

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1976 – 81

HOUSE OF ASSEMBLY

Tuesday, 18th November, 1980.

Pursuant to the adjournment, the House of Assembly met on Tuesday, 18th November, 1980 at 12.20 p.m. o'clock.

PRESENT

His Honour W. C. B. HINDS, J.P., (Speaker); Hon. C. L. BOLDEN, LL.B., (Minister of Communications and Works); Mr. L. E. SANDIFORD, M.A., (Econ.); 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); Mr. M. C. C. WARD; 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. DeL. O. BRADSHAW; Mr. L. L. SISNETT, and His Honour E. E. ALLEYNE, LL.M., (Deputy Speaker).

Prayers were read.

Rt. Hon. J. M. G. M. ADAMS, Hon. L. R. TULL, Mr. D. A. C. SIMMONS and Dr. R. C. HAYNES entered the Chamber and took their seats.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, the 11th day of November, 1980.

Hon. H. B. St. JOHN: Mr. Speaker, these Minutes have been circulated, and subject to any observations as to errors by any hon. member, I beg to move that they be confirmed.

Mr. SPEAKER: If there are no observations by hon. members, let those Minutes stand confirmed.

PAPERS LAID

Hon. L. R. TULL: Mr. Speaker, on behalf of the Attorney General I am commanded to lay the Report of the Fire Service Department for the year 1979, and also the Annual Report of the Commissioner of Police for the years 1978 and 1979.

GOVERNMENT NOTICES

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to give notice of a Resolution to grant the sum of \$29 721 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. 17, which form the Schedule to this Resolution.

PRIVATE MEMBERS' NOTICES

Mr. SPEAKER: I have received from the hon. member for St. Michael South what purports to be a notice of motion. I have carefully examined the same and, as I have already explained to the hon. member, the notice of motion seeks to move the adjournment of the House under Standing Order 18 to discuss a matter which he considers to be definite, urgent and of public importance.

I find the matter to be one very definite. It is undoubtedly one of public importance, but I regret the urgency in my view does not exist, it does not arise. I therefore reject the motion. The hon. member is at liberty to file the motion with the Clerks at the Table and it can be debated in the ordinary course of events like any other ordinary motion.

12.30 p.m.

SUSPENSION OF STANDING ORDERS

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I beg to move the suspension of the Standing Orders Nos, 6, 16,

18, 20, 27 and 42(5) for the remainder of the day's sitting.

Mr. SPEAKER: I would like to advise the Hon. Leader of the House that in my view this is not the appropriate time for moving the Standing Orders. If the Hon. Leader of the House wishes to advance his application for some specific reason he could, I believe, in courtesy draw it to the attention of the Chair.

Hon. H. B. St. JOHN: I would do so. I was under the impression, Sir, that we had reached the stage just before Government Business. If that is not so I would ask to withdraw the Motion until such time.

NOTICES OF QUESTIONS

Mr. SPEAKER: The hon. member for St. Michael South, his Question respecting the Royal Barbados Police Force.

Mr. SANDIFORD: Mr. Speaker, I beg to give notice of the following Question:—

To ask the Appropriate Minister:—

Recalling the Government's promise that the rank of Corporal in the Royal Barbados Police Force would be abolished, will the Minister state how many officers still retain the rank of Corporal?

Is the Minister aware that there is dissatisfaction among those Corporals who have not been promoted to the rank of Sergeant?

Mr. SPEAKER: The same hon. member, his Question concerning the roads and gutters at Goodings Land, Deighton Road.

Mr. SANDIFORD: Mr. Speaker, is the Minister aware that the roads and gutters in the area known as Goodings Land.....

Mr. SPEAKER: I take it that you are addressing your Question to someone.

Mr. SANDIFORD: Yes, Mr. Speaker. To ask the Minister of Communications and Works:—

Is the Minister aware that the roads and gutters in the area known as Goodings Land, Deighton Road in the constituency of St. Michael South are in a state of disrepair?

If the answer to the above is in the affirmative, would the Minister indicate when he intends to have the necessary repairs and improvements carried out, and whether he would treat this matter as one of urgency?

ORDERS OF THE DAY

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

SUSPENSION OF STANDING ORDERS

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I beg to move the suspension of Standing Orders Nos. 6, 16, 18, 20, 27 and 42(5) for the remainder of the day's sitting, and I give the other side the assurance that it is without prejudice to Private Members' Business.

Mr. SISNETT: I beg to second that.

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

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business.

SUPPLEMENTARY ESTIMATES 1980–81 No. 16

Order No. 1 was called – To move the House into Committee of Supply to consider the grant of sums of money for the Service of the Island.

COMMITTEE OF SUPPLY

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 the grant of sums of money for the Service of the Island.

Hon. L. B. BRATHWAITE: I beg to second that.

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

HEAD 36 – CIVIL AVIATION AND TOURISM DIVISION

Subhead 7 – (New) Subscriptions and Contributions.

Item 1(b) was called – To move the passing of a Resolution to approve the amendment of the notes in the Estimates 1980–81 relating to Head 36 – Civil Aviation and Tourism Division, and to Head 37 – Ministry of Communications and Works; and to grant the sum of \$1,290,007 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. 16, which form the Schedule to the Resolution.

Hon. H. B. St. JOHN: Mr. Speaker, Sir, the object of this Resolution is to enable the Government of Barbados to honour its commitments to the Leeward Islands Air Transport LIAT (1974) Limited in respect of the agreed subvention formula.

12.40 p.m.

As Honourable Members will recall, in 1975, consequent upon the collapse of Courtline, who were the major shareholders of LIAT, the Governments of the Caribbean, who were Members of CARICOM, with the exception of Belize entered into an Agreement with the Caribbean Development Bank, whereby in consideration of a loan to LIAT, by the Caribbean Development Bank, all Governments contributed to the Share Capital of LIAT and placed certain sums, by way of equity investment. However, as part and parcel of the same Agreement, only those Governments to which LIAT provided a service agreed to provide a guarantee of the operational losses of LIAT. It was agreed, in accordance with the Subvention Formula, it was agreed with the Governments, that a Subvention Formula would be negotiated, among the Governments.

Discussions started with respect to the Subvention Formula, based on principles of use, the principles of ability to pay and the principles of direct, or indirect returns, from the operations of LIAT and it was only last year, that that Subvention Formula and the agreed percentages were finally settled. Now that the Subvention Formula has been settled, the Board of Directors of LIAT have requested all Governments to pay in the amount of their Subvention Formula, towards the finances of the Company. The proportion of the Formula that is Barbados' share is 20%. The amount of money that is needed is set out in the Resolution and it is \$1,285,882 and that relates from the period 1975, right up to the end of October, 1979. Cabinet, in determining the methodology of payment of this Subvention Formula and temporarily while discussions were going along, among the relevant Governments, to arrive at an agreed Formula, had not been collecting landing fees, from LIAT, bearing in mind, that the equivalent of the landing fees, in any event would have to have been handed back, by way of the Subvention Formula. If, therefore, Sir, we deduct the amount of the landing fees earned, as a result of LIAT's operation, over the period up to 31st August, one would see the net contribution of Barbados' 20%. However, because of the financial administration, it is necessary for the total sum to be appropriated by Parliament. That amount of landing fees is \$800,306.24. So that, in fact, on a strict financial basis, the amount that we will be paying over will be four hundred odd thousand dollars.

I think that it is appropriate, at this stage, that we state positively clearly, the attitude of the Government of Barbados towards LIAT. This Government has repeatedly stated, that it is its intention to honour all of its commit-

ments in relation to LIAT, which were entered into, as long ago, as 1975. In addition, we insist that all Member Governments, who have entered into commitments, in respect of LIAT, also observe that. Honourable Members will recall, that in addition to the financial support, by way of capital subscriptions and an Agreement to a Subvention Formula, all Governments undertook to ensure, that a level of protection for the operation of LIAT would be given, by way of a restriction of licencing competitive airlines over the same routes that LIAT fly. I think, that it is important to note, that although the Government of Jamaica and the Government of Guyana are shareholders, since LIAT does not fly there, that they do not participate in the Subvention Formula. The rest of the territories to which LIAT flies have to share the cost of the Subvention.

The airline has been operating under very trying conditions, but I think, that it is recognised, that it performs an essential service, in the area and that there have been considerable improvements in the quality of the service because of the stringent financial conditions under which LIAT operates and I will mention them. LIAT being a multi Government owned airline has to deal with a number of rate fixing authorities and although the Board of Directors of the airline who are represented by all Governments agree on a particular formula, for fixing air fares, that Formula and the consequential tariffs still have to receive the consent of each and every Government to which the airline flies. It is a very cumbersome procedure and I think that it is generally conceded now, that the dilatoriness of the receipt of permissions has had great economic consequences on LIAT.

12.50 p.m.

The member Governments, in their capacity as shareholders, in their annual meetings have been searching for a mechanism which would speed up the investigation necessary for the approval and the approval procedure. I think this must be one of the few airlines in the world who are performing a commuter service among so many territories and has to go through so many different Governments and so many different regulatory authorities in order to get concurrence for fare increases. Of course, no question can arise of accepting the majority or of withdrawing services from any countries who are unduly dilatory.

The Government also has repeatedly stated its position that Barbados is not a candidate for the headquarters of LIAT. LIAT was set up in 1975, the Articles of Association and the Memorandum of Association set out specifically where LIAT's headquarters are. That can only be changed in the normal company law procedure, and as far as the Government of Barbados is aware, no attempt has been made even to contemplate the change of the headquarters of LIAT. I think it is necessary that we repeat this statement, despite the fact that at Directors level, at shareholders level, at CARICOM meetings level this statement

has been made, there is still the feeling in some quarters that it is the Government of Barbados' intention to seek the headquarters of LIAT. I repeat, the Government of Barbados has not sought, will not seek at any time the headquarters of LIAT. I hope that we do not hear or read in the future of any statements made by whomever they are made contrary to the stated position of the Government of Barbados which has repeatedly made this statement.

Now, Sir, I think it is also important to recognise that in the operations of LIAT the Directors are faced with a number of other difficulties, the most important one is the fact that they have equipment which needs a considerable amount of expenditure for refurbishing, if not renewal. The Directors have already taken steps in this direction. As part of the regional projects under Lome I, all of the Trade Ministers at CARICOM agreed that transportation was an important component of the CARICOM regime and that certain of the sums which were allocated to regional programmes were devoted to LIAT and WISCO. However, hon. members will know that in accordance with the procedures of the EDF, the European Development Fund, before money can be disbursed a feasibility study and a programming of alternatives and a financing proposal has to be put. The European Economic Community has to approve of the consultants, their terms of reference, receive their interim report, study it, and then a financing proposal is made.

Now, this obviously takes time. I am pleased to say though that the consultants have been appointed, a Dutch firm of consultants has been awarded the tender, my understanding is that they have produced an interim report where in accordance with the terms of reference they reviewed the existing equipment, they forecasted the needs for the future, and in their final report recommendations will be made. We hope that part of the finance that will be necessary for re-equipping LIAT will come from that source. In the meantime, LIAT has been able to get, first by way of a hire purchase agreement with export credits from the United Kingdom a new plane from British Aerospace Corporation, a new Avro. The interest rate on that was a fully commercial rate, and I am pleased to say that the CDB has agreed to refinance that loan on more favourable terms, subject of course to the Governments agreeing to guarantee specific portions of the loan repayment, so that LIAT has at least one new plane. My understanding is that discussions are going along with the Corporation in Trinidad who has a surplus of new Avros for a lease agreement in relation to another Avro. A third Avro has been refurbished and a fourth one is now being refurbished. So that it is fair to say that the Directors are diligently pursuing a programme of upgrading and re-equipping LIAT.

I think it is also of interest to note that a number of Governments in the area who have received by way of Independence gifts or otherwise small aircraft are entering into

agreements with LIAT for the management and piloting of those aircraft over LIAT's routes, with priority of course being given to the particular country of the ownership of the aircraft. I think it is a good device whereby the benefits of a minimum service are provided to supplement LIAT's services and at the same time the equipment gets the maximum utilisation.

I understand that negotiations are also going along with the Government of St. Vincent in this respect, and I know that there is an agreement with the Government of Montserrat, so that hon. members will see the efforts that are made to equip LIAT to provide the service. Of course, LIAT being a commuter airline now has to face a problem which all commuter airlines face, and it is that with the development of wide-bodied aircraft coming to very large airports with large numbers of people, that there has to be transferal equipment. My understanding is that a satisfactory commuter plane has not yet been developed which has the capacity and the flexibility to carry numbers above 50. The Avro is a 48 seater. The Canadians have now developed a similar plane which also carries 48, but when one thinks of the position today where you have large jet airports whether they be San Juan, Antigua, Barbados or Port-of-Spain, and they are receiving jumbo jets bringing in 454 passengers, some of those passengers have to be transferred to particular islands, and the average percentage of transfers needed is likely to be well above 48 per island, so that what you really need now for the commuter market is a plane which will carry somewhere in the vicinity of 60 to 70.

1.00 p.m.

Regrettably, there are other constraints with the Commuter Airline Industry, not only in the Caribbean area but all over the World. People who are familiar with the Prenair operation between San Juan and the American Virgin Islands and the North Eastern Caribbean, will understand this position and it is that the small Jets which are capable of carrying 100 to 112 passengers cannot always use the runways that these small Islands have so it is a real difficult thing.

You really need Turbo Prop planes with short take offs and landing but that has not yet been developed by the Airplane Manufacturers. There are a lot of studies and new designs taking place but not before 1985. This is one of the factors that Consultants in their studies have paid special attention to because we do not wish to re-equip the Airline with an outmoded Aircraft. It is a very difficult area in which to operate and perhaps that is the reason why so much attention is being paid to the development of a leasing arrangement with those countries who have surplus equipment.

I also would like to say that in respect of the operation in Barbados, the Directors of LIAT took a decision that in view of the fact that the majority of

traffic which LIAT carries, and they carry somewhere in the vicinity of 425,000 passengers a year, is that the hub, there were two hubs, one in Antigua and one in Barbados to service the Eastern Caribbean and the North Eastern Caribbean, that some equipment would be placed here rather than to bring crews down to the Eastern Caribbean, pay for over-nighting costs and hotels for the crews and things of that kind. Suspicion has arisen by reason of this commercial move but I am very pleased to have been present at many Shareholders Meetings. We have seen the study, the economic justification, and the evidence is cast-iron that a saving will result chiefly in the form of greater utilisation of such over-nighting costs.

Now in view of the fact that our Government has an interest and indeed is mandated by virtue of the Debenture Agreement with the Caribbean Development Bank for the Directors to run the Airline on as a commercial a basis as consistent with a minimal level of service, I cannot see how given those facts it can be cause of concern for anyone. I believe that now the explanations have been given, now that the facts have been laid bare, and that everyone has expressed their views with a certain degree of satisfaction, that the decision did not have an ulterior motive is now very evident.

I wish to repeat, Sir, that in our Immigration policy the Government of Barbados has been most liberal in its attitude in order to facilitate the operation of LIAT. In our customs and other procedures every attempt is made to insure that the maximum of facilitation is given to the Directors and Managers of LIAT to ensure that they carry out their business in as efficient a manner as possible.

This is a Caribbean Government enterprise. It is an essential service and no Government, in my opinion, should interfere or prevent its operation along the most desirable lines. The record of the Barbados Labour Party since the operation of LIAT both this Government and since this Government is one that can stand by examination by anyone and I want to state, as the Director from Barbados has repeatedly stated, that the maximum co-operation will be given.

There are one or two other problems that we have in relation to taxation, particularly now that some countries have abolished personal Income Tax in the Eastern Caribbean. There was, as hon. members would recall in 1974, a Double Taxation Agreement negotiated between the MDC's and LDC's in relation to the avoidance and relief from double taxation. As a result of the abolition by some of the MDC's Double Taxation Agreements and as a result of the allocation of tax competence in that Agreement, a situation has developed which is being dealt with at an Inter-Governmental level so I do not wish to prejudge those negotiations.

I just want to state that a problem has arisen that some crews in the same cockpit who may be living in different countries may find that in one country they pay no tax but in the other countries they have to pay tax. It is a problem that has arisen because of the fact that under the Double Taxation Agreement it was always contemplated that there was some tax to set off. It is a little difficult to understand that we can have a Double Taxation Agreement between a country where there is no tax because the object of the Double Taxation Agreement is to prevent double taxation and you get a credit. This problem has arisen and the Government of Barbados is a signatory to the Double Taxation Agreement between the MDC's and LDC's and we have pointed out and we will continue to carry out our negotiations about the anomalies which have resulted in this particular area.

It is theoretically possible since people are resident here for the Government of Barbados to exercise domestic powers in relation to all residents in Barbados. That is our legal position but we hope that there will be a solution in this matter because it is causing some concern among the staff, because as I said, sometimes you will find that two people in the same cockpit or in the same plane because they happen to have been borned or belong to a particular country are not eligible to pay tax but others have to pay tax. This is one of the problems that we have to look into.

I may also conclude by saying that it is recognised by all of the Governments that the structure of LIAT should be institutionalised in the same manner as WISCO in an Inter-Governmental Treaty embodied in Domestic Legislation as opposed to its present structure which is a Company Structure Incorporated in the Companies Act and therefore not as flexible as an Inter-Governmental Company.

1.10 p.m.

Now, the legal officers of the various territories are studying the draft agreement and I believe, that at the latest Ministers' Transportation Meeting, that consideration was given to the various points of view, which have arisen. So, Sir, in commending this Resolution, to the Honourable House, I would like to restate Sir, that the Board of Directors and the shareholders of LIAT can be assured, that the Government of Barbados will continue, as its predecessor has done to ensure the smooth operation of LIAT and the availability of its finance because we understand and recognise, that it is an essential service to provide for movement of people, movement of tourists, between these territories and economics of the airline industry is such, that whatever one may say, or think, a better service cannot be provided, by any other organisation.

I beg to move, Sir, that this Resolution do now pass.

Mr. WARD: Mr. Chairman, I would like to second the motion.

Mr. Chairman, I think that we would all appreciate the very lengthy and clarifying statement, that was just made, by the Honourable Minister in regard to the service to the Caribbean, as a whole, from LIAT. But, at the same time, while Barbados is doing a great service to the Windward and Leeward Islands, in the way of being the hub, as the Honourable Minister said for LIAT, there is the other side of the coin, where LIAT does create a certain amount of problems for the tourist industry in Barbados. The problems simply are that numbers of Islands in the Caribbean are depending on Barbados, as the main airport, where international flights will come into and then people will fly out, after staying the night in Barbados, to these various destinations in the Caribbean and of course, the statistics, in Barbados will show you, that we had a great number of visitors but statistics can be misleading because for instance, if we may take one area, the Grenadines. There are two charter companies down there with yachts. They advertise that you can get a flight into Barbados, fly out the next day by LIAT; after you had spent two weeks in the Grenadines, spending your money, you fly back into Barbados for one night and then you go back to where you came from.

Now, the statistics may say, that that is two sets of people who came to Barbados, whereas, it is just one coming through and going back through and it looks pretty, it looks attractive in statistics. But, actually, the money has not been spent here. What really happens Mr. Chairman, is that a flight can come into Barbados full, American Airlines, or Eastern, or British Airways or any of the others and you may say, "is it not fantastic, we have got four jumbos, or we have got so and so, on the map and the terminal building is full," but what percentage of these people will not be staying in Barbados? What percentage of these people have taken seats, that people who would like to come and stay here, but could not get a seat on the plane and for the coming tourist season, there is concern in the industry, about the number of seats serving Barbados. I use the expression seats because it is used in the industry, in relation to Barbados and beds, you have so many beds in a country, you have so many seats serving a plane.

For instance, there are people in Canada who would like to come here for Christmas, but cannot come. There are simply no seats to bring them here for the Christmas season out of Canada. Another factor that must be taken into consideration is not only those who come in here, to go to other destinations, to spend a holiday, who take up seats, who prohibit people, who want to come and spend their money here, but there is another factor regarding seats and this is nothing to do

with LIAT, but it is to do with Barbados, that a number of Barbadians are coming home to spend their holidays, their economic condition has improved, their financial position is better, in New York, in Canada, in England and whereas, you may see all these visitors coming to Barbados, you will find that the statistics will show, that we have let us say, in a month, a 10% increase of visitors to Barbados, but by the hotel industry we see, that they have an eight percent reduction in occupancy and the thing is, that there are people who come here on holiday, who are Barbadians and staying with their relatives and also people who are intransit.

So that, Mr. Chairman, while our national airport is serving us well and we may say, that we have a lot of planes flying in and a lot of seats serving Barbados, we do have a problem, in that quite a percentage of the people landing on any aircraft may not stay in Barbados, or else may not stay in the tourist industry and therefore, we may have a lot of rooms unoccupied. It is not easy for any Honourable Minister of Civil Aviation to know precisely how many seats he wants for what because he does not know how many are going to fly on to the Islands, he does not know how many are going to stay with their relatives in Barbados. It is not easy, but at the same time, with the increasing number of seats, we are going to have, for the coming winter, there is concern in the industry, that we might not have enough seats serving Barbados. Now, as you know, there are also charters and these come in full because the Tour Operators who operate these charters make sure, that they are selling the entire plane for the hotels, which they represent.

We have people, I know, who would like to come down here for the winter and are finding some difficulty in getting seats. It is a problem, as I said, which comes first, the egg, or the chicken? Do you get rooms, or do you get seats first and there has to be an equalisation of seats and rooms, or seats and beds. It is not easy because we never know, how many want to go to St. Lucia, Antigua, St. Vincent, the Grenadines and what have you. So, it does create a problem to the Ministry and of course, to compound the problem, airlines do not want to fly too many planes down, which do not operate, on a financial benefit to their company. They would like to fly full all the time. I do not think, that any airline is that concerned with Barbados to take a loss on a flight, so as to satisfy Barbados. I think, that they are concerned to make money for their company and I draw this out, Mr. Chairman because I am sure, that the Honourable Minister could throw further light on this slight problem, that could be serious for Barbados, that too many people come in on the big flights and go out to the small islands, spend their money out there, then come back through Barbados. So, we have lovely statistics and visitors through Grantley Adams Airport, but they do not spend their money in Barbados.

Dr. R. C. HAYNES: Mr. Chairman, the Honourable Member for Christ Church North Central has made, I think a very valid point, by highlighting the important linkages between aviation policy and tourism development and also the need for more discriminatory analysis of the statistics which one is usually presented with, as an index of the development in the tourist sector. He has also touched, Mr. Chairman, on a very vital area, the question of the matching of seats on aircraft with availability of beds, which bears a very important relationship to questions of elimination of seasonality and otherwise, in the tourist industry. However, these are matters which I think would be dealt with, at some point, when the Government's aviation policy comes under more severe scrutiny, a scrutiny which it deserves and will get in this Honourable House, at sometime in the future.

1.20 p.m.

As far as LIAT is concerned, I believe that both sides of this House have always recognised that this is a vital service in the development of the region economically, socially and otherwise. Therefore it has to be regarded not only as a service but in fact as part of the capital investment which you make as far as the development process of the region is concerned.

I may have missed these two aspects of it, but I did not hear any mention made by the Hon. Minister of current levels of profitability of the airline or projections in this area, and I think that it would be of interest to members of this House to have some idea as to what is projected to take place in the economic activity of LIAT.

One area which he dwelt on at some length, but did not leave me with a firm feeling that there was a sufficient movement taking place to do something about it is in the area of management. As far as I am aware, that airline has been able to recruit top level managers, but their task is considerably frustrated because of the complex structure of management of the airline, particularly as relating to changes in fare structures.

LIAT is a small airline, it uses small aircraft, it is operating in a decade where the cost of fuel has been changing constantly and rapidly and it is extremely important that if the airline is to remain viable, and if it is to be able to make a profit or minimise its losses, then some kind of structure has to be established whereby those responsible for running the airline would be able to take some decisions in that particular area within limits prescribed by the various Governments, because by the time the Governments get around to taking a decision in relation to a fare increase, the result might well be that millions of dollars have been lost in that process.

The point is accepted, but I am interested in knowing whether or not there is a sufficient appreciation of this problem not only in Barbados but among all the other territories, and whether or not there is a strong enough movement to back the principle that those responsible for the management of the airline should be able to run the airline within general guidelines as laid down by the Governments of the region. Unless we recognise that with the best will in the world, no matter how much money you pump into this or any other project, the effectiveness of the airline, its development, its contribution to the region would be fundamentally compromised if the management structure is not such as to facilitate and to assist in the objectives which one has set out, and I certainly would welcome the day when a situation arises where this unnecessary lag between a clear indication for a fare increase, and when it comes about, that that lag could be considerably diminished.

I also believe, Mr. Chairman, that one of the big problems with the airline is the question of equipment. I have heard suggestions that if the airline had more aeroplanes that it would probably function more effectively. Now, I do not know whether this is so or not. One appreciates that there are problems in getting the type of equipment which is best suited to this particular region, and I believe that there have been experiments in the past with one particular aircraft, the BAC 111, which apparently was not very suitable for the particular regional work, but if there is a case, if the suggestion that the airline requires more equipment and more modern equipment, if that is so, I will be very interested in knowing whether there are plans afoot in order to provide new or refurbish equipment and what kind of costings that would be in relation to once again sums available for further capitalisation of the airline, and what the projected profitability would be, or what it is at the moment. I have no idea, but I think we ought to have at least some brief insight into the whole question of the economics of the airline.

Mr. BRADSHAW: Mr. Chairman, it must be borne in mind that LIAT (1974) Limited was established when there was a very serious financial problem, and that problem has remained with the company up to this day. It must be said and it must be recognised that LIAT has not made any profit since 1975, and in response to the hon. member who just sat down, I am sure he would like to hear that the Board of Directors having recognised that due to the increase in fuel costs which between 1978 and 1979, surely up to the accounting years ended in October 1979, there was a 60% fuel hike and that has made its toll on the economic viability of LIAT. In addition to that, there have been vast sums of money spent not only on refurbishing but maintenance generally on the LIAT aircraft. 18% was the recorded figure over 1978, and you will see, Sir, that that reflects a very bad picture for any

commercial undertaking. So that these two very salient factors, one, the increase in fuel charge, and the airline being a small commercial venture, it must have some great impact on the profit margin, let us say, the economic viability of the company.

Now, the spare parts. The hon. member has made this point, and what must be said in respect of this is that some of the aircraft operated by LIAT are over 15 years, and LIAT has a record which can be compared with any record in the world. I would think it might be one of the worst records, it touches down more often than most other aircraft, and that in itself helps to have some impact on the aircraft of itself.

Now, Sir, we must look at the operation and the load factor. If the fuel charge is up and the maintenance is up.

1.30 p.m.

The subvention alone would not be the answer to the problem because one of the determining factors of the success of the Airline Industry is the load factor and no Airline can succeed or break even with a load factor of 60% and LIAT has been operating surely during the past Financial Year with a load factor of between 60% to 62%. That is the situation. In order for an Aircraft or an Airline to break even, it must have a load factor, a capacity, Mr. Chairman, the amount of people that you put on the Airlines, it must be in the vicinity of 80% so you will see that if LIAT is operating at a load factor of 60% that there is something wrong and that is why the Government was called by the Board of Directors, they called on the Shareholders and Barbados is one of those Shareholders to increase the subvention. In other words, what we are seeking to do is to try to make good because they want an Agreement entered into with the Governments, the Shareholders, that whenever there is a deficit that the Governments would meet it by a subvention. That is the situation.

LIAT has been experiencing some very rough times because it has to be subsidised and with the flagrant increases in fuel, the Airline had decided, the Board of Directors have decided and recommended to the Shareholders and these decisions were actually endorsed and one of the recommendations was that LIAT be allowed to increase the air fares and rates up to 10% because as the hon. member said, and it must be borne in mind, that if there is a time lag as it stands, Government has to or when LIAT wants an increase in fares it has to make recommendations to the Shareholders of the respective Governments and some Governments do not treat the matter with any degree of urgency and as a result there is a time lag and that time lag means that the Airline will lose considerable money and that was brought before the Board and the Shareholders and their recommendations called on the Governments to speed up the granting or

agreeing to the increase in fares and rates which was accepted.

Now there is also what one can term as the Sovereignty of the countries because all countries are not in a position to pay their subventions. Some of the countries, it must be said, have been defaulters in this respect. They have not been able to pay their subventions to date and that is why LIAT has been meeting with such financial problems. The Management question was looked at and it was thought that by re-organising or looking at the Management structure — studies were conducted, about three studies were conducted to look into the operation of the Management of LIAT but what has happened, having studies all the time is not solving the problems and making recommendations on top of recommendations and this has occupied the attention of the Shareholders at these various Meetings.

What I must say is that we must bear in mind that unless and until the Member Governments decide to pay their subventions on time, unless there is an increase in the load factor, unless it is borne in mind that LIAT needs new Airlines rather than continuing to refurbish them, LIAT will continue to run into more serious financial problems.

Now for the projections, because I would like to answer the hon. member for St. Michael South Central. Now it was projected — last year there was some loss of just over half a million dollars. For the first part of this year, the first six months, it was projected to lose somewhere in the region of \$3 million. I am talking about E.C. dollars, not Barbados dollars or U.S. dollars. It is projected that LIAT will lose \$7 million over the year so you must bear in mind that the Aircraft, as I said before, was born in financial difficulties and it continues and it must be recognised that the Governments have to continue to subsidise LIAT because LIAT is faced with serious problems.

Another factor that must be borne in mind is that in order to get funds from some of the Lending Agencies there are conditions. The European Economic Community has granted some \$10.5 million for VIASA and LIAT for transportation purposes. Now, \$10 million cannot even buy one Aircraft. It can hardly buy a boat so the \$10 million that has been given to VIASA and LIAT is inadequate.

There have been discussions even at CARICOM that rather than piecemeal because you cannot buy half of an aircraft and there is not even enough to buy a proper ship for Inter-Island shipping and therefore we have got to look seriously at the availability of funds and whether the funds that are available are in fact adequate to service the region.

We must bear in mind the fact that there are some of the LDC's that are faced with economic problems and they cannot honour their obligations to LIAT or most of the other Organisations that Barbados and the Caribbean contribute to. Now, that must be borne in mind and must be told. People buse Barbados. They talk about Barbados wanting to move the Headquarters. It must be made clear to them that some of those countries do not even pay their subventions but, as the Minister has said, Barbados has no intention, I will repeat it, has no intention of having the Headquarters moved from Antigua to Barbados and what must also be said is that Management did explain that one of the reasons for shifting some of the aircraft or taking certain decisions was that some of the routes were proving to be uneconomical in the sense that the load factor was very very low and it did not make sense to have three aircrafts flying into one country four times a day or five times with six people and not receiving a proper economic return and that is why Management has decided to cut down on the amount of planes flying into some of those territories and that in itself has brought a lot of discontentment so we must understand what we are dealing with.

It must also be said that Barbados is now paying the highest subvention, 20% this year so how can someone honestly say that we do not wish to see LIAT operating properly. We believe in the CARICOM spirit and that is why we are playing the role that we are playing with LIAT and some of the other CARICOM Organisations to see that they are functioning well so I hope that the hon. member understands that and I hope that he will bear in mind that these factors are the factors which I have outlined to determine the success of the Aircraft.
1.40 p.m.

I hope that with that, he is now pretty au fait with how LIAT operates and the future of LIAT, as a whole.

Mr. CHAIRMAN: At times, I thought that I was listening to the Honourable Minister of Civil Aviation.

Dr. HAYNES rose.

Mr. CHAIRMAN: Is this something new?

Dr. HAYNES: No, Mr. Chairman. You can speak more than once. You can speak as often as you like, with your kind permission. The Honourable House is in Committee, at the moment, I would be very brief.

Mr. CHAIRMAN: Just one minute, you have already spoken.....

Dr. HAYNES: Yes.

Mr. CHAIRMAN:.....and you will be able to speak again, but I must ask, if there is any other Honourable Member who wishes to make a contribution. Does any other Honourable Member wish to make a contribution?

Dr. HAYNES: Thank you, Mr. Chairman. I can assure the Honourable Member, who has just taken his seat, that as a former Director of an airline, that did not fly and someone who has been on the periphery of aviation industry for many a year, that I am generally aware of the economic problems which airlines face, whether they be small airlines, or large airlines.

I must say, that he was very frank in dealing with the question of the fault which, for the first time, we are hearing is a major problem. I would be interested in hearing whether the projected loss of 7.10 million dollars is purely an operational loss, that is for the current year, I assume, is purely an operational loss, or whether one anticipates, that there will be other significant capital expenditures involved in respect of the airline. I was also very interested to hear, that the equipment of the airline is extremely old and that what is required would be a new generation of aircraft for the airline which seems to me, to be projecting a pretty massive capital investment, over the next decade, or so and I would be interested to hear, whether the Honourable Minister, who is responsible for this area can give us some idea of the capital projections. How much money would be expected to be committed to LIAT, or by LIAT, over the next five to ten years, or so.

Also, finally, whereas, I can take the point of the relevance of lower factor to profitability and losses, I wonder whether that was related to bad scheduling, or whether it was due to insufficient traffic, in relation to the number of aircraft available?

Mr. CHAIRMAN: Does any other Honourable Member wish to make a contribution? (PAUSE) I will ask the Honourable Minister to wind up this debate.

Hon. H. B. St. JOHN: Mr. Chairman, the Honourable Member for St. Michael South Central has asked some very interesting questions and I am in a position to reply to some of them now.

The Hon. Member for Christ Church North Central made some points also about Barbados' position, as a transshipment centre for people, through the Grantley Adams International Airport. I think, that strenuous efforts have been made in the past to ensure as smooth a transition as possible and more would be made in the future.

One of the things which we are working on now, which we hope would speed up the flow of information as to the precise requirements and the needs of particular

people is a question of hooking in, every hotel bed in Barbados, to a computer system.

Honourable Members, I am sure are aware of the fact, that the large airlines in the world do have a common computer reservation system. As a matter of fact, although each of them may have different hardware, there is an inter connection of some of the software, whereby we can have intra airline hooking. Now, the Hotel Association in Barbados has been associating with a number of these airlines to get a competitive cost study for hooking in.

Now, LIAT itself is going towards a computerised system. They are actually negotiating with the same people that the Hotel Association is negotiating with, so the aim and object would be to ensure, that whenever there is a demand for a route, there should be ready availability of information, as to what rooms are available. I hope that Honourable Members would not labour, under the impression, that the fact that you put in a computer necessarily means that the system would be 100% perfect because all computers have to be programmed and there must be a factor programme into the computer for low shows, having regard to the traditional pattern of behaviour of people who book and my understanding of the position is that this factor is one which is a very elusive one but nevertheless, for flow of information, a computerised system will provide some of the characteristics of the need, namely, a making of availability of accommodation to demand.

I am not going to deal with the question of airline seats today because I welcome on any occasion, the opportunity to discuss the Government's Tourism and Aviation policy with the Honourable Member, or with anyone. I think, that it has been singularly successful, over the course of the last four years and I think that the Honourable Member would be delighted to know that in conjunction with the International Research Centre of Canada, the Caribbean Tourism Research Centre, a number of contracts have been placed with competent contractors to provide economic impact studies of tourism in a number of Caribbean countries.

Barbados' Study, I have the benefit of getting the preliminary results only yesterday and not only will we have a study of Barbados, we will have a bench mark, with which to compare it, namely, Puerto Rico has done a study, Jamaica has done a study, Antigua has done a study, all on the methodology agreed to by, not Barbados Statistical Service, but IRDC, the Caribbean Development Bank and other world tourism associations. So, when those results come out, I hope that the integrity of the people who carry out the study will not be questioned, or the methodology questioned because it is a study which has been carried out, after a very important Con-

ference and it is very interesting to see the preliminary result of the Barbados Study.

Now, Sir, we have also taken steps in the South of Barbados to ensure, that passengers who need overnight accommodation do have accommodation economically. One of the greatest things about the tourist industry in Barbados is the ability of proprietors of small establishments to provide a flexible service whenever demand arises. I can put my hand on at least five establishments who prosper out of overnight trade, but I also would like to point out, that our study of building an airport hotel revealed, that there was not sufficient business to make economically viable proposition of an airport hotel by itself. We must also remember, that we are living in a rapidly changing time, that with the development of airports in the Eastern Caribbean with landing lights and that is the greatest constraint to a smooth transfer, through Grantley Adams Airport, the lack of ability of some territories to accommodate airplanes after sundown.

1.50 p.m.

One can see the impact of night landing on the situation with St. Vincent. St. Vincent now has landing lights, so if a plane is coming from north, Europe or from North America, and it is late, LIAT is in a position now in respect of St. Vincent to be able to reschedule its planes to carry the passengers without overnighing in Barbados. I look forward to the day when all the airports in the eastern Caribbean will have night landing facilities. I look forward to that day, because it means that any question of Barbados trying to take away other people's passengers will never arise, because although we have pointed out the steps we have taken to facilitate the transfer, there are some people who still believe that we try to take away their passengers, and there is nothing this Government, like the last one, or any future Government will be able to do to convince people who are paranoid. If they have a belief that something is happening, unless a psychiatrist can take them through some exercises to remove the fundamental basis of the belief, then argument, facts, demonstration cannot change their minds, and that is the difficulty that we have to deal with sometimes.

Now, Sir, on the question of the very important — because I adverted to it — the very important point of the regulatory lag and the matter of dealing with fares, we have been pressing for a solution to this problem. We have mandated the CARICOM Secretariat, because there is a Caribbean Air Fares Committee which was set up long ago, but even that functions in a dilatory manner, because its composition is a representative from various territories, and sometimes you cannot get meetings, but we have done a study of how other multi-Government owned airlines deal with this problem, and it is inescapable. Either you delegate within a zone of percentages

the right to fix fares for the airline, or you decide in your kind that you are going to have a permanent rate fixing authority which will have the power to regulate the rates irrespective of the sovereignty of the Government. There are only two solutions to it.

In America the CAB has statutory power to fix the rates for airlines irrespective of where they fly. Either you have an Eastern Caribbean CAB with that power, or you go further, which the CAB itself has done, that is to say, that you analyse the cost factors of the airline, you know the weighty factors of fuel and other operating costs, and it is basically fuel which is the one that is giving the trouble, the uncertainty of the market, and you say that whenever the fuel moves you have a fuel surcharge based on its rated percentage and it is automatically added on to the fare. Something like what the utility companies have had to do. You do an analysis of the cost of fuel. Whatever proportion the cost of the fuel is, whatever proportion that fuel goes up in the world market or in the contract price, they are automatically entitled to do that.

Now, that proposal has been put forward. Barbados has been in the vanguard of supporting a solution to this problem, because we recognise that if we have to depend upon concurrence and unanimity among all the members, that some do not move as fast as others. A suggestion has been made to give the airline authority that in respect of those countries who refuse to agree to fare increases when they are justified and the others have agreed, to withdraw services from there. Hon. members can only judge, can only think of the reaction to that suggestion, but we are grappling, we are working towards a solution to this. We favour a combination of both. We have put forward the idea of a CARICOM fare because an analysis of the Eastern Caribbean also shows that a number of people come to these territories for what they call multi-destination holidays, and we feel that just as in Europe you can buy a Euro Rail pass and you have so many stops in various countries, that we have to adapt our fare mechanisms to take into account the fact that airline travel is the predominant mode of travel in the territories of the eastern Caribbean. Greece has the same thing, and we are working on that kind of mechanism.

I think it is true to say that the management of LIAT has improved considerably over the course of the last four years, and I can give the hon. member here some idea of the audited losses of LIAT, as I have them on my file here. Last year was the best year ever, but regrettably the improvement that they had last year, 1978-79, will be eroded by the violent fluctuations in fuel increases that we have had since October 1978 going into 1979. In 1975-76 they lost approximately \$1.3 million Barbados; 1976-77 \$1.25, 1977-78 \$1.0, 1978-79 \$1.3. The financial year ends in September and we would not have those, but it is already indicated that this year for LIAT,

like all other airlines, if you pick up the Air Transport World you will find that world airlines are expected to lose some nearly \$100 million this year, because of the question of escalating fuel prices and the regulatory lag, and the need to keep fares competitive. So that this is an exercise that bedevils not only us but other countries in the world, but we have to find a solution to this delegation of sovereignty in relation to this fare fixing or delegating to management within a zone to deal with the fuel charge, and Barbados is pushing, we are in favour of either solution, but there must be one or the other immediately, and Barbados does have some weight. After all, as the hon. member for St. Michael South East has said, we are the largest contributor to the subvention at the present moment, so therefore our views ought to have some weight, especially when the views are backed by the experience and the solutions provided by people who try to do a similar activity.

In respect of the capital cost of the equipment, I explained earlier that LIAT has five Avros. They have a new Avro from British Aerospace which was bought on hire purchase, they had to pay 11% but now they have a soft loan at a lower interest rate. They had refurbished one before, they are refurbishing another now. They are negotiating for the lease of a brand new Avro which TTAS has bought and which was surplus to their requirements, so that they would have access to another new Avro. They are also going to sell the other Avro. They have access to two Trilanders, one bought by the Government of Montserrat, given to the Government of Montserrat which they leased, and one given to the Government of St. Vincent which they leased. At this juncture a decision has to be taken as to what type of equipment LIAT will need in the future.

2.00 p.m.

Under the European Development Fund CARICOM Regional Project some 23 million units of account, that is about \$23 million U.S. or a little bit more was voted to re-equip LIAT but we cannot spend that money. LIAT cannot get that money. It cannot be lost. It will be there but LIAT cannot get that money until the European Economic Community processes and pre-disbursement procedures are carried out. One of those disbursements is a study by a Firm of Consultants to determine the long term view capital requirement together with the potential of the Airline.

Now the Interim Report is completed and is now being analysed. We expect the final Report very soon. I have explained to hon. members that when Consultants provide an Interim Report they have to circulate it so that comments of the respective people are obtained and they then have to deal with their comments so that when the final Report is out they would have a chance to accept it.

Now there is a certain amount of money available of that order. At the present day market cost I think that will buy about two planes. It would buy two Avros. I think one Avro costs about \$11 million but also, LIAT has had proposals from the Canadian Dash 7. It is a four engine plane. It has short take-offs but you have to balance the cost of running four engines as opposed to the fuel of running two engines. All of these factors have to be taken into account.

British Aerospace itself has on the drawing board a new Commuter plane to carry 75. The Fokker Group who now makes a 44 passenger plane have a jet, a 76 passenger jet. What LIAT would like is a plane which is very fuel efficient which can carry somewhere in the vicinity of above 50 and under 100. That would be an ideal type plane but the makers have not come up yet with one which would suit the peculiar requirements of LIAT.

They also know that the Trilanta is a failure. As a matter of fact the Government of Montserrat is trying now to get an alternative plane. There are a number of planes. There is a Short which can carry 30 passengers, a Stretch Version 36 and there is one plane the Brazilians are making. I am not quite sure of its name but that is a 20 passenger plane and there is one that the Australians make, a Nomad. The problem is that the Canadians had one, LIAT used to use them before, a 20 seater plane, the Twin Otter but there are advantages and disadvantages and you have to balance one against the other.

There is one fundamental problem that we have in connection with the Commuter Airline in this area and it is this that West Indians when they come back from abroad, especially at the peak times in the Summer and at Christmas do come back with baggage, so much baggage that these 48 passenger planes do not have the cargo capacity to carry it and this problem is a problem now that these big jets have. The DC 9's have it and certainly the Tri-Stars have it but in the World, the World Airline Industry in an attempt to have passenger appeal the Airlines are experimenting with very liberal concessions in relation to baggage and for areas like the Caribbean, between Puerto Rico and the Virgin Islands and indeed my understanding is between Miami and Latin America that people who go abroad on a shopping expedition do feel that when they go abroad they have to bring something for the people at home that you do not get down here, although you would get them down here and they feel that they have to come back with six and seven baggages so you have a problem of cargo capacity and not passenger capacity so all of these problems we have to deal with. It is a very difficult exercise and I am very glad that this Resolution has had the type of unanimous and non-partisan support which it deserves.

I beg to move that this Resolution stand part.

Mr. BRADSHAW: I beg to second that.

The question that Head 36 stand part was put and resolved in the affirmative without division.

On the motion of Hon. H. B. St. JOHN, seconded by Mr. BRADSHAW, the Chairman reported progress to His Honour, the SPEAKER, and asked for leave to sit again and Mr. SPEAKER resumed the Chair and reported accordingly.

SUSPENSION OF SITTING

Hon. H. B. St. JOHN: Mr. Speaker, the time being 2.10 p.m., I beg to move that this Sitting be now suspended until 3 p.m.

Mr. BRADSHAW: I beg to second that.

The question was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly.
2.10 p.m.

On Resumption

Mr. SPEAKER: This sitting is now resumed. The Rt. Hon. Prime Minister wants to give notices of some Resolutions. You may proceed.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, the Resolutions of which I seek to give notice, I will also have to ask the Honourable House to deal with in all their stages later today. Unfortunately, Sir, they came down late. They are for a fairly substantial sum of money Sir, \$30 million, but I think that Honourable Members will wish public officers to receive their increases in pay next week, along with their arrears and I therefore beg to give notice Sir, of the following three Resolutions:

SUPPLEMENTARY ESTIMATES, 1980-81, No. 18

Resolution to grant the sum of \$27,212,312 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. 18, which form the Schedule to the Resolution.

SUPPLEMENTARY ESTIMATES, 1980-81 No. 19

Resolution to grant the sum of \$437,142 from the Consolidated Fund and to place it at the disposal

of the Government to supplement the Annexed Estimates 1980-81, as shown in the Supplementary Estimates 1980-81, No. 19, which form the Schedule to the Resolution.

SUPPLEMENTARY ESTIMATES, 1980-81 No. 20

Resolution to grant the sum of \$2,482,767 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. 20, which form the Schedule to the Resolution.

It is proposed, Sir, that after the first item of Government Business, which is shown on the Order Paper wrongly, as a Committee matter, but which technically is a House matter, which I would ask to go on with next Sir, then we would ask leave of the Honourable House to deal with these Resolutions in all their stages.

Hon. H. B. St. JOHN: I beg to second that.

Mr. SPEAKER: The Rt. Hon. Prime Minister is seeking leave of the Honourable House to deal with the three money Resolutions, notice of which has been given in this Honourable House today.

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

Mr. SPEAKER: When the suspension was taken, the House was in Committee, to that it now reverts and it will be an instruction to the Committee, to deal with these three money Resolutions, notice of which has been given in this House.

Mr. SPEAKER left the Chair and the House went into Committee, Mr. ODLE in the Chair.

HEAD 37 - MINISTRY OF COMMUNICATIONS AND WORKS

Subhead 11 - Regional Shipping Services and Development.

Hon. C. L. BOLDEN: Mr. Chairman, this Subhead falls in two parts. In the first part, we are asking, that the Note to Subhead 1, General Administration be amended, by adding the words "and the Water Authority Act, 1980-42." The basic reason for that amendment is that with the passing of the Water Authority Bill, the Water Authority and the Sewerage Works, the administration of such, now fall into the Ministry of Communications and Works. We need to have the necessary permission to pay the Board, from the Estimates, which were approved before the Authority came into existence

and in order to do so, there must be addition to the note in Subhead 1 of Head 37.

In order to bring the Water Authority into operation on the appointed date, that is, the date set out in the Memorandum of Agreement between the Government of Barbados and the IADB, we had to put together a Consultancy Team in advance of the Act being passed and we will have to pay them the necessary remuneration, based on the rates which were paid to the Chairman and Members of all other Statutory Authorities. Now that the Authority is a reality, we have retained the same members from the Committee, as the Water Authority and it is therefore necessary, that this part of the Estimates be amended for legal payment of the sums involved.

The second part of the Resolution, Mr. Chairman, is to change Subhead 11. Under Subhead 11, West Indies Shipping Corporation, what we are seeking to do is to delete the words West Indies Shipping Corporation and insert, "Regional Shipping Services and Development" and in the Explanatory Note, which is on the right side of page 71, we want to add the words, "and a Regional Shipping Project". The explanation to the Subhead will then read, "This Subhead Provides for Governments' Contribution to the West Indies Shipping Corporation and a Regional Shipping Project."

In the Supplementary Estimates, you will see under Item 1, Subhead 11, a sum of \$4,125 which we are seeking to pass at this stage and I believe it is necessary, for me to give some background for the reason for passing this Supplementary Estimate at this time. For quite a long time, now, Mr. Chairman, the respective Governments in Caricom region have been looking at shipping in the region, intra regional shipping and extra regional shipping. Several funding agencies have been approached and in December, 1979, the Fifth Meeting of the Caricom Standing Committee of Ministers responsible for transportation accepted in principle, a project for regional co-operation for the development of shipping including support for small vessels and schooners. The project is being funded by UNDP and under the original project, which was put forward to the Caricom Ministers, the sum that was to be involved was US\$846,000.00 and the Governments of Caricom states were supposed to put up US\$300,000.00. There was some dissatisfaction with the indepth of the study carried out then and after further negotiations with the various funding agencies, they came back with the new project and although the sum to be contributed by UNDP remained at US\$846,000.00, the sum then to be contributed as counterpart contribution, by Caricom and the Atlantic states, as I recall them, had dropped to \$341,645.00 E.C.

But, over and above the Caricom states, the project has been extended to the Bahamas, Cuba, the Dominican Republic, Surinam and Haiti and the counterpart funds to be provided by the territories in the region worked out at \$20,097 per country. Of this amount, the first tranche is EC\$5,500.00 each and the sum that we are asking to be voted today of which \$5,500.00 on our calculation comes out to \$4,125. The remainder of the money to be provided by each state will fall due on the 1st January in each succeeding year.

The project is to be situated in St. Lucia and it is estimated at this stage, that the project will last for 33 months which is down into 1982. Mr. Chairman, the project has significant implications for the region. Throughout the region, the shipping industry has been neglected. I do not want to say very much on the development of shipping and proposals that will come about in shipping in the region, for the simple reason, that shortly after this, I want to do the second reading of the Shipping Bill which I believe, in order for the Honourable House to fully understand the rationale behind Barbados going at this time with a Shipping Bill, I will have to go into a lot of detailed explanation of what is happening in the region in shipping.

3.15 p.m.

Suffice it to say that shipping is organised in the region by what is called liner conferences. Those liner conferences are dominated by the developed maritime countries and the traffic routes can basically be said to be monopolised by these groups. Developing countries in the world who are now looking at getting into the general cargo business will find that these routes have all be monopolised by the developed countries and out of this, as I said, there are several things which I will say in the coming Bill which will explain the situation. Enough to say at this stage that the project that we have contributed to has been defined, has been developed in order to help the countries in this region become more adequately supplied with technical knowledge and personnel who can help in getting into the shipping industry in this region.

The project will be sited in St. Lucia, the UNDP based on commitments from the various Governments has gone ahead and recruited staff, the St. Lucia Government has identified accommodation for the project, and all that is left is the question of supply of money to get the project going, and that is by counterpart funds by the various countries.

Mr. Chairman, let me look at the project as it stands. The project is aimed at establishing a competent maritime safety administration. It is felt that in the region there are some 170 small boats which are basically schooners plying the trade between the countries in this

region, and they move some 230,000 tons of cargo annually, but in moving this cargo there is a certain amount of wastage, there is a certain amount of loss of life, and the project is designed to look into these problems, to advise the Government, to collect statistics, collect data, advise on ship repairs, ship renewals, etc.

The second point is the timely adoption of an appropriate modern maritime safety code. As I said, this looks at the question of safety at sea, loss of life, etc., the preparation and implementation of maritime safety rules, the creation of suitable training schemes for survey and inspection personnel. As a matter of fact, I may say at this point in time that I do not believe that the region is capable of carrying out a survey and inspection to the standard which is required, and therefore this project will be of valuable assistance to Barbados, since we in a short time will ask the House to approve a shipping Bill for merchant shipping in the region.

Another thing, Mr. Chairman, the region has been trying to ascertain the amount of cargo which is moved throughout the region. The question arose earlier today about the viability of LIAT, the same problem arises in respect of WISCO. The shipping business is an expensive business, it is a very technical business, and unless the region as a whole looks to develop its maritime skills we will always be in this situation. The provision of ships is a costly exercise, and as I said, there are several proposals which have been put forward as to how the region can get into shipping, how it can look into freight rates, etc., but I believe I will explain this fully when we come to the shipping Bill.

Mr. Chairman, the small vessel fleet, the schooners as we know them, have been with us from time immemorial. We are reaching a point where many of them are in need of repairs, many of them are in need of replacement, we have to look at the economical operation of this fleet in the region, we have to look at the movement of cargo in the region, but because the maritime business has not been dealt with previously you will find that even WISCO and these boats find it impossible to break even, because of the liner conference that has most of the traffic tied up in this region.

It is surprising to note that although the CARICOM countries have invested in WISCO, the West Indies Shipping Corporation, that WISCO boats last year had to apply in the southern United States for cargo in order to reduce the losses which were apparent and which have accrued to WISCO ships, simply because they cannot break into what is a monopolised situation that other foreign owned vessels plying in the Caribbean region. As I have said, this project I believe should be commended, and the CARICOM Secretariat should be given high praise for having negotiated enough funds to get the project

going. We will be able to train personnel, we will be able to identify the problems in the region, we will be able to give member Governments information that is necessary not only in drafting maritime laws but in regulating its own shipping business, so that we can keep some of the foreign exchange that leaves the region and goes to foreign countries abroad.

Another question is the question of freight rates. There has been great competition between the "C" Line and "C" trains plying between Jamaica and Trinidad, but these lines are owned by conferences or cartels outside the region. The result is that WISCO has suffered this year because of the cut-throat business that has been going on between the foreign owned lines in the region, and WISCO, the line that is supported by member Governments in the Caribbean, has suffered extension.

I therefore commend this Resolution to the House. the Government is committed to the programme, because I feel it will raise the standard of shipping in the region, it will help it to produce personnel who are able to guide member Governments as to their future development when it comes to shipping in the region.

Will that, I beg to move that the sum of \$4,125 do now pass

Hon. H. B. St. JOHN: I beg to second that.

Mr. GREAVES: Mr. Chairman, unfortunately I was not here when the Hon. Minister was making his introductory remarks on the matter relating to the Water Authority, and I am wondering if the Minister could give me the names of the members of the Board of Directors of the Water Authority. I have a few comments to make if he would oblige.

Hon. C. L. BOLDEN: If the hon. member wants the names, there are as follows:—

Mr. Fred M. Odle — Chairman
 Hon. H. B. Niblock — Deputy Chairman
 Mr. Nigel Jones
 Senator Ken Hewitt
 Mr. Patrick Bethell
 Mr. K. Johnson, O.B.E.
 The Chief Medical Officer (ex officio) or her nominee
 The Project Manager of the Bridgetown Sewerage Project
 The Chief Town Planner
 The Senior Agricultural Officer (Hydrology), Ministry of Agriculture.

3.25 p.m.

Mr. GREAVES: I am grateful to the hon. Minister for providing the Honourable House with that informa-

tion. As I recall, Mr. Chairman, under the Act which was passed in here a couple of months ago, probably about a month and a half ago, for the establishment of the Water Authority, there was provision in the section dealing with the establishment of the Water Authority for the appointment of a worker to the Board of Directors of the Water Authority.

Hon. C. L. BOLDEN: Mr. Chairman, on a point of explanation. The hon. member has not got his facts correct. It seems to me that he says one thing at one time and comes back to say something else at another time. There is no provision in that Act for the appointment of a worker to the Authority. What I said at the time was that there is one other place based on the way that the Act had been framed that we can appoint one other person and I was seriously considering an appointment of a worker who has worked in the Waterworks Department for a very long time and they are several of them and I think that one of them should be on the Board to look after the workers' interest because since the Act was framed in the same way as the Port Authority Act, there would be the possibility of transferring workers from the Waterworks Department to the new Water Authority and it would be good for an actual worker to be on the Board to make an input as far as other workers are concerned but the Act does not specify who should be appointed. Fortunately, it is in my discretion whom I appoint.

Mr. GREAVES: The Minister, Mr. Chairman, seems to speak with two tongues, if it is possible to do so and in a speech which he made just now that is clear because he said that there is provision in the Act to appoint somebody who has worked in the Waterworks Department.....

Hon. C. L. BOLDEN: On a point of order. The hon. member seems to have lost his commonsense. I never said that. I said there is one more place vacant on the Board of Directors and I feel, if he cannot understand, I said I feel that I should appoint a worker but there is nothing in the Act to tell me whom I should appoint. I can appoint anybody I feel like appointing. If he wants to beg that I appoint him, let him say so.

Mr. GREAVES: Mr. Chairman, I just want to make it clear. I do not want to be in any Board with the Hon. Minister. It is as simple as that because I do not think that he would be capable of directing me in anything but let us go on.

The Minister in his introduction to this and in response to the question which I asked indicated, and this is why I say that he seems to be speaking with two tongues because he said in the first place that he was thinking in terms of appointing somebody who had worked in the Waterworks Department and had given the impression that some person who had worked there and

would have acquired the necessary experience who might have retired because he said in the same way that the appointment was made in the Port Authority and then he came back and said that it is within his discretion to appoint somebody who has actually worked. Now this is where I think that the confusion is really in the Minister's mind.

As far as this particular matter is concerned, I would like to say that the concept of workers participation which the Barbados Labour Party and indeed the Democratic Labour Party had in the Manifestos of the 1976 General Election, is something which I believe that we in our situation in Barbados at this present time should be giving some very serious thought to.

Now, the Minister has displayed what can be described as a very arrogant attitude in this but that is the Minister's manner and that is entirely up to him but if we are dealing with a situation at a work place, an Institution, where workers form a very important element in the whole operation of that Institution, then it seems to me that whenever an opportunity presents itself that the Minister or whosoever has absolute power or absolute discretion, as the Minister obviously says that he has, he can do whatsoever he likes. Of course, that is what the law gives him.

It seems to me that it would be reasonable, that it would be a commonsense approach to try to widen the whole base of decision making within an Authority like the Waterworks Authority because it is an Authority which will be employing a large number of people and I would like to think that we in Barbados and certainly I would like to think that the Government would be advanced enough in its whole thinking and outlook on this particular issue where we can arrive at a situation without any kind of emotion or without any other kind of feeling which it would seem would go into the decisions of this nature that we could sit down and try to map out the strategy and approach which would tend to reduce some of the problems that could arise in a situation like the Water Authority and I would like to urge the Hon. Minister and indeed urge on the Government the importance of giving recognition to the whole concept of worker participation which they have so boldly displayed in their Manifesto.

While on this, Mr. Chairman, I would further like to say that I would like to see that when the Minister is giving consideration to this that there should be some meaningful consultation with the Barbados Workers' Union on this particular matter. Indeed, I could refer to some Minutes of a Meeting which was held as early as the 30th March, 1979 when it was conceded that this consultation would take place and I am at a loss and indeed shocked to see that we are in a situation now where a Water Authority has been appointed and there has been

no attempt made to include a worker, somebody who is involved in the day-to-day work, quite apart from the people in the administrative level, in the day-to-day work of the Waterworks Department because I believe this would bring some new knowledge and some new approach to an Authority like the Water Authority.

There have been examples, Mr. Chairman, in other countries as well as here in Barbados also where sometimes workers have come up with suggestions to solve problems which have been plaguing experts in a number of areas and I do not think that because a person might not have had the exposure to the sciences or to the kind of technology which might be required to do the kind of planning and the administrative work which would be required in this area that they do not have a contribution to make. I believe that they have a meaningful contribution to make and I am urging the Minister and the Government to give some serious thought to the suggestion which I am posing at this point in time and not only give serious thought and consideration to it but also to put it into effect.

Mr. CHAIRMAN: Any other contribution from any hon. member?
3.35 p.m.

Dr. HAYNES: Mr. Chairman, I rise to give support to the position taken by the Honourable Member for St. Lucy, that indefatigable champion of workers' rights in this country and indeed, I wish to share my alarm that having given the kind of undertaking which was merely an understanding, prior to the appointment of this particular Authority, that the Honourable Minister can come in here and rattle off.....

Hon. C. L. BOLDEN: On a point of order, Mr. Chairman. You do not trust that gentleman when he speaks, I want him to tell me when I gave the undertaking and to whom I gave it and where did I give it. I have learnt, that you do not trust that gentleman. I am asking him, before he goes on, let him place in the Record, when, where and to whom I gave the undertaking because I know what I am coming back with at you.

Mr. CHAIRMAN: Would the Honourable Member like to respond to that.

Dr. HAYNES: To continue, Mr. Chairman. Out of this debate, there has arisen a situation, where there appears to have been an understanding, if undertaking is too firm a word.

Hon. C. L. BOLDEN: Mr. Chairman, I want him to answer where the understanding occurred because he is jumping into the ring and he does not understand what is going on, so I want to be clear, so that when I reply

he cannot jump up again because he likes to jump up like a Jack in the box. I want him to be very clear.

Dr. HAYNES: Indeed, Mr. Chairman, I must say, that I share the concern of the Honourable Member for St. Lucy, where the Honourable Minister can get up and rattle off, I was not in here when he was reciting the names, whether it was from memory, or whether it was from files, I do not know, but quite clearly, he was quite familiar with the names of all of those appointed and yet, as a kind of concession that he is making to the working people of this country, he said that there is some other provision, under which a worker can be put on. Why could he not use.....

Hon. C. L. BOLDEN: Mr. Chairman, please, please, please, I never said so. I never said there is no other provision. I do not understand where the gentleman has heard this from. He was not in here. Always like a man marching in the dark, go on, keep marching.

Dr. HAYNES: Mr. Chairman, I was under....

Mr. CHAIRMAN: I believe that the Honourable Minister made it clear....

Dr. HAYNES: That there was room for another person.

Mr. CHAIRMAN:....that he is considering taking steps which have already been pointed out, by the Honourable Member for St. Lucy. The only thing that the Honourable Minister has not said is that he is going to invite the Honourable Member to be on the Board.

Dr. HAYNES: Mr. Chairman, the point I am making is that it seems to me, that it is only because the Honourable Member for St. Lucy has got up in this Honourable House and demanded, that the workers, should have representation on the Authority, that consideration is being given to it now, as an after thought.

Mr. CHAIRMAN: I must say, at this point, that the Honourable Member who has just taken his seat was not in the Honourable Chamber when the Honourable Minister spoke and if he heard it outside, he did not hear everything that the Honourable Minister said. Your submission is totally out of order and incorrect.

Dr. HAYNES: Mr. Chairman.....

Mr. CHAIRMAN: Order, we cannot go on wasting time in a matter like this. It is highly improper. Is the Honourable Member finished his contribution?

Dr. HAYNES: Mr. Chairman, I have finished my contribution. I was not in here when names were read, but I was here for the rest of the speech.

Mr. CHAIRMAN: Does any other Honourable Member wish to make a contribution? (PAUSE) I would like the Honourable Minister to wind up the debate.

Hon. C. L. BOLDEN: Mr. Chairman, when the Bill was introduced in the Honourable House, at that time, I said that there was provision for one other member to fill the total number of places provided by the Act. It is at that point, that I said, that I was considering placing a worker on the Board. The Honourable Member for St. Lucy jumped up then, and this was a couple of months ago, saying that I should not proceed to appoint anybody, unless I had consultation with his Union, but what I want to point out to him is that if he wants to get me, or the Government into account in the Union membership at the Waterworks, or MCW, that will not be so. Why is it, that I cannot discuss with the NUPW? Why is it that I cannot appoint a member of the NUPW? He does not represent, neither does the Union represent the majority of workers in the Government Service. So, if there is a worker to go on, he should be the last to be consulted. If there is consultation, he will have to get together with the other Union, the NUPW and proposition to the Government. But because he is in here and he feels, that he can jump in when he feels like and twist other people's words and say that you must consult with him. That is not the way how it shall be.

I am interested in appointing a worker to the Board, but I will not be creating a situation, where the Government will be caught between two rumbling streams and we do not know where to go. Let them settle their differences. Let them speak to his workers. (ASIDE: I can call names).

Mr. CHAIRMAN: Order. Please address the Chair. Please continue your winding up of the debate.

Hon. C. L. BOLDEN: Mr. Chairman, I have asked that the Note in the Estimates be amended. We will pay the existing members what is due to them, like any other Statutory Board pays. If they are interested in workers' participation, it is for the two Trade Unions to sit down together, like grown up individuals and I am open, ready willing and able to appoint a worker to the Board of the Water Authority, as long as, there is no discontent, or disagreement between the two Unions. That is the situation. If I go and suggest a name, the NUPW will say, that he is not my member and if it is vice versa, the BWU will say he is not my member and it is for them to settle the differences. They know the problems between themselves, I know by looking in, from the outside. I know, by my information.

Thank you, Mr. Chairman.

The question that Head 37 stand part was put and resolved in the affirmative without division.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, Sir, the other Resolutions which the Honourable House is asked to do in Committee have only just arrived and I do not believe, that they have been circulated and therefore, I would ask, that you report the two Resolutions, which have been passed in Committee.

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

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

Mr. CHAIRMAN reported the passing of the Resolutions in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

3.45 p.m.

On the separate motions of Hon. C. L. BOLDEN, seconded by Hon. L. B. BRATHWAITE, the Resolutions were read a first and second time and agreed to.

**RESOLUTION TO APPROVE OF THE GUARANTEE
BY THE MINISTER OF FINANCE OF THE PAY-
MENT OF THE PRINCIPAL SUM OF \$3,500,000
AND OF INTEREST THEREON TO BE
BORROWED BY THE BARBADOS
NATIONAL BANK**

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, on the occasion of the 1978 budgetary proposals I indicated that the Barbados Mortgage Finance Company would shortly become a wholly owned subsidiary of the Barbados National Bank, and that one of the means to be used for raising funds for on-lending for building houses was the issue of housing development bonds on the local market. At that time, Sir, I indicated that there was a need for a wider range of local investment opportunity, because the funds being required by that budget could be invested by insurance companies.

Now once again, Sir, there is a very great need of investment opportunity on the local market as a result of the very large quantity of funds which will enter circulation within the next two weeks, an amount between 40 and 50 million dollars. The Barbados National Bank for this and other reasons therefore proposes to issue a second tranche of housing development bonds as from December 2, 1980, that is next month, in the amount of \$3.5 million. The list of applications will be opened at 9 o'clock on Tuesday, 2nd December, 1980 and will remain open until the full amount of the issue is subscribed. The prospectus has been prepared and all that remains is for the Government to guarantee through the Minister of Finance the payment of interest and the repayment of capital in respect of these bonds.

I wish, Sir, to move an amendment to the Resolution both in the Recital and in the Addendum, I

believe it is called. The Fourth Recital refers to an interest rate of 7½%, and so does the Resolution itself. I wish to move that that interest rate be amended to 8%. It is considered that interest rates in the country, certainly the deposit rates, are distinctly low when compared to interest rates abroad. We have even had the situation, Sir, within the last few months when the foreign assets of commercial banks in Barbados exceeded their foreign liabilities by an amount of something like \$16 million, indicating that the commercial banks were finding it more profitable to lend money abroad than to borrow it abroad and bring it in to lend Barbadians. This is all part of the general buffeting which small economies such as ours take in all kinds of international areas where we are not entirely our own masters.

The Barbados National Bank, notwithstanding the fact that taxes on the interest on these particular bonds sought to be issued will not have to be paid on holdings up to an amount of \$25,000, yet considers that a better interest rate is desirable, and therefore, Sir, is offering what I think is an extremely attractive interest rate of 8% on the bonds proposed to be issued, and the amendment to the Resolution will effect this purpose.

I thought, Sir, that before I formally move that the Resolution do now pass that I would say a word about the activities of the Barbados Mortgage Finance Corporation, a very short thing in respect of the loans that it has made available for persons in the island for house building.

Within five years, Sir, we have been able to improve the number of advances actually made by the Barbados Mortgage Finance Corporation from a total of 73 in 1975 to a total of 300 last year. The amount of money advanced to potential home owners in 1975 was \$1.9 million, the amount advanced last year was \$8.38 million. Up to September, this year there have already been 139 advances for a total of \$4.7 million, and 179 approvals in all. At the end of September there were outstanding 27 applications, and these were not very long outstanding either, Sir, 14 of them were received in September itself. It appears that we have probably got 13 new applications in October.

It therefore seems that the Barbados Mortgage Finance Corporation is meeting the demand as evidenced by the number of applications which come to it. The backlog has virtually been cleared off, and these funds will make it easier for the Corporation to continue to service the home owning needs of Barbadians in this year and for a part of next year. I think I can safely say, Sir, that the surge in advances in 1978 and 1979 is one of the more outstanding accomplishments of the

Government in a vibrant infrastructural field, as I have already said there were 300 advances for house building in 1979, there were 249 in 1978, and these 550 houses approximately that Barbadians have been able to build with the assistance of a greatly improved and expanded Barbados Mortgage Finance Corporation undoubtedly is a tribute to the foresight of the Government and its plans for the real needs of the country. 3.55 p.m.

I am sure that hon. members will wish me to congratulate the Mortgage Finance Corporation and the Barbados National Bank for the responsiveness of the Government's initiative in these areas.

Mr. Speaker, Sir, I think that the matter is a simple one and I beg to move that this Resolution as amended do now pass.

Hon. H. B. St. JOHN: I beg to second that and reserve my right to speak.

Dr. HAYNES: Mr. Speaker, the Resolution is a simple one as the hon. member for St. Thomas has said but it deals with a very vital area of activity in Barbados, namely, Housing and the financial climate created by the administration in order to maximise the assistance which could be offered to the citizens of this country in obtaining adequate housing.

Now, I myself certainly do not oppose this Resolution in principle except to say that it is important that some instrument of this nature should be made available in Barbados at this point in time to make sure that the monies which people would get in terms of backpay and increases in salaries will not find itself entirely in the stores of Bridgetown but in some kind of productive investment in Barbados.

Now I can only agree that it is not only a personal calling but it can represent a national calling in the particular economic situation in which we have found ourselves but on the general principle, Mr. Speaker, I do not think, for example, that 8%, even with some element of tax concessions would be a very attractive rate of return for most people in this country and I sometimes wonder whether if in an area such as Housing, in securing finances for Housing, not only from the Barbados National Bank in respect of this bond issue but generally speaking whether or not we should not think of going the whole horse sooner or later in making the interest earned totally tax free and to some extent even making concessions in respect of money loans provided it goes into the area for building to give special tax concessions on the income of that person in that area. This has been done in other countries and it certainly has proven very successful. One particular area is the area of desirable investment for the purpose of extending the

thrust of the National effort in this area and I believe that this is reasonably worthwhile.

Now this present administration, Mr. Speaker, has taken certain steps. For example, I think they have reduced the tax liable for persons who build one or more houses in a given area. They have also, I think, reduced the percentage down-payment that we have to pay to obtain a mortgage and they have extended or given some thought to the process of extending the period of amortisation of loans but it still remains a major problem.

The fact is that despite all of the measures we have reached a situation in Barbados today where the vast majority of people cannot take advantage of these facilities for two reasons. One, with the rate of inflation in Barbados over 20% it means that this reduces substantially their ability to save for a down-payment. Secondly, with the increase in the cost of living it means they have less and less money that will be available for them to have to meet their monthly payments. Therefore they have problems in qualifying not only in respect of the down-payment but also in respect of the proportion of their income which could be applied to the servicing of the loan that would be acceptable to most Lending Institutions, including the Barbados National Bank or the Barbados Mortgage Corporation.

There are not going to accept a situation where someone would have to spend 90% of his income, so to speak, on servicing a Mortgage because they know that the likelihood is that that person would inevitably become a pauper so that we would be faced with a pretty critical situation in respect of housing not because certain steps have not been taken to provide a financial environment but because of the factors of inflation which perhaps, Mr. Speaker, has hit the building and construction sector harder than any other area.

I do not propose to go through this but with your kind permission I would just refer to this piece of paper which would show that the vast majority of the essential things that go into a house would have gone up by well over 100% between 1976 and 1979. Now with this massive increase in the cost of living, particularly, in respect of the construction sector I wonder if the time has not come when Government must realise that irrespective of the amount of mortgage money available, irrespective of what financial climate they might provide for the investor and for the builder that you have to look ultimately at the capacity of the consumer and I want to throw out this suggestion.

It has been brought to my attention again and again over the past five years that when someone has completed the building of a house that in that process they probably would have passed on to the Treasury of Barbados between 30% and 60% of the total expenditure of the house. I believe 60% arises if you cost the tax paid on

wages and buildings but apparently it is as low as 30% and is as high as 60%. I would not stick my neck out but it is as high as 60% but the point is that it is substantial so that when you build a house for \$100,000 you might find that probably that \$30,000 would have gone to the Treasury in terms of taxes collected on materials and various things on the building of their house.

Mr. Speaker, this is a sizeable figure and if you want to see how sizeable this figure is, if you compare the cost of building a hotel without hotel aids and the extent to which that cost is reduced, if you built it with hotel aids then you will see that it is a very sizeable figure and I am beginning to wonder whether Government cannot make a contribution to a reduction in the cost of building by reviewing the amount of taxes that people have to pay for materials for building when they come into Barbados, when they come through the Harbour and otherwise and indeed I have not given any detailed study of this area but to look and see if any other approach can be made towards the control of cost, as the average three bedroom, two bathroom house would probably cost in excess of \$70,000 to build today.
4.05 p.m.

How many people, even if the monies were available in the bank, even if this were a \$50 million Bond Issue and it was totally subscribed, how many people would be able to find the down payment and meet their monthly payments on a mortisation basis? So that, we have to direct our attention to see what we can do, in order to reduce the cost of building and I believe, that one area might be to look and see what tax concessions can be made, in respect of building materials, which come through the harbour in Bridgetown there.

Now, Mr. Speaker, there is also another area, which I think is causing some concern. On the one hand, I have recited some of the concessions, which Government has made and I think that already, the \$500.00 a month limit for deductibility purposes, that that is already becoming quite a problem. I believe, that when this matter was last raised, that there was some indication, that this might be reconsidered.

There is also another area, Mr. Speaker, which I am concerned about, the housing stock and the deterioration of the existing housing stock in Barbados. We have reached the point where, when people have finished paying for their utilities, gas, water, electricity, telephones, when they pay their tax bills, then, they are faced with a very real problem, whether they can incur any expenditures at all, in order to do the basic maintenance on their houses. Now, when you have reached this stage, only one thing is going to happen, you are going to find, that the houses in this country are going to progressively deteriorate and indeed, I was

pleased, when I read in the papers, I think yesterday, or somewhere in the newspapers, that the Tourist Board might be looking into the whole concept of getting people to have tourists in their homes, in order to enhance their incomes and so on. This would be one way to get around the problem.

But, I think that one has to review — I am not quite sure what the position is, I do not think that any decision was actually taken by this Honourable House. It might well be a discretionary matter for the Honourable Minister of Finance — the question of the amount of money spent on repairs in any given Financial Year. It would seem to me, that that needs to be raised again, if it has been reduced and that needs to be looked at.

Now, Mr. Speaker, I believe, as I said I do not oppose the Resolution in principle. There is one thing, as I said providing the money, providing the environment for the investor, which I think could be made even more attractive than at present, but there is another thing that you have to look at. When you have done all of that, you have to ask yourself, who are the people in Barbados today, who are capable of working and saving enough money in order to find \$10,000.00, as a down payment on a house? It is my experience, that this is a very difficult problem, even for the people mostly in need of the kind of services and assistance, which this kind of investment opportunity is provided for.

I speak, Mr. Speaker, of the man who is earning between \$12,000.00 and \$20,000.00 a year, who has a family of two, or three children, a wife, he has a real problem and this is the kind of area, that we have to be targetting in and the only way I see that we can do this is not only to provide the financial environment for borrowing, but to do something about the cost of building because unless something is going to be done about that, then, the money will be taken up by people who are earning \$50,000.00, \$60,000.00, \$70,000.00 a month and probably, not to build their first home, but to build their second, third and fourth home because they would have the disposable income to make the deposit and would also have the kind of cash flow, on their house, that they are living in and also to provide for another mortgage in a house, which they will probably be renting out.

Mr. Speaker, this situation is becoming even more serious because whereas, a year ago, when the Honourable Minister of Finance stated that he did not see any major, or any significant rise in rents in Barbados, that was probably true, at that time, but, the situation has changed very drastically over the past 12 months, where houses say, in the Christ Church area, which may have

commanded rents of \$300.00 a year ago, people are now getting \$700.00 and \$800.00 a month, so that, the man who is now earning \$12,000.00 will probably find, that one of the reasons why he cannot generate any savings for his down payment is because he has to pay the kind of exaggerated rent, which has been brought off by inflation. (ASIDE: He does not have to). I am no landlord.

Mr. SPEAKER: Kindly address the Chair.

Dr. HAYNES: Now, Mr. Speaker, I do not rent out property for people to live in. Now, Mr. Speaker, the point I am making is that you see a vicious circle that is developing here and I think, that we need to target into this area and I believe, that our position is such, that the amount of income that is being generated in this country from income tax and indirect tax has reached the stage where specific concessions can be made in the area of building, just as the hotels can get concessions, so that the poor man and the man in the lower income group, the man in the lower, middle income group and the middle group workers can get an opportunity to own a house of their own.

In summary, Mr. Speaker, we do not oppose the Resolution. We think, that it is timely, but we would urge on the Government to recognise, that what they are doing is not enough and they have to look at the other aspects, which I have tried to bring to the attention of this Honourable House.

Thank you very much.

Hon. H. B. St. JOHN: Mr. Speaker, I could not allow the speech of the Honourable Member to be given and not immediately rush to point out a few of the facts, in relation to this difficult matter and it is a matter which concerns the Government, as much as it concerns the Honourable Member.

As he has quite rightly said, more has been done to increase the flow of mortgage funds to sympathetic lending institutions to increase the terms and conditions of mortgages, to increase the incentives to the private sector to indulge in building, by this Government, than by any other Honourable Government in the history of this country. (ASIDE: I said so?) Whether the Honourable Member said it, or not, listening to his speech, from over here, I think, that implicit in his speech was a congratulation to the Government for the effort they had made in this area, on the question of cost of materials and labour. There is no doubt about it, that the building costs in this country, like any other country have risen, as a result of the impact of oil increases. If you have to use cement, 50% of the cost of cement is the cost of fuel. If you use lumber, a large percentage of dressing of the lumber

consists in the cost of power to cut up the lumber from the logs.

4.15 p.m.

The major input of construction materials, whether it is steel, cement or lumber, has been affected by the phenomenal price rise in a basic raw material or constituent in its production, namely oil. An analysis of building costs in Barbados today will reveal that the ratio between materials and labour is somewhere in the vicinity of 55% to 45%. I remember the time when it used to be 60 — 40 the other way. My understanding of the position now is that it is somewhere in the vicinity of 55% labour 45% materials, but it will vary depending on whether you are doing a repetitive job or you are doing a highly specialised finished job.

Now, we had a look at the question of the duties and taxes on materials. There are two constraints that any Government has in the whole Caribbean area. There is a basic tariff that has been agreed to as part of the Caribbean Economic Community. When that tariff was constructed years ago it did have an element of protection for certain indigenous materials. Hon. members will recall and will know that Guyana is a wood producer, Jamaica is a cement producer, Trinidad is a wood producer, Belize is a wood producer, so that when the "founding fathers", so to speak, of the CARIFTA regime and CARICOM and the Common External Tariff were operating, they operated against the background of providing an element of protection.

Now, under the terms of the Treaty in order to be able to remove duties that are fixed, one has to apply for a waiver. The Barbados Government was one of the first to apply for a waiver on the duty in relation to cement. There is no duty in relation to cement. We have got permission also, we have been questioning the application in relation to certain lumber, but we have come up against a difficulty in this respect, that there is a productive capacity of lumber within the CARICOM area, but I would like to point out to the hon. member from the other side that if the lumber is bought from a CARICOM country there is no duty on it. There is no duty on Guyanese lumber, no duty on Belizian lumber, there is no duty on lumber from Dominica, because it is eligible under the Free Trade rules and therefore there is no external duty.

When you try to apply for a waiver because of the lack of productive capacity — and this is where the argument is — that it is practically possible to point out that the productive capacity within the Caribbean area in respect of lumber is not sufficient to satisfy the market, so that the duty element, the external protection that is provided there to protect an industry is not serving the purpose, because even if the industry was 100% efficient,

it does not have the productive capacity nowadays to service the demand in the Caribbean.

Now, part of the terms of reference of the study of the existing Caribbean Economic Community will deal with this sort of problem. We in Barbados, the Ministry of Housing and others, I myself at CARICOM on many occasions at Trade Ministers' Conferences have pointed out the fact that some territories who are not producers in this area are having to pay a price for the lack of capacity in the rest of CARICOM in this area. We have invited Trade Missions from the Guyana Timber Board to Barbados, I personally have arranged for the Housing Authority, for the lumber yards and others to meet with officials of the Ministry of Natural Resources in Guyana, from the Guyana Timbers Limited and from all the producers in those countries with a view to seeing that we can buy in bulk and take advantage of the cost of bulk buying.

That is one problem, but the Government is continuing to look at that problem and we have made certain representations in relation to that.

Now, we come to the question of the alternative to wood, stone. Whether you use concrete blocks, bricks or you go back to your soft stone, the Government now has a project going investigating the building materials and studying the building materials in Barbados. As the hon. members will recall, I have pointed out before that through technical assistance with the British Government we have had a geological survey carried out in Barbados not only in relation to fossil fuels but also in relation to building materials such as stone, sand and things of that kind, because the Minister of Consumer Affairs will tell you we are doing an assessment of our costs in relation to other countries with a view to determining how we can bring the cost down. But some of the evidence is very revealing, that in certain areas like aggregate in this country we are considerably lower than those in other countries in the Caribbean. I used to hear the Leader of the Opposition himself saying in here that we did not know how fortunate we were in relation to things like water, aggregate and sand, because in other countries they have to import them by barrel.

If one looks at the building material costs in relation to other countries, one will see where Barbados stands. Nevertheless, an exercise is going on now with a view to determining whether there is not what one calls an oligo-polistic situation, semi-monopoly situation. You cannot call it a monopoly because there is more than one, but there may only be three or four operators operating in this area, and that is what the Division of Consumer affairs is dealing with. We now know that we have enough stone and building materials scattered across Barbados. We have them on maps, we know exactly where they are. We have a Mining Bill soon coming before the Legislature

which would ensure that we would have greater control over how they quarry and things of that kind, but this is an area that we are looking at, so again efforts are being made in that area.

With respect to the contribution of cement, the Government of Barbados does not have cement under any kind of licensing. We have repeatedly explained that the Price Control Division invites anybody at all by public notice to send in prices for a six month period. The notices are out now for January to June, and around May they go out for June to December. As a result of an analysis of the prices and the terms of supply a price control wholesale and retail is fixed on cement. Anybody who can bring in cement from anywhere in the world without duty can sell in Barbados. That is the present law.

4.25 p.m.

Anybody can bring in cement from anywhere in the World without duty and can sell in Barbados. That is the law. That is the present Law but we are up against a problem in respect of cement that Jamaica no longer produces. Trinidad does not have the capacity to produce. Venezuela cannot produce so we are left with goods coming in from Cuba, Columbia and Haiti in the Caribbean area. They are the only three that we can get meaningful business from.

I read not so long ago an article by the American Cement Association and it was a very very revealing article because it said that the cost of producing cement and the cost of manufacturing cement that people must acknowledge and recognise that people who are outside of a source of 700 miles in the future are going to have to pay dearly for cement, outside a range of 700 miles and they were talking then not of sea transport. They were talking of transport overlap and this is what has me worried because when we look around the Caribbean it means that with the cost of transport, Cuba, Jamaica and Haiti will well be outside the range with freight rates going up all the time. That is one of the reasons that convinced the Government of Barbados that it was a vital necessity to incur the capital investment necessary to carry out a plan in relation to cement and I hope that in the very near future that we would be able to make a definitive announcement. I cannot make any announcement today but it is a fact that the Cabinet of Barbados and the Cabinet of Trinidad have agreed subject to a satisfactory Contract being concluded with certain people with whom we are doing negotiations and we expect that by the end of the year that such a Contract will be made but that is of importance to us.

Now on the question of labour, there is no doubt that we do suffer from a shortage of skilled labour. In the 1950's we used to have a large number of people who took great pride in ensuring that their young children

were apprenticed to some master, whether he be a carpenter, mason, a painter or a wood worker. A large number of those people in the late 1950's and 1960's went away and throughout the middle 1960's right up to the 1970's, only token efforts were made to modernise the apprenticeship system and to ensure that the continuing source of training facilities would be available for the construction trade.

Luckily we have reached a stage today where I detect that a lot of false pride and false attitudes that were in existence in Barbados in relation to skilled trades are now going away for today many young people have pride in their jobs and they are interested in the dollar bills and increasing recognition is being paid to the financial rewards of skilled people and this Government has gone on record that it is prepared to go further in this direction because we recognise the importance of construction and the building activities in the industry in Barbados. We have a long way to go still in providing acceptable housing for our people. We have made tremendous strides in Barbados and of course the stride has been longer and faster over the course of the last four years but it is still not fast enough for us and we would like to see a greater pace.

Now I think that on the question of earnings that the hon. member has raised, I think he has ignored a couple of factors. Our mortgage lenders today all over the World have recognised that the whole norm of two and a half times annual earnings is as dead as a door nail not only here but all over the World. Consequently, they have recognised that in looking at repayments one has to take into consideration the whole earnings of the household, that is, the full earnings of the man and the full earnings of the woman and the factor nowadays from my view in this respect is more like $3\frac{1}{2}$ times the joint earnings and I do not mean $3\frac{1}{2}$ times the earnings of one partner and only half the earnings of the other partner.

In short, lenders have recognised reality. They have recognised that in most households that an earning wife has to make a contribution to her upkeep and maybe that is the reason why they have a little bit more funds in the household today but the Courts had to deal with this problem in the 1960's and the 1970's and they recognised that reality dictated that they took into account that both partners were contributors to payments in the household.

Mr. Speaker, I know that this generation may not have the same type of habits as yours and mine but I am talking about the younger ones and the basic position is that together with only requiring a 10% deposit of a 90% mortgage and the increase in the factor of gross earnings and taking into account both the incomes of the husband and the wife or the boy and his girlfriend, one begins to see how a mortgage of \$70,000 becomes possible.

I do not know that we can get 100% loan factor in this country. I am not even so concerned about the \$70,000 area. I am even more concerned about people lower down than that and this is my complaint about the Mortgage Finance Corporation and about the Banking Institutions in Barbados generally.

4.35 p.m.

That is, that they refuse to accept the fact, that for a large percentage of the public of Barbados, they are looking at houses in the vicinity of \$20,000.00 to \$40,000.00. In short, that the first house would be a wooden house which they in turn would convert into a wall as their position advances. Now, Sir, the last stumbling block to that hurdle has now been overcome I believe. The Tenants Option To Purchase Bill both in Plantation tenancies and even more importantly in urban areas will unlock that.

I have told the Honourable Minister of Finance repeatedly, as a representative of people, that I feel that there is no excuse now, for the Barbados Mortgage Finance Company, the National Bank, or any commercial Bank in Bridgetown to say, that they cannot take mortgages for chattel buildings. The Government has unlocked the key to that, the key to that has been unlocked, under the terms of the option to purchase, given to tenants, by that great social law passed by this Government lately. The mortgage security that can be granted is as cast iron, as a wall house and I hope, that something will be done, in this respect.

Of course, there are also problems with respect to bridging finance and I have pointed out also, that other financial institutions must do like building societies abroad and advance money on account on a Builders Certificate, or a Quantity Surveyors' Certificate as the time goes ahead, once they have an agreement to a mortgage at any time. What we need is a lot more though, by our security lawyers and a little bit more sympathy by our financial lenders and all of these problems can be unlocked. The Government, as far as, legislation has done everything to remove the difficulties which they profess that they had. We will be monitoring them to see that they carry out the objectives of the Government and I will conclude by saying, that this Government instituted the National Bank, bought out Mortgage Finance, created an Insurance Corporation precisely because we believe, that there must be institutions which give the lead to other institutions in this country to carry out the social and financial objectives of the Government. (APPLAUSE).

Mr. E. E. GREAVES: Mr. Speaker, I do not think, that I would let this debate pass on an important area of housing without making a contribution to the debate. There is no doubt, that the provision of adequate housing for all Barbadians is a desirable aim. It was and remains the aim of the Democratic Labour Party.

Now, I think that, in looking at this question of housing and the Resolution which we have here to raise the issue of bonds to be known as Housing Development Bonds must, of necessity cause one to direct one's attention to the entire question of housing in this country. I believe, that when this is done, that one must express some concern about the whole question of housing, particularly the distribution of houses as constructed for rent and for sale by the National Housing Corporation and indeed, one must look at the role of that Corporation and the whole question of Housing in this country and I think, that the National Housing Corporation which was set up to play a role in the provision of housing for all Barbadians has as it were gone somewhat off course. All of us who are honourable members of Parliament and particularly honourable members of Parliament on the Opposition receive complaints and indeed, I venture to say that honourable members of the Government side also receive complaints and I would go so far to say, that the Chairman of the National Housing Corporation has received complaints about the policy which is being pursued by that Corporation, in the whole question of the issue of houses in this country and this is a very serious matter.

Certain remarks made by the honourable member for St. Lucy were ordered to be expunged from the record.

Mr. E. E. GREAVES: There is, Mr. Speaker, a highly selective system, a fine tuned system which is practised at the National Housing Corporation and I am saying, that there is nobody, who is employed at the National Housing Corporation, who can tell anybody, who calls over there how houses are allocated at the National Housing Corporation. No member of the public can pick up a telephone, call the National Housing Corporation and ask for a policy out there and nobody can tell you what the policy is.

Mr. SIMMONS: On a point of order, Mr. Speaker, just for the benefit of the honourable members on this side, I would hope, that the honourable member would give dates about what he is talking. I used to be Chairman up to September, 1979 and I want to know because I have given and gone on record in this Honourable House, Mr. Speaker, where I gave the system, that was in operation when I was Chairman and it is now a matter of Hansard.

I would like to know, about what period the honourable member is talking because if I have to get into the debate, I am going to bowl very fast in here today.

Hon. Miss B. A. MILLER: Mr. Speaker, if the honourable member.....

Mr. SPEAKER: I take it, that you rise on a point of order.

Hon. Miss B. A. MILLER: Yes, Mr. Speaker, Sir, if the honourable member is indeed, as I believe he is quoting from the Report on Enquiry into the Housing Authority before 1976, should he not say so, Mr. Speaker? He is clearly quoting from that Report, almost verbatim.

Mr. E. E. GREAVES: Mr. Speaker, I can assure the Honourable Minister, that I am not quoting from that Report. I am talking about 1980. What is happening today. The Chairman knows it. I am challenging the Chairman, he knows it.

Now, I want to say, that this is a very serious matter. There are large numbers of persons, who have applied to the National Housing Corporation for houses long time and they have not..... they have been given a turn around.

4.45 p.m.

I myself have spoken to the Chairman about a number of people, not only from St. Lucy but from all over Barbados who have complained to me. I have written to him, I have written to the Manager of the National Housing Corporation trying to get some kind of assistance for these people. I know, for example, of the case of about two or three families who at the present moment face eviction, and who have applied to the National Housing Corporation for assistance in providing a rental unit, or financial assistance to assist them in getting a house, and they cannot get any kind of assistance out of the National Housing Corporation, destitute and in as much need as they are. I am saying that this policy is wrong, and I would like to see us develop a policy, if we are going to be talking about housing, which will particularly take care of the needs of people who are really in need of this kind of assistance. If we are going to talk about housing, let us talk about housing, let us talk about housing in 1980.

No doubt there is need for massive housing programmes in Barbados, and there is also a need for proper system of the allocation of houses by the National Housing Corporation, and I am saying that there is no system. I am saying this without any fear of contradiction. If it is against the rules of the House to say that, I can withdraw it, but people who are suffering every day, and who cannot get any kind of response from the National Housing Corporation for one reason or another, who cannot get any kind of assistance, I am saying that those are the people who are concerned, and we as representatives of the people must bring this to the attention of this Chamber. I do not mind how many members on the other side object, but facts are facts, and I think we have got to be able to face this, no matter how hard

it is for the members on the other side to face up to a situation which is facing the country at the present moment.

I think it is useful now that we have this bond issue of \$3.5 million to assist with the improvement and the increase in the housing stock of this country. It is interesting, Mr. Speaker, to note, as far as my memory serves me, that this bond issue was promised, I believe, about two years ago. I think I am correct in saying that, and we are now two years late, as it were, two years later, and this has, in my view, a number of implications because, as the member for St. Michael South Central has pointed out, the cost of housing has risen astronomically in this country. We have evidence, and I think it is indisputable evidence, that the cost of housing is rising at such a rate that if we do not do something drastic about it housing will be beyond the reach of the average citizen in this country, that is, to be able to build and own a house, and I think this is a very serious matter.

The member for St. Michael South Central, and indeed the Deputy Prime Minister, made reference to building costs. The evidence which we have at our disposal suggests that building items in some instances have risen between 1976 and 1980 by over 200%, some vital items which are used in the construction of buildings, and hence houses in this country. This is in our view a very serious matter, and points to the fact which I have indicated, that if we do not do something to try to put on the brakes on the rapid rising costs of building in this country, that we will find ourselves in the situation where maybe in the not too distant future that who we would consider to be the average person in this country will not be able to own a house.

I well recall, Mr. Speaker, some months ago when there was a debate in here for some additional money for the National Housing Corporation when I raised the question of the unavailability of money for mortgage lending. At that time the Prime Minister indicated that it was the policy of his Government, and indeed the Ministry of Finance and Planning, and indeed he had given instructions to the commercial banks in Barbados not to lend money for housing, because he said that he wanted to take some heat which was developing, and to use his words, he wanted to take some heat out of that particular sector, and the banks therefore on instructions from the Central Bank pursued a policy of not lending money for house building in Barbados. (ASIDE). The Prime Minister said so, the Prime Minister admitted that in here.

Rt. Hon. J. M. G. M. ADAMS: The hon. member obviously will give way. Half truths, Sir, are sometimes worse than outright lies. It therefore behoves me to deal with this matter. The truth of the matter is that the banks ceased making bridging loans. I do not know that banks as such lend money long term for building houses.

If the hon. member knows a bank in Barbados which lends money to build a house over a long period of time, perhaps he can tell us and we will go to it. They ceased to make bridging loans and they did not lend money for the construction of bungalows, so to speak, but there was no restriction on lending money up to \$25,000 — and this is still so — and they can still lend \$25,000 for the construction of a chattel house without any restriction whatsoever, and that does cover a considerable part of the population of Barbados. Perhaps even now the demand for chattel houses is half or nearly half of the total demand for housing.

Mr. GREAVES: Mr. Speaker, it is clear that the policy which the Prime Minister indicated in this House, as instructions which came from his Ministry via the Central Bank to the commercial banks in this country, affected the construction of houses in Barbados. He admitted this on the floor of the House. I recall his admitting this, using the term that there was some heat being generated and he wanted to take some heat out of the economy, and therefore the Central Bank had instructed the commercial banks to, as it were, ease up on the lending of money for the construction of the houses in Barbados.

Whatever that is, whether it is a half truth or whether it is a lie, or whether it is the truth, people who have approached commercial banks and who are in the business of seeking finances to assist them in owning a home, will know what is the truth in the matter. I understand, for example, that only this month the commercial banks has resumed lending for construction, so I think that this is a matter which we do not have to argue about very much, it is either a fact or it is not a fact.

We have heard from the Prime Minister's mouth that there has been some direction coming from his Ministry to the commercial banks in this regard, but we are concerned on this side, Mr. Speaker, with the escalating cost of housing, and as I said, we must draw this to the attention of the Chamber.

4.55 p.m.

The hon. member for Christ Church South Central and Deputy Prime Minister stated in response to the member for St. Michael South Central that one of the reasons why the building cost has risen so much is as a result of what he described as some tariff in the CARICOM CARIFTA, subsequently CARICOM, arrangement but what he seemed to have lost sight of is that

within recent months building costs have been skyrocketing. Skyrocketing because of the imposition of the Consumption Tax imposed by the Rt. Hon. Prime Minister in his last Budget Speech.

The Prime Minister himself has admitted and maybe he might deny it that this is an important contributing factor in the rise of construction costs in this country but quite recently we had on the floor of this House to come and vote additional money for, I think, the Pulverisation Plant and the note to the item stated that it was because of the imposition of the Consumption Tax that the cost of the construction of the Pulverisation Plant had risen to the extent that they had to come back and get additional monies. I do not remember what the percentage was, to get additional money in order to complete the project so that there is an admission under that note and it said so. (ASIDES). It does not matter, the Pulverisation Plant or the Sewerage Plant.

Hon. Miss B. A. MILLER: On a point of order, Sir. But it cannot be so because the Pulverisation Plant completed construction at the time when the Consumption Tax came in. We were commissioning the Plant in the month of April this year. At the end of April we were commissioning the Pulverisation Plant. The Plant was in here since 1972 or 1973 so what rubbish is he talking.

Mr. GREAVES: It does not really matter whether it was the Pulverisation Plant or the Sewerage Plant.

Mr. SIMMONS: On a point of order, Sir. Mr. Speaker, I am submitting that truth does matter and facts do matter, not impression or his bad memory.

Mr. SPEAKER: Please. It is not for me to deny hon. members the opportunity to speak but when I find members getting up and saying everything and anything and then rebutting, then saying it does not matter, I do not think that this is going to go on in this House.

Mr. GREAVES: Mr. Speaker, I do not think that any member over there can deny that within the last six weeks the Government came down to the House of Assembly for money on a major construction project, may be I was mistaken with the Pulverisation Plant. Maybe it was the Sewerage Project Plant, whatever it was, but a major construction project and the note.....

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, on a point of order. He has tried with the Pulverisation Plant and heard that it was completed before the Budget and now he tries with the Sewerage Project but the Sewerage Project is a tax free project, no duty, no tax.

Mr. GREAVES: Be that as it may but let the Prime Minister deny that within the last six weeks that he

brought a Resolution in here for additional money and the note on the Resolution was because of the imposition of the Consumption Tax. Deny that, Mr. Prime Minister. Get up and deny it. I challenge you. Let him deny it. He cannot do it because he knows that it is true so that when we.....

Mr. SPEAKER: Let us have some order, please. Let us have some order.

Mr. GREAVES: So when we therefore are talking in terms of building costs we cannot forget the serious rises which have taken place in this country through the imposition of the Consumption Tax. I will agree with my colleague, the hon. member for St. Michael South Central, that the Government must pay some attention to controlling the cost in the building industry and I will say it that the Government must give some very serious attention and indeed must initiate an active policy to grant tax concessions on the materials in Barbados so as to make it possible for what we consider to be the average person and the working class people to have access to the possibility of owning their own homes in this country.

I would like to say that this \$3.5 million that is going to raise bond issues, I venture to say that this will be merely scratching the surface of the housing needs of this country. This just cannot be enough because there is this need for a massive injection of capital into Housing in Barbados and as I believe anybody who has had to pay serious attention to the economic situation in this country would recognise that construction as a leading economic sector, with all of the various linkages that anyone could, assuming under any economic situation, and should therefore provide the impetus for jobs and the whole range for maintaining a healthy and economic climate.

We would have been very happy if this afternoon we were hearing talk about maybe \$25 million rather than \$3.5 million and whereas as the member for St. Michael South has indicated, we would not oppose this Resolution and certainly we would like to say that we are sorry that we could not this evening be assisting by making it possible for many more millions to be provided on the capital market so that persons who wanted houses, the small people, people who find it very difficult to get their down-payments and this is a very serious point which concerns me and which has been made by the Hon. member for St. Michael South Central, people who are finding it difficult to get down-payments to assist them in owning their homes that they must also be able to do this. There must be a policy, in my view, which must be pursued that we can make housing easier for the small man and for that kind of person in this country.

I am told, for example, that the National Housing Corporation is in the process of constructing houses at

West Terrace. My information is that these houses will cost in the vicinity of \$70,000 to \$75,000 and they might even cost more. There is a projection that some of these houses may cost in the region of \$90,000. For whom are these houses being constructed? Who would be able, Mr. Speaker, to own one of these houses.

I am saying, Mr. Speaker, that this is a very serious matter. Housing is a very serious business, particularly for Barbadians. Barbadians like to know that they own their homes and that they have their own homes and I believe that if we are going to be able to reflect the feeling and the thinking of Barbadians, then we have to pay much more serious attention to this and to the whole question of building and obviously, Mr. Speaker, as I started out by saying, to the distribution of houses by the National Housing Corporation.

5.05 p.m.

Mr. ALLEYNE: Mr. Speaker, it was no part of my intention to become involved in this debate. Unfortunately, serious and unfounded allegations have been made against the National Housing Corporation and its officers and it becomes necessary for me to defend the very fine system, which this Government has introduced, in respect of the selection and allocation of houses at the National Housing Corporation.

The system about which the Honourable Member attempted to speak is a system which he does not understand. He understands a system which permitted certain persons, whom I know to have received and to have been allocