since an Honourable Member cannot be dishonest, in this case, he must be ignorant.

Dr. HAYNES: Mr. Speaker, I regret, that I must differ very much, from the Rt. Honourable Prime Minister, in two regards. First of all, he knows perfectly well, that there is only a component of that increase, which relates to the Regulatory Lag not the total May increase and I am not talking of that component. There is only a component of that.

Mr. SPEAKER: Just a minute. Will the Honourable Member be completed by 2.10 p.m.?

Dr. HAYNES: I think so, yes. The Honourable Member knows perfectly well, that it is only a component of that, that relates to the question of Regulatory Lag. But, there is a substantial element of that increase, that will be a continual increase and that is the $5 million per year in excess, that I referred to, as part of the $30 million, or so, which I spoke about earlier, as a non-refundable gift to the Barbados Light and Power.

I accept, that it would be double the amount this year because that element would apply in this particular year, but in subsequent years, there would be a reduction but nevertheless, a substantial increase, over and above what the rate should be.

2.00 p.m.

Therefore, Mr. Speaker, I wish to proceed with my point. The hon. member is also quite wrong, because quite clearly the rates for any public utility must relate to the value of its capital assets, and indeed I believe that the Barbados Light and Power Company, if I remember correctly, had a fairly detailed and sophisticated valuation of its current capital assets for the purpose of presentation to the Public Utilities Board. Therefore if your capital is worth that much more, it means that you start writing off for a higher base, and the depreciation, Mr. Speaker, is a cost of service and therefore built into the rate case, into the calculation of the rates.

I think the Hon. Prime Minister might be confused but I am not confused in the matter, because if you are going to tell me that depreciation is not considered a cost of service, and therefore part and parcel of structuring of the rates in any public utility, then there is something that is very wrong in your estimation as to how rates are arrived at. That is one of the fundamental components of it.

Mr. ALLEYNE: On a point of order. I do not wish to get into the debate at this stage, but the hon. member for St. Michael South Central is definitively wrong. The calculation of the rate of return permitted to a public utility is based on the fair value, in Barbados, of the assets used and useful in the public service. That is calculated by taking the fair value, less the accumulated depreciation. That is the law of Barbados and that is the only way it could be done. The accumulated depreciation has to be deducted from the fair value of the assets.

Dr. HAYNES: Mr. Speaker, it is being suggested now that the Gomes judgment in 1957, that that is one related to property used and useful in the public service is the basis on which rates should be determined. Now, we have the new concept that has resulted in these increased rates where it is not only now property used and useful in the public service, but also considerations for capital requirements for expansion which is an integral part of the acceptance of the principles of deferred taxes and income tax investment credit. So you are only destroying your own case when you get up making that point, because if the original position was stuck to, and if that 1957 judgment of Sir Stanley Gomes was stuck to and you are only considering property used and useful in the public service, then they would not have got 1.25 cents and you would not have got this kind of increase and landing the people of Barbados in the position in which they are now.

Rt. Hon. J. M. G. M. ADAMS: On a point of order. I want to be sure I understand the hon. member. Is the hon. member then saying that the Chief Justice did not stick to the law and was wrong? I want to get that clear that that is what he is saying, that the Chief Justice is wrong and presumably the hon. member is right. Just let us get it quite clear, Sir.

Dr. HAYNES: Mr. Speaker, I am not getting involved in the Chief Justice's decision. I was responding to the hon. member who is legal adviser to the Public Utilities Board when he got up and said that the law of Barbados states that you must use the concept of

property used and useful in the public service. All I am saying is that if you take into consideration future investment,that is, capital that is not there, and you use that as part of your determination of the rates, you are departing from that principle. The legality or otherwise of it is another matter, and there is no reason why this particular court in Barbados cannot take that position. There are public utility authorities throughout the world that have operated on that kind of base.

Mr. ALLEYNE: Mr. Speaker, on a point of order. Future property was not put into the rate base for the current rate decision. The hon. member is confusing operating expenses with the calculation of the rate base. It is as pure and simple as that. Deferred taxes, investment allowance, depreciation expense, all have to do with operating expenses, they have nothing to do with the fair value of the assets used and useful in the public service. He is utterly confused.

Dr. HAYNES: Mr. Speaker, I can assure you that I am not confused, because I know what the purpose was of allowing the deferred taxes and the investment tax credit, etc. I know what the object of that was.

Mr. SPEAKER: There is a good old saying that the testimony of two must be true, so we do not know now what to do.

Dr. HAYNES: I know perfectly well what to do. I am going to wind up on this point, that if the Government of Barbados is in agreement that its citizens should be paying some $30 million towards capital expansion of the Barbados Light and Power, if it has now gone to the extent of guaranteeing this loan to the Barbados Light and Power, then the Government has to seriously look at what further role it might have to play in relation not only in localisation of the ownership but also the extent of ownership of the Barbados Light and Power by the people of Barbados. I do not necessarily refer to the process of Government ownership and Government management, or to the process of nationalisation, but it seems to me that the time has come when the people of Barbados are being asked to make sufficient sacrifices that they should own the Barbados Light and Power without compromising – and I want to repeat this – without compromising the good management which exists at that company at the moment. The correct mix, the correct formula has to be found, the people have to make the sacrifices, so let them get the share certificates in their hands for the money that they will be asked to pay.

Thank you very much.

Rt. Hon. J. M. G M. ADAMS: Sir.....

Mr. SPEAKER: The time is up.

SUSPENSION OF SITTING

Mr. SPEAKER: This sitting now stands suspended until 2.45 p.m. today.
2.10 p.m.

On Resumption:

Mr. SPEAKER: This Sitting is now resumed.

PRIVATE MEMBERS' BUSINESS

Mr. SPEAKER: It is now Private Members' Business. I am advised that there is no Private Members' Business.

QUESTION TIME

Mr. SPEAKER: Question Time. I have given the hon. member for St. Lucy an undertaking that I would allow him to give notice of a Question.

Mr. GREAVES: Thank you very much, Mr. Speaker.

To ask of the Minister of Communications and Works:–

1. Is the Minister aware that a Cadillac Seville (MP 1) was purchased with public funds for the use of the Rt. Hon. Prime Minister?

2. Can the Minister state whether –

   (a) the car MP 1 is in working order at present (28.11.80) and

   (b) whether the car MP 1 can function satisfactorily on the leaded gasolene which is available in Barbados? and

   (c) whether the changing of steering from left to right has affected –

      (i) the stability of the vehicle?

      (ii) the safety of the vehicle? and

   (d) whether the electronic controls in the car MP 1 are malfunctioning?

If the answer to (d) is in the affirmative, can the Minister give the reason for this?

3. Can the Minister state –

   (a) How many times the car MP 1 had to be repaired since it came to Barbados?

(b) The longest period that this car has been in the garage for repairs since its arrival?

(c) The cost of the repairs on MP 1 from the date of its arrival to the current date?

(d) The cost of insurance for the said motor car?

4. Will the Minister state if the service from the Cadillac Seville is satisfactory?

5. If the answer to (4) above is in the negative, will the Minister inform this Honourable Chamber what steps are being taken to improve the situation?

Hon. C. L. BOLDEN: Mr. Speaker, I beg to move that the answer to the Question asked by the hon. member for St. Lucy is now ready. I would very much like to give the answer to this Question now. I would be very glad to.

Mr. SPEAKER: If the hon. member is willing to receive it.

Hon. C. L. BOLDEN: Whether he is willing to receive it or not it is a Question asked in the House which a Government member will have to reply to at sometime and I am saying that the answer is ready now.

Mr. SPEAKER: This is not the point at issue. The Minister may be very well ready to give a reply but in this instance you have to hear from the hon. member for St. Lucy whether he is ready to receive the reply. We cannot accept a reply from a member sitting. He could not be addressing the Chair while he is sitting.

Mr. GREAVES: Mr. Speaker, I just wanted to say that I did not know that the Question was to me. I thought it was to the Hon. Minister. As far as I am concerned, I am not ready for the reply yet.

Hon. L. B. BRATHWAITE: Mr. Speaker, I cannot understand his sham business. I take it that in Parliaments throughout the World that you ask questions and you expect a reply. If we have a more efficient system and we can reply immediately, I do not know what the hon. member is trying to prove.

Mr. SPEAKER: Well, I do not think it would be sufficient to assume that the hon. member is not ready. We cannot assume this.

Hon. C. L. BOLDEN: Mr. Speaker, the object of some of these Questions as far as I can gather is that they lie on the Order Paper for some publicity to be used in other places. I am ready to give the answer to the question just asked now and the hon. member is in his seat. If he was not in his seat we could lay the answer. If he wants me to go outside and type it and lay it here, I am prepared to do it in less than two minutes.

Mr. SPEAKER: If I can arouse the anxiety of the hon. member for St. Lucy to equate that to the Hon. Minister who has the reply ready.

This brings us to the end of Question Time.

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the Instant Order of the Day.

Mr. GREAVES: Mr. Speaker, contrary to the intention or the feelings of the members on the other side, I have no intention of doing Government's Business but I want to comment on the item which was previously indicated as the Instant Order of the Day under Government Business and this has to do with the question of guarantee for the Barbados Light and Power Company Limited.

I do not, Mr. Speaker, intend to get into all of the technical details which have been dealt with by the hon. member for St. Michael South Central. I just want to deal with two broad issues. As I said, it relates to the Barbados Light and Power Company Limited.

The Government of Barbados has an undertaking to guarantee a Loan under the provisions of the ACP-EEC Convention of Lome and this will enable the Barbados Light and Power Company Limited to borrow a considerable sum of money presumably to assist it in its operations. Now, I think that the whole question of electricity is something which is integral and fundamental with the developmental process in any developing country and Barbados, of course, is no exception in this case which we are looking at.

I am not dealing *per se* at the present moment with what has been described as the colossal rip-off which is in the view of some people with what is taking place in terms of the kind of rates which the Barbados Light and Power Co. Ltd. has been getting. All I am concerned about is that if we have a utility like the Barbados Light and Power Co. I would like to see us reach the stage where the whole question of electrification to the whole island of Barbados takes place without any further delay and in this particular regard, I would further like to say that I would want to see it taking place at a price which

would enable the poor people to have as much access as they possibly could to electricity and so I would want to make the point that the electrification programme which is being followed by the Electric Co. should be intensified particularly to rural areas.

Requests which have been made to the Electric Company from time to time for rural areas have often met with the response about the expense and the fact that there is not enough money available and this kind of thing. Just recently, within the last two weeks or so I made representation for the extension of electrical services to a particular area in St. Lucy. It is a small area but the Electric Co. informed me that it would cost something like $15,000 to carry electricity to the area. It is true that the area is relatively a small area with six or seven houses but the fact of the matter is that I am contending that they are taxpayers also. They are people to whom this service should be sent and I cannot accept that the question of cost in this particular instance is one which could stand in the way of their getting it. I do not think that $15,000 when one takes everything into consideration is a very extravagant amount of money. In any event, I would like to see the electrification programme particularly in the rural areas of Barbados and most particularly in St. Lucy intensified so that it would reach a point where we would have no further areas without electricity. I think that this is something which we have got to look at.

The other point which I want to make is on the question of street lighting and I believe that this is something which we have got to pay some close attention to. Again I am making a plea for the extension of lights in the rural areas. Not only in the villages but also on some of those roads which people have to pass in order to move from one village to another. I can cite a whole number of areas in St. Lucy. For example, in the Bentham area on the road, on the half acre moving from one village up to the Spring Hall area.

3.05 p.m.

There are a number of other areas which need electrification and I should like to think that we would see a greater improvement in this area of street lighting. I do not think that it is beyond the capacity of the Light and Power Company to do this. I believe that with some proper planning, and obviously now that the coffers of the Light and Power Company would be somewhat filled by not only this loan which they will be having which I hope will be used presumably for expansion of programmes, but also from the increase of revenue which they will be getting from rates which were given to them by the Public Utilities Board that we will see an improvement in this area. That is the extent of the contribution because I would like to say that we recognise that the electricity services are fundamental for our development, and I am sure that you will agree or nobody would disagree that expansion of electrical services and facilities to the rural areas in Barbados is part and parcel of our developmental process, because I believe that is something which is important, and I would like to impress upon the Government that in signing this guarantee they get a guarantee from Light and Power Company that these particular matters will be taken into consideration.

Hon. H. B. St. JOHN: Mr. Speaker, I am very fortunate that I am at this stage making my contribution after the constructive speech of the last speaker for the Opposition. I would like to assure him that it is not only in the rural areas in Barbados that the Government shares his concern about the lack of electricity, but even in an area which I believe cannot be regarded as rural, namely, Christ Church South Central and other areas in Christ Church. We share this concern about the lack of street lights. I myself have made great representation to the Light and Power Company about their failure to bring street lights in built up areas. My understanding of the position is that for two to three years Light and Power claimed that it was strapped for cash to incur the capital expenditure necessary to bring in the lights in anticipation of the monthly revenue which the Ministry of Communications and Works pay for the lights once they are installed. I certainly know that the Government had approved the appropriation for more street lights, but the capital cost of the street lights is a matter for the Light and Power Company.

Now that their financial situation is improved I want to make it positively clear that I expect in my area and I know that other hon. members including the hon. member for St. Lucy expects that all the excuses have been exhausted now. We want street lights in Barbados, all over Barbados in the built up areas. That is a standard of service that the people of Barbados are accustomed to and they demand it.

I also want to say this. As I have told the Electric Company quite frankly, I believe that the Ministry of Communications are paying for street lights which do not function, and I think that is wrong; and I call on the Minister of Communications and Works to ensure that the money that they pay out monthly is for street lights that are functioning, because I pass the roads many times and I see many areas in which street lights are not functioning, so therefore I hope that there is a method of ensuring that the monthly charge that the Government has to pay only is paid in respect of those street lights that are functioning. So there is a consensus across the table in relation to that area and in relation to the rural scheme. I know for a fact that members of our party, particularly the hon. member for St. George who has been the most vociferous critic of the Electric Company not only at Cabinet but in other areas, has now been a bit more satisfied because areas like Drax Hall and

the Jump and other areas have been serviced, and I know that as part of the programme for the money which the Government was called upon to guarantee a certain component of this money has to be devoted exclusively for the furtherance of rural electrification in Barbados; so that we can expect that we will continue in Barbados with the process of having a greater percentage of our households under electricity than many parts not only of the rest of the Caribbean but of Latin America and indeed some developed countries. Of course Mr. Speaker, this will considerably be helped by the fact that we know now as a result of the very progressive measure which has been passed by this Assembly namely the Tenantries Bill, that all questions of future loss of tenure and movement of houses will be greatly removed, so that when we put electricity into areas now, once the tenantry is one that has been certified under the Tenantries Bill as fit for development, the Electric Company can safely go ahead and put in the electricity with full knowledge that there is no question of expending money in a tenantry liable to be moved in the future. So that is another constraint that has been removed.

We now come, Sir, to the speech of the hon. member for St. Michael South Central, and before I deal with that I want to say that I agree with the hon. member for St. Lucy that as a developing country there is no doubt about it that if we are to fulfil our obligations of employment in this country, it is absolutely necessary that one of the greatest inputs to industrial development, to tourism development or to any kind of development is a stable, reliable source of electricity. I want to caution hon. members to observe the situation in other parts of the Caribbean where there are governments who believe that they can rewrite the laws of economics, who believe that it is possible in an inflationary period like all the world is going through to purchase capital equipment on a historical basis, to look and see what their position is today. Nobody in any part of the world can deny that since 1973 any index which is produced can fail to show that the cost of capital equipment has risen at a faster rate than even oil prices themselves. That is a fact. The cost of replacing existing equipment has risen faster in some respects than oil prices themselves. Let us look at what is happening in the rest of the Caribbean; let us look at Jamaica; let us look at Guyana; even let us look at Trinidad and Tobago, and what will we find? In Guyana today, as the now President of Guyana has had to say recently, as a result of the bad management of the Guyana Electricity Corporation, he is ashamed to say that he has to bring in expatriates to tell him how to run it.
3.15 p.m.

There is low shelling, there is rationing, there is a situation in which no further industrial users can be put on the line because of the fact, that the existing capacity to produce is not even sufficient to cater to the rise in demand of existing users, far less potential users. We have to face these facts.

We are not manufacturers of capital goods equipment, which produce electricity. That is a monopoly of developed countries and particularly countries such as Sweden, Germany, Japan, United States of America and the U.K. In all of those countries, those countries have decided in their minds, that as the Arab world has increased the cost of fuel, they are going to increase the cost of manufactured goods and that is the dilemma that poor, underdeveloped Third World countries find themselves in not that they are squeezed only, by the oil producers, but by the makers of capital goods. The makers of capital goods increase the prices to pay for the oil, the oil producers increase the prices of the oil and the poor, non-capital goods producers, who have to buy both the oil and capital goods have to face the impact of the inflationary cost of both.

Now, this has had a very profound effect on accounting concepts. The hon. member for St. Michael South Central talks about the Gomes Decision. I was in the Gomes case and let me explain to you what Gomes Decision was in 1956, that Barbados was a fair value jurisdiction, but that in the context of the evidence before the court in that particular case, that Fair Value was the same as, Historical Value. (ASIDES). That is not unusual in 1956 and I will tell you why, if you look at the 10 year period prior to 1956, you will see, that world inflation was going at less than 1% or a maximum of 2% per year.

So that, if you had a rate case and the index of the capital inputs, which is mostly machinery was only moving at the rate of .1%, or 2% per year, obviously, if you came to a valuation of the underlying assets, you would be able to say, that you could replace all of the existing Capital equipment with new equipment and the difference in cost between the historical basis was very little difference. So, the depreciation which was allowed was in many cases greater than the *de facto* increase in cost of replacing the equipment.

Now, Sir, all accounting bodies in the world not only, as a matter of fact, the United States, Britain, the European Common Market have all now decided, that Balance Sheets must now be presented upon the basis of current cost accounting. That is, that additional money must be taken out of the difference between expenditure and revenue to provide for the replacement of assets because of the fact, that the capital cost is increasing at a faster rate, than the usual historical cost of accounting and if you pay out in dividends, based on a depreciation of a historical thing, that you are really depriving the shareholders of the underlying security of

their assets, the British Association of Chartered Accountants, the E.E.C. Directive, all over the world. So that, the big thing in the Public Utilities case in Barbados was the interpretation of Fair Value, in the context of an inflationary situation, in relation to the capital goods. The Chief Justice ruled on it.

Now, there is one thing Sir, that we have got to accept in this country and I want to go slow on this. The Constitution of Barbados has been arrived at, with a number of checks and balances. This Parliament must understand and the public must be educated to understand, that politicians do not have all the power in Barbados. We have a Judicial System. We have a certain number of Statutory Offices in this country which are outside of Parliamentary control, the Auditor General is one, the DPP is one, the Public Service Commissions and others. They are outside of the control of Parliament. We are only sovereign in the context of sovereignty, which has been assigned by the Constitution.

So, when the Public Utilities Board, which has been established by an Act of Parliament makes its ruling and where, pursuant to the same Act of Parliament, there is an appeal to the Judiciary in this country, the Constitution of Barbados says, that that is final and we cannot overrule the Decision. Now, if the Honourable Member feels so strongly, that the Decision is wrong, I invite the Honourable Member to bring down an amendment to the Public Utilities Act. Of course, the rest of his Party would not support it because they recognise, that in the context of today's inflation brought about, not by any act of the capital goods manufacturers, that if the price of replacement of machinery keeps rising, common sense will dictate, that you have to put by more money to replace the equipment because as the Honourable Member has said, depreciation is nothing but a notional figure introduced by accountants to allocate annually, the cost of the service of the use of a particular amount of machinery. That is all that depreciation is and if the experiences that the Historical Cost is not sufficient to replace it, if you do not appropriate more, at the end of the period, you will find yourself with a certain amount of dollars in your pocket and not enough to replace the equipment.

I always remember, Sir, when I was a little boy, in fourth form at Harrison College and in those days, they used to teach useful Mathematics, the late Chris Springer was teaching us what he called practical Maths and he told us about buses and he was explaining the concept of depreciation and he told us, that in those days, they used to have a lot of individual bus proprietors. He kept saying, that one of the problems with these small bus proprietors was that they thought, that all the money they took in, after they paid for the gasolene and for the repairs was their money to spend and he said, that at the end of the period of hours, the buses could work, they had nothing to replace the buses and he introduced the concept of depreciation, with that simple, every day example to us. It is the same thing.

If you do not put by money for purchasing a new asset, then, when the day is done, Sir, all of your original capital would be eroded and lost and that is the problem with this. Now, my understanding of it is Sir, that all utility jurisdictions have had this problem, every one of them has had this problem. I do not know, whether the Honourable Member is following what is going along in the United Kingdom, where they have a modified form of regulation because the Public Utility regulatory is an American concept. There is no precedent for this in the Commonwealth.
3.25 p.m.

In the 1950's when the Labour Party was in power we introduced the concept of public utility regulation from the United States. There was none in the U.K., there used to be a little bit in relation to passenger transport where they have a gross operating revenue and an operating margin, but the rate base concept is an American concept, and if you look at Pennsylvania, if you look at all the States in the United States now you will see that they have changed their concept of valuation of assets in accordance with the American need to ensure that a sufficient amount of depreciation is provided to get at the real cost of the allocation of the capital equipment that is used up in the course of a year.

Now, Sir, I want also to say something on the question of deferred tax credit and other things. Cash flow is very important to a company, and investment tax credits and deferred taxation are concepts which attempt to equate the *de facto* situation under the income tax liability with the normal accounting provisions, and the public utility companies in the United States of America say that that must be passed through to the consumers, and you pass it through to the consumers by taking from the rate base, deducting from the rate base, it is not allowed to go to dividends. All of the deferred taxes and investment tax credits money that is allowed does not go to the common equity, it does not go to the owners of the business, it accelerates the depreciation. That is a fundamental point that a lot of people in this country have not understood. Check the decision of the Chief Justice on that. He said that he would allow to the company increased depreciation, increased tax credits, but not for the shareholders, Sir, it has to go to reduce the rate base.

There are straight facts, this is an area of law in which I spent a lot of time, I am very familiar with it. I also want to say this. Every Light and Power bill has

two components. I think it is all agreed now that the fuel charge is self-balancing. Whatever the cost of fuel is it is paid. Even airlines and other regulatory authorities have now had to accept that fact, because fuel is something over which none of them has any control, so I do not think there is any argument on the fuel charge. I must say that that part of the speech of the hon. member for St. Michael South Central contained no fault. That is a fact, that is self regulating. As the Prime Minister said, we have been able to indicate clearly that that part of the bill that relates to fuel we expect – and I will say this, I do not know whether the Iran-Iraq war between now and the end of the month is going to escalate to such an extent that the stock market is going to run above the $40 it is and the Caribbean platt is going to go haywire – but provided that does not happen, we expect from January that the removal of the fuel surcharge on fuel oil should flow through.

I want to say this, Mr. Speaker. I cannot tell you with certainty, no man in the United States of America, in Britain or in any part of this globe in the context of Iraq and Iran can tell you that there will be a drop in fuel in the world. I cannot tell you that, I can tell you that in so far as local costs are concerned, that there should be. I can tell you that.

Now, Sir, the other component of the bill – and this is where I must disagree with the hon. member for St. Michael South Central – the hon. member in his speech assumes that the only cost in that part of the bill relates to services, depreciation and common equity. He assumes that in his speech, because he quarrels about a percentage increase, but he forgets this, and I am sorry the hon. member for St. Lucy is not here, because the hon. member for St. Lucy will be able to tell him that there have been wage increases at the Light and Power Company as a result of freely negotiated agreements, and that is part of the component, because the bill has to pay not only for depreciation, it has to pay for dividends, it has to pay for the cost of other elements and the cost of services. Wages is one, equipment is another. They use vehicles. It is a very highly mechanised operation. This country, Sir, operates at a level of sophistication that many people do not understand. This is not a country in which you can get people to go and use brute force to hack down bush or to hack down a telephone pole, this is a sophisticated country in which you have mechanical means of pole digging. You have buckets that take people up, nobody walks about drawing up on a pole as if they are drawing up an old coconut tree with bare feet.

Dr. HAYNES: On a point of order, Mr. Speaker. I was most particular to say that the amount granted by the Public Utilities Board in December 1979 provided the Barbados Light and Power Company with approximately $1.1 million in excess of all its requirements, including a reasonable return of dividends.

Mr. SPEAKER: You are really elucidating.

Dr. HAYNES: The hon. member has said that I omitted to deal with any aspect other than depreciation. I was pointing out that I was dealing with the whole cost of service including what is normally included obviously, a reasonable return to investors.

Hon. H. B. St. JOHN: Sir, I do not mind the hon. member interrupting me, but I want to point out to the public that the misconceptions that have been set out are wrong. The misconceptions that have been set abroad that any money that is given goes to the shareholders is wrong. That is not so, the Government was the best monitor of that situation, because we have a dividend tax, and in any event whatever goes to dividend you have to pay dividend tax. You may say that because of the liberal corporation tax rules that the depreciation allowances may make them non-taxable, but they have to pay dividend tax.

Now, Sir, I also would like to point out, and I want to finish this point, deferred tax credits, income investment tax credits, all of those things do not flow into shareholders' hands, they go to reduce the rate base. They go to increase the coverage of debt which international lenders demand. Now, this is the point, Sir. Here it is that we, a poor Third World country, find ourselves in a position where the Government of Barbados has to guarantee something, we have to guarantee it, because we in this Government want to have that guarantee of electric supply to ensure that our demands for tourism, for industrial development, for rural electrification will be satisfied. The hon. member smirks, but let me tell him this. Let him go to Guyana now and have blackouts, let him go to Grenada now and have blackouts.
3.35 p.m.

Let him go to Guyana now and have black-outs. Let him go to Grenada now and let him have black-outs. Let him find where he can go.....

Dr. HAYNES: Mr. Speaker, on a point of order of elucidation. The hon. member must know that in December, 1979 the Public Utilities Board rejected the concept of deferred taxes and Investment Tax Credit and they reversed that decision in May of this year. He also knows and I have here on page 254 of the Evidence before the Public Utilities Board where a Mr. E. Alleyne is speaking and he says "I just want to ask a few questions. My understanding, Mr. Dear, is that the Company needs the money for expansion."

Mr. SPEAKER: Just a minute please. When you rise to elucidate you can only elucidate in this way. You

having said something previously and another member misunderstands or misinterprets what you said previously, when in rising to elucidate you cannot now come and introduce new evidence. You cannot introduce new evidence. It is against our Standing Orders and I cannot hear the hon. member. I cannot hear the hon. member.

Dr. HAYNES: It is not meant to be evidence, Mr. Speaker.

Mr. SPEAKER: The hon. member started to cite from the evidence given either before the Commission or before the Court. I cannot hear the hon. member. Do not get angry with me. It is the Rules.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I am prepared to stick by the principle. The principle I am putting across is that deferred taxes and Investment Tax Credit do not go to swell the revenue of shareholders. It goes to permit cash flow to improve and be attractive for Bankers to lend the money. It goes to reduce the rate base. There will be no increased earnings in the future on the amount of the Investment Tax Credits. That is where the hon. member on this side disagrees.

The hon. member is insisting that the Public Utilities Board and the Chief Justice of Barbados by allowing increased revenue for deferred taxes and Investment Tax Credit are giving the shareholders who are non Barbadians an increased amount of equity. I say no.

Dr. HAYNES: Mr. Speaker, on a point of elucidation. What I said and I am elucidating this point very carefully that the provision on deferred taxes and Investment Tax Credit provided additional cash-flow for the purpose of expansion of the Company for the purchase of equipment that becomes the property of the shareholders. That is what I said.

Hon. H. B. St. JOHN: But it does not become the property of the shareholders to the extent that it is paid for by depreciation. It is deducted on the rate base. That is the point. It does not go to enhance the underlying capital assets. The underlying capital assets are reduced *pro tanto* by the amount of money that you allow for Investment Tax Credit and deferred taxes. That is the point because if your assets are $100 and you are allowed $50 as deferred Tax Credit and Investment Tax Credit, you deduct that $50 off the $100 so that the original $50 is all you get.

(Certain remarks made by the hon. member for St. Michael South Central were ordered to be expunged from the records by Mr. SPEAKER, at this stage.)

Hon. H. B. St. JOHN: This is a very fundamental point. You cannot argue in here. You made your point and I made my point. I sat and listen to you. You do not have to sit and listen to me. It does not matter to me. The hon. member was allowed to make his point. Our point is this that here is the decision of the Chief Justice of Barbados in a situation where we have to have a Judiciary. We have to have a means of resolving disputes between citizen and citizen. The hon. member's problem is that he does not believe in that. He believes in a system of Government in which the Party in power is the sole ruler. He likes the Gairy system governed by decree. The Bishop's system is governed by decree but we cannot have that. We believe in democratic Elections by the ballot box, not by the RK 4-rifles.

Mr. SPEAKER: When you say by the Bishop's system do you mean Bishop Drexel Gomez?

Hon. H. B. St. JOHN: No, Sir. The one who is the friend of the hon. member for St. Michael South Central whom he supports.

Now, Sir, I do not believe that there is anything else for us to reply on, Sir. This Government has made a commitment to the people of Barbados to do everything in its power to ensure that the infra-structural development in this country is such that we can compete with our competitor for industrial development and tourism development and other developments. That is why we have decided as a matter of policy that we would guarantee this loan to ensure that we have the Public Utility Services which can demand respect among all of our potential investors and give us all of the rural electrification to carry us to a position of being a country in which all of the people have access to such fundamental services as electricity, Sir.

Mr. ALLEYNE: Mr. Speaker, I want to make what may be considered as a short contribution to this debate but I have been on the receiving end of political attacks ever since the Public Utilities Board delivered its judgment in this matter and I speak, Mr. Speaker, not only as the hon. member for St. Michael North West but also as Legal Adviser to the Public Utilities Board and I can say, and I am disclosing my interest to that effect, and I can say without the slightest shadow of a doubt that the judgment of the Board delivered in December, 1979 and the subsequent judgment delivered in May, 1980 were both sound judgments.

The problem is that the hon. member for St. Michael South Central does not understand either of those judgments. Both were reasonable and perfectly sound and what I would like to do is to look at the Board's decision when it came to consider the application for the rate increase. I think I can best deal with this by looking at the May, 1980 decision first.

In that decision the Board was faced with a position where the Company having got the first December, 1979, review, came back for a review. Now, that concept of review is acknowledged by the Company. It is a North American procedure which is followed in every North American jurisdiction where there is a Public Utility Commission. It is a well recognised procedure because the Authorities recognise that Public Utility Boards and Public Utility Commissions are not the Managers of the Utilities and their decisions are made which must then be applied by the Company to its particular fact and its results communicated back to the Public Utilities Board.
3.45 p.m.

That was done and the company said they wanted to have a review. The fundamental difference between the review and the earlier hearing was that certain judicial precedents, I call them judicial precedents and I shall demonstrate that they were judicial precedents, were produced to the Board at the later hearing which were not produced at the earlier hearing. Those decisions were orders of the Federal Power Commission and those orders of the Federal Power Commission which is itself a quasi-judicial body in the United States related directly to the question of investment tax credit as it is called in the United States and the question of deferred taxes. Submissions were made on these quasi-legal points to the Board at the re-hearing and the Board came to the decision based on the application of these clear legal judgments of the facts as presented to them at the hearing in December, 1979. At no time during the 1979 hearing was the Board referred to as dealing with the Federal Power Commission Orders, and so when the re-submissions were made, when the review submissions were made the Board was able to take into consideration the legal effect and implication of these orders to apply them to the facts and to come to a decision that based on the Public Utilities Act there was ample ground for reviewing the earlier decision.

Now I will show, Mr. Speaker, how it was.....

Dr. HAYNES: Mr. Speaker, on a point of order, I think the hon. member may have forgotten that in December, 1979, the Board brought down, I think two experts, certainly a Mr. Bird and maybe another expert. I do not remember correctly – to deal with this particular problem of deferred taxes and investment tax credit as it related to the Laws of Barbados, and as early as that, the question of the relationship between investment tax credit and tax allowance under the income tax of Barbados was being discussed and the Board came to a position which they rejected at that time and this is clearly set out in the Minority Report by Mrs. Gittens in May, 1976.

Mr. ALLEYNE: Mr. Speaker, it is not possible for me to understand clearly what the hon. member is saying, but the fact is that in 1979 two expert witnesses came down. The witness who spoke about the Barbados Law said that he had no knowledge of the Barbados Law. That is what he said in the evidence. The Board therefore rejected the "expert" evidence of that witness. At no stage in the 1979 hearing did the Board have before it the Federal Power Commission Orders which as I have already said, are in the nature of a judicial decision. It is only at the review that the Board had before it the Federal Power Commission Orders and applied those orders to the facts as stated in the evidence in 1979. That is the position.

Now the other important point is this, Mr. Speaker, that the Board was faced with a position at the review hearing where it was demonstrated beyond the shadow of a doubt that Barbados Light and Power Company could not borrow one single red cent from anyone at all. That was a clearly demonstrated fact, that having regard to the one cent temporary increase which had been granted at the first hearing, even applying that the Board charged with a duty to permitting the company to recover a fair rate of return found that the company could not borrow one single cent simply because the conditions for borrowing in the debenture trust deed into which the company had entered with its principal lender could not possibly be satisfied when you applied the temporary increase to the earnings of the company and took into consideration the debt service requirements of the company.

Now in those circumstances to permit the December 1979 decision to rest would mean that the Board would be causing the company's capital to become eroded, and that was a position which was clearly untenable from the point of view of the Board and its duty under Section 23 of the Act to allow the company to be in a position where it could maintain an efficient service. Now that was a fact which stared the Public Utilities Board in the face, that the company could not possibly borrow a single cent in respect of the decision given in December, 1979.

Now in these circumstances the Board had to act. The Board looked at the 1979 December decision again and went right through the operating expenses, the question of dividend payments, the question of deferred taxes, investment allowance and the like. It came to the conclusion that its findings on the items of operating expenses were sound. In fact in some cases the Board's examination was so thorough that it was able to correct errors of calculation which had appeared in one or two places in the company's presentation. Board members sat sometimes as late as 11 o'clock at night examining in detail every single document, and there were many documents produced by the company.

There were two ways in which the company could have been permitted sufficient funds, and sufficient funds only to permit it to satisfy the conditions in the debenture trust deed and therefore to allow them to borrow sums for capital expansion. Either they could have been permitted to recover under the caption of investment allowance and deferred taxes or it could have been permitted to recover under the heading of return. Now if the company was permitted to recover a greater sum of money under the caption of the return, that sum of money would eventually flow directly and legally into the pockets of the shareholders of the company. That flowing of the money directly into the hands of the shareholders is not legally permissible if the company is allowed to recover the money under the caption of investment allowance or deferred taxes. It just is not possible. It is not at all possible for sums collected under the caption of Deferred Taxes to flow into the hands of the shareholders and so the Board came to the conclusion that the technique for review permitted it to grant a sum of money under the caption of Deferred Taxes and investment allowance.

Now, Mr. Speaker, I want hon. members to understand clearly that in so allowing the company to recover, the company is not recovering money to which it is not legally entitled. The Board did not intend that and that is not the effect of the Board's decision. The Board's decision simply is to rationalise the rates at which the company can recover depreciation expenses. That is something different from the depreciation about which the hon. member was speaking earlier this morning, and that results directly from the fact that there are different rates for the recovery of depreciation expense if one looks at the local Income Tax Act and applies the normal Public Utilities accounting principles of spreading the cost of the recovery over the entire useful service life of the plant. There is a difference between the two figures, and all that the Board permitted the company to do was to use the concept of deferred taxes so that it would recover over a particular period of time only the amount of money which it was permitted to recover. It is not recovering one cent more.

That, Mr. Speaker, is as simple as I can put it. It is a very complicated concept; I do not believe that the hon. member is *au fait* with the ramifications of the concept, and the only point which I wish to draw to this House's attention on this issue is that it was clearly the intent of the legislation that Public Utility companies should be permitted to recover the investment allowance. The enactment of the 1968 Income Tax Act under which investment allowance is recovered was enacted by the other side when they were in power, and when the rate was increased for sugar companies, the hon. member for St. John who was then Prime Minister said that it was specifically done to permit those companies engaged in the sugar industry to use the investment allowance to recapture machinery which had been lost through wear and tear. That was the expressed and stated intention of the Minister of Finance of the day, that he was permitting the use of investment allowance expressly for these purposes.

3.55 p.m.

What is more, he had limited the recovery of the investment allowance to companies engaged in heavy capital investment, so that, for example, the Barbados Light and Power is specifically excluded, under the Provisions of the Income Tax Act for these purposes. So, I think, Mr. Speaker, that I have managed to lay that particular issue at rest.

The significant thing about the decision is this, that the 1980 decision reduced the amount of dollar bills which could flow directly, or otherwise into the hands of the shareholders. That is a point which has not been made in all of the talk, which has gone on outside of this Honourable Chamber and indeed, inside of this Honourable Chamber, in relation to the matter. The Company in 1979 was permitted to recover $5.6 million for the retum, in 1980, they were permitted $4.3 million, so that one fundamental difference between the two decisions is there has been a reduction in the amount of money, which the Company is permitted to recover. That has not been stated and it is a clearly demonstrated fact, if one takes the two decisions, puts the 1979 decision on the left side and put the 1980 decision on the right side.

The other point which I wish to make is this, Mr. Speaker. A document has been laid before this Honourable House, it has been made a document of this Honourable Chamber, by the Honourable Member for St. Michael South Central and I have had the opportunity of looking at the document. Now, someone said, that there is a great deal of confusion about this issue and that the document, which has been made a document of this Honourable House, by the Honourable Member for St. Michael South Central to show the position of the company, before the 1980 May Decision. The Honourable Member purported to say, that the company was in such a healthy position before the 1980 decision, that one wonders what its present position is. Now, if that were true, Mr. Speaker, it would make a mockery of what the Board decided. But, I have looked at the document and the document expressly says, that the accounts have been rewritten to take into consideration, what the accountants would call, certain allocations made to a prior taxing period. But, the accounts have been altered and that alteration is stated on the documents to take into consideration the May, 1980 decision. So that, the document as laid does not show the pre 1980 position, it shows the position, after the latest increase of 3.01 cents per kilowatt hour, so that, it shows the present position. What the Honourable Member was trying to say.....

Dr. HAYNES: On a point of order, Mr. Speaker, if I said that, I must have been gravely mistaken in what I read. I showed a document.....

Mr. SPEAKER: Now, the Honourable Member is not now on a point of order.

Dr. HAYNES: Yes, Sir.

Mr. SPEAKER: You could not be on a point of order.

Dr. HAYNES: The point I am making is that the Honourable Member is misquoting.....

Mr. SPEAKER: Just one minute, if you are saying, that the Honourable Member is misquoting you, you could not be on a point of order, you are doing something else.

Dr. HAYNES: Inadvertently misleading the Honourable House, Sir.

Mr. SPEAKER: Who is doing this?

Dr. HAYNES: I am rising to establish whether or not this is happening. On a point of order and if you would hear me, on a point of order and then rule whether it is a valid point of order or not.

The figures that I quoted from the document related to the period the first six months of 1979, as related to the first six months of 1980 and I will find it difficult to see how a December decision could be affecting the figures relating to the first six months of 1979. That is the part that I quoted, you are quoting the rest of the Report. I quoted the figures for 1979 and 1980 and with your permission, Sir, could I have the document back to repeat what I quoted?

Mr. SPEAKER: I will now have to rule, that it is no point of order.

Mr. E. E. ALLEYNE: Mr. Speaker on these matters, I do not speak lightly. I am saying that this document which the Honourable Member purported to quote from and I think, that he purported to show, that it related to 1979 and so on.

The document is really intended to be an update of the 1979 accounts to show what the position was for the first six months of 1980 taking into consideration, not only the temporary one cent increase granted in June, 1979, but the permanent increase granted in 1980. That had to be done, in order that the retained earnings could be properly calculated, as a condition precedent to the issue of shares, which are now on the local market. So that, the document deals specifically with 1980. It deals with the situation as at June, 1980 taking into consideration, the temporary and the permanent increase, but that is another matter, Mr. Speaker. I simply wanted to point out, that to some extent, the Honourable House had been left under the impression, that the position was so healthy, that the Board need not have acted. I am trying to point out, that the Board had before it, a situation worse than that reflected in the document here.

The other point which I wish to make, Mr. Speaker is this, that all kinds of figures have been branded about on the return on Common Equity. Earlier today, we heard, that the return was something like 24%. These are things which the Board considered in great detail. The return to Common Equity can be anything, depending on what you feed into the computation of the Common Equity and this was a very debatable point, in the review and it depends on the return which you have, to return to the Common Equity to get the percentage return. Anything can be produced, if you feed particular figures into the computation.

One of the problems of the Light and Power Company which the Board faced, was that the company had great value, in terms of its assets, but a relatively small shareholding. So that, the return on Common Equity, if calculated in a particular way appears to be a particular figure, but the fact of the matter is this, that the yardstick for gauging the fair rate of return is not in fact the Common Equity at all. The Common Equity has nothing to do with the legal requirement to permit a fair rate of return. In fact, the Honourable Member should have directed his attention to the fair value of the assets used and useful, a concept to which the Board stuck rigidly in its determination on this particular case. Whilst we are about that, Mr. Speaker, I think, that it is right to point out, that the Board not only took the irrelevance of the Common Equity yardstick into account, but it also had regard to the fact, that the assets had not been revalued since 1977. The Board had regard to that fact.

It had not itself revalued the assets because it had no power to do so. But, the assets have not been revalued since 1977. So that, the calculation of a Rate of Return of the value of the assets at 1977 produces a different figure, from a calculation of a return on the value of the assets, as at 1980 and this has implications to the point, which the Honourable Member for St. Michael South Central was trying to make, but which he did not succeed in making because the depreciation expense of which he speaks was calculated not on the current cost of the equipment, but on the Historical Cost. In this respect, the Honourable Member for Christ Church South Central, the Deputy Prime Minister is absolutely correct.

The recovery for depreciation expense is still based on the Historical Cost, in time of galloping inflation because that is what the Law of Barbados says, at the

present time and there is no way that the company could have been permitted to recover any other sum for depreciation expense. The relevance of that point, Mr. Speaker is this, that it may be said, that in relation to depreciation expense, there is, in fact, an under recovery and not an over recovery of $675,000.00 about which, the Honourable Member spoke earlier this morning. I think, that it is a question of not quite coming to grips, with the complicated concepts of accounting, company law and tax law, which were involved in this particular case. 4.05 p.m.

The last point I wish to make, Mr. Speaker, is this. The present Resolution seeks to guarantee the loan which the company is about to receive from the European Investment Bank. There has been talk about the rural electrification programme and so on. I would support the guarantee if only for the fact that a significant credit equivalent to 3% of the interest which would normally be paid by the company has to be retained in a fund specifically earmarked for use in that rural electrification programme. I think that that is a significant social measure. It has enormous implications for the future electrification of Barbados, it is probably the first time it has been done, and I regard that as a very worthy venture. I hope that my constituency, although not a rural constituency, will now benefit to the extent that Lodge Terrace which has not had street lights for a number of years will get those street lights. We have situations in Lodge Terrace where only [illegible] recently a young lady was attacked and slashed about the throat shortly after leaving a bus, simply because there are no street lights in those areas, and I am hopeful that now that this Resolution is about to be passed, that St. Michael North West in terms of Lodge Terrace and certain areas of Grazettes will be able to get the street lights to which they are entitled and which I have had several promises made to me about. I understand that there are street lights now in the island but that part of the switching gear was inadvertently left somewhere overseas and that it has now got to be flown in.

I do not have much more to say, Mr. Speaker. When the hon. member for St. Michael South Central started he said that the judgments were unfair and unjust. What I want to say is this, the Board has a very difficult task, it has to look at very voluminous evidence, mountains of paper, it has to grapple with concepts which are new, some of the concepts in fact change from year to year, and the Board has come up with a decision within a very short time frame. On many occasions they have had to sit all through the day, and on occasion into the late night. It is a strange situation that judgments delivered by the Board which are enforced and reinforced and sanctioned by the courts, and upon which American experts have passed from time to time can find that they are to be criticised for their content.

The judgments of the Board are sound, particularly this last Board, Mr. Speaker, and I would wish to say this, that were it not for the last judgment of the Public Utilities Board, the company might have found itself in an extremely precarious position. The Board is concerned not only with the company's interest but with the public interest. The Board had before it evidence with which Mr. Frank Alleyne agreed entirely, and he has committed himself to the writing of this. The Board had before it evidence that the management of the company was good. That was a finding of fact by Mr. Frank Alleyne in his document which he published. The Board also had before it evidence that the company had moved from an overdraft position of $6 million to $20 million. It was bound, mandated by the law of this country, to take a decision which kept a fair balance between the interest of the consumer and the interest of the company. I am convinced, Mr. Speaker, that the decision then represented a fair balance between those competing interests. The result of that decision is that the company can now enter these loan arrangements which this Hon. Chamber is asked to guarantee. I believe that when the public of this country understands the facts of the situation and not the impressions that we will have no doubt at all about the general wisdom of the decisions both in December 1979 and in May 1980.

Rt. Hon. J. M. G. M. ADAMS: There not appearing to be any other hon. member who wishes to contribute to the debate, I now propose to close it. Mr. Speaker, we have had a debate of moderate length and quite immoderate argument. The hon. member for St. Michael South Central carried the burden of taking on not only the Government, but also the Barbados Light and Power Company, the Public Utilities Board, the Chief Justice, the law and common sense, and he has fought them all, sir, and really he has lost so convincingly that there is very little that I should add. However, within the context that it is no part of the Government's duty to defend the Barbados Light and Power Company, I will just point out that you can make too much of a good case at certain times, and I will suggest to the hon. member that he perhaps has made too much of a good case.

He spoke of persons who are afraid to burn the light at night because they cannot pay the bill. The average cost of electricity for a house with no refrigerator and only lights and electric iron is between $8.50 and $10.00 a month. The variation would depend on how many lights there are in the house. If you add a small fridge, the average cost goes to something a little over $25.00 per month, and an examination of the accounts of the Barbados Light and Power Company, which the hon. member has done obviously at such length will reveal that the average cost of household electricity in Barbados is less than $30.00 a month. Obviously there are a very great number of people who pay more. There

is one man in Sandy Lane who, I am informed, has six air conditioners, a swimming pool and several other appliances, and his electric bill is in the order of $3,000 per month. That is what you pay – I think he has four fridges, too, Sir – that is what you pay when you have a swimming pool with the pump continually going, a house that is overall air conditioned, and so on.

You come down to the old age pensioners, of whom the hon. member spoke so feelingly, who in fact according to the records of the Welfare Department are mostly in the $10.00 a month class or less. The Government does not pay the electricity bills of old age pensioners who live with well off children. It may very well be that there are hon. members of the House whose parents are old age pensioners, it may well be. Certainly there are many civil servants whose parents are old age pensioners. It would not be impossible, Mr. Speaker – and we did find some evidence that it was happening – that people were moving to put the electric bill in the old age pensioner's name so as to get it paid. We have had this with housing so as to avoid paying land tax, and we were beginning to see it with old age pensioners. 4.15 p.m.

The Welfare Department therefore examined the need of the old age pensioners, the chief criteria being whether they live alone or with another pensioner. If they live alone or with another pensioner, the bills get paid.

Now, I do not propose to enter into argument with the hon. member in the way in which the hon. member for Christ Church South Central entered into argument. There is no point answering somebody who does not know what he is talking about. You merely lead yourself into unnecessary quarrelling because sometimes of your annoyance at the nonsense you hear. I am not being critical of the hon. member for Christ Church South Central because I well understand his exaggeration when he heard arguments that have been totally and comprehensively rejected in so far as there can be understood by every tribunal of law to which they were addressed.

The hon. member for St. Michael South Central has a deep and abiding capacity to choose the side of an argument which has been tested, tried and proven wrong and to repeat it in the House as if it is gospel. We got it in the argument about the Gaming Commission. He selected from the entire Report the views of one minority Commissioner of all the Churches which were in the Minority Report and presented it in the House. You will recall that, Mr. Speaker, and it had to be pointed out that the views of the Anglican and the Roman Catholic Churches were against the views which he was putting forward and that his views should not be put forward as if they represented the religious consensus.

Similarly, in this case, the hon. member's arguments in so far as it can be identified, have been comprehensively rejected. The hon. member for Christ Church South Central dignified his St. Michael counterpart by condescending to argue with him across the floor of the House. The hon. member, the Deputy Prime Minister, is one of Her Majesty's Counsel, has been a member of the Bar perhaps getting on for 30 years and should not waste his time arguing with the hon. member for St. Michael South Central, no matter how well qualified a Doctor he may be. His arguments are simply wrong. We would not argue with him as to his diagnosis, not even as the hon. member for St. Joseph on that memorable occasion we could not argue with him about his diagnosis at all. We have a certain humility on this side which respects other people's arguments in their chosen fields.

The hon. member should perhaps do the Public Utilities Board, the Chief Justice, the hon. member for St. Michael North West and all the Lawyers involved the honour of assuming that they have as great a competence in their field as he has in his. He made a great deal of a realy trivial point that the earnings of the Electric Company by its own admission were .76¢ per share. He did not say what the value of the share was but it is $5.00 a share.

Now the Hon. member having made the point seemed to think that it was the wherewithal and the end-all, 15% return per par-value of share but in a situation where the earnings were .76¢ per share, either the shares would be worth more than their par-value or the shares would be diluted to reduce the earnings to a particular stage which accords with the economics of investment to a Public Utility and as the hon. member for St. Michael North West has pointed out, that is not the case of a utility return.

I am not going to repeat the sensible arguments of hon. members on this side but what made the entire speech of the hon. member exceptionally ill-informed and ill-advised is that so many of the points which he made had been anticipated in the speech in introducing the Resolution – the point about the share earnings, the point about ownership structure of the Company. I said perfectly clear in introducing my Resolution that the Government had taken all of these things into account and that the Company was issuing more shares.

The earnings will not be .76 cents per share even if there was something wrong with their being that in another two week's time because another 1½ million shares will have been issued to join the 4.83 million which now exist. They will not be that when the Government takes its shares which will be something like the amount with this and the World Bank of 150,000 shares in return for the two Guarantees when the Second Guarantee comes up. It is in the nature of the financing of many Companies in Barbados, not this

Company alone but Companies I daresay with which the hon. member is a major shareholder.

If the hon. member would like a dossier of his capital assets in Barbados, I can give them to him if he cannot remember what they are. I can tell him about the mortgages he has, the houses that he has, how much he rents them out for, of the 20 acres at Hillbury, St. George, properties in Worthings, I can tell him the whole lot and the names of the companies too. I can tell him the name of the building that he owned which had the first one-armed bandit in this country that belonged to him if he wants but I have no intention at this time of dealing with that. He can read about that on another occasion as well as the rest of the public.

The point about earnings per share and about the way Joint-Stock Companies organise themselves in Barbados is that because we have no capital gains tax it has proven convenient to restrain dividends and issue bonus shares from time to time. This is a well recognised fact. It is a very simple fact but it is well recognised by all those who deal with Joint-Stock Companies in Barbados. The earnings per share go up.

If he reads the document which he produced in the House he will observe that the Companies Budget for return earnings to the prospectors, I believe, when they set out the amount of retained earnings and these retained earnings are in due course capitalised. The Stock dividend system in the United States is what corresponds to our bonus share, I suppose, and that is just the way that Companies operates. It represents no special wickedness on the part of the Barbados Light and Power Company and no special virtue either. It is just the way that things are run.

Really, the hon. member's argument about the ownership structure and not advancing money to the Light and Power Company which they will then use for the benefit of foreign shareholders have been so comprehensively dealt with in my own speech that I really cannot add anything more.

The hon. member has been in the House long enough to achieve a little flexibility in argument. He should learn that when you come into the House you cannot assume that the argument you bring in, written out sometimes and notes, is not going to be anticipated. The hon. member has unfortunately been caught flat footed on this occasion because the things he was going to call were already announced by Government which related to foreign control and so on so I cannot even in answer say to the hon. member that I can assure him that the people of Barbados would soon control the company.

Dr. HAYNES: Despite the continuous mirage of attacks, Mr. Speaker, I rise on a point of elucidation. One of the points which I made and wish to elucidate is that it is my firm belief that because of the accounting principles applied in May of this year that a proportion of the money being paid by each Barbadian represents a fair charge for the rate and a further charge for expansion and its purchase of capital equipment and it is my view that that section should go towards further shareholding by each person who gets a bill, whether the hon. member likes it or not. That is my view.

Mr. SPEAKER: What are you elucidating.

Dr. HAYNES: The question of shareholding, not only new people buying shares.

Mr. SPEAKER: I cannot use the Chair to teach you how to elucidate. I invite you into my Chambers after this Sitting is over or some convenient time but I have tried time and time again to help. That is no point of elucidation.

4.25 p.m.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I hope it has not escaped hon. members' attention that the Government will also be getting bonus shares and the National Insurance Board will also be getting bonus shares which will represent the return on the capital which they have invested in due course.

The hon. member spoke about an excess of $½ million. There is in fact no such excess, but I wonder if the hon. member realises that the figure he is talking about, the excess of $½ million, would be enough if divided between all the users, the Waterworks Department, every householder, Barbados Shipping and Trading, would give everyone 1½ shares at par. This is what he is magnifying into an enormous scheme.

Now the Government intends not to be taking any 1½ shares; we intend to be taking 150,000 shares in return for the two guarantees.

Mr. SPEAKER: Please keep quiet, the hon. member for St. Michael South Central.

Rt. Hon. J. M. G. M. ADAMS: The hon. member raised the question of the Public Utilities Board and its procedures and its approach to rate hearings. The hon. member will be pleased to know that only on the 26th November we received a cable from the World Bank relating to a complete study of the operating procedures of the Public Utilities Board. We have been in negotiation with the World Bank for the financing of such a study and the Government intends to carry out a study which will deal with virtually all the problems that have been raised at rate hearings over the last few years, the extent to which the Public Utilities Board should employ outside

experts, the need for closer PUB monitoring of the Electric Company's operations outside the periods when it is requesting rate studies, the way in which the hearings should be conducted so as to get them finished more quickly, the information requirements of the Public Utilities Board and its capacity to get information from the company and so on. All of these will be studied in depth.

There will also be separately a tariff study to determine whether the points made by the hon. member require some shift in the burden of the tariff. I took the hon. member at one stage although I did not understand him completely to be suggesting that the household consumer should not be carrying the same burden as the industrial consumer for whom this new borrowing is primarily intended. If that was the point which the hon. member was making, it was as he said a good point, and it is a point which the Government had anticipated and to which a tariff study will be directed.

You know the work of the Light and Power Company – I will get back to the question of rates – we seem to understand it only in connection with what electricity costs. I doubt that any hon. member appreciates that during the period of this particular operation that the Light and Power Company over the four years is going to have to make something like 16,000 connections, not because there are 16,000 houses that do not have electricity, but because every year chattel houses expand and upgrade their electricity requirements. New houses are built as people have moved into new homes. There is a lot of work that will have to be done not only in connection with the industrial users but in connection even with the very household users, because although the households are virtually all electrified, the upgrading of the electricity in the form in which it is delivered to the household is a very important component of the work of the company, and this leads me on to street lights, Sir, which is my final point, made by a number of members on this side.

I join with those and with the hon. member for St. Lucy who complained of the lack of street lights. Street light expansion has not kept up to the same mark as expansion of connections to industry and to new households. We are in a much better position than many other countries in the Caribbean; we get electricity 24 hours a day and not five hours a day as happens with one of our neighbours to the south and so on. The very fact that we are in an expanding economy means there are many areas of Barbados where a street light will be of great assistance to the people to give them a sense of security and prevent them from falling down in the night, from things that go bump in the night and they break into your houses in the night and so on.

I am told, however, that the company now has either in the Island or arriving very soon 800 street lights which will be ready for installation within the next few months. The work should start in December. There has been a hold up because there has been some shortage of photo voltaic cells which I believe are used to switch on the lights automatically when it gets dark, but I very much hope that these 800 street lights will soon be installed all over the Island, and I would like the Managing Director of the Light and Power Company not to forget Bennetts Tenantry, St. Thomas, and the hon. member for St. James asks me not to forget Haynesville where the Housing Corporation has actually paid for the street lights and cannot get any lights in those beautiful houses with that marvellous outlook over the St. James coast which the hon. member has built for the people during his term in office. *(Asides)* I do not know if the hon. member for St. Michael South Central wants any more street lights. I would have thought personally that his boundaries encompass some of the best lit streets in the whole of Barbados I would have thought so. The electric light is all too well distributed; unfortunately there seems to be a certain fog over the eyes of a certain number of the electorate or at least in the past there has been such a fog when it came to entering the polling station. I really wish the hon. member could bring his entire constituency to hear him perform in here on these occasions.

Mr. Speaker, this Resolution is in fact a very urgent one; it has to go to Washington tonight for an agreement to be signed on Thursday, and I would like to thank hon. members of the House for expediting its passage.

The question that the Resolution do now pass was put and resolved in the affirmative without division.

THE ADJOURNMENT

Hon. H. B. St. JOHN: Mr. Speaker, that concludes Government Business for today.

I beg to move that this House do now adjourn until Tuesday, 9th December, 1980, at 12 o'clock noon.

Mr. SISNETT: I beg to second that.

The question was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.

4.35 p.m.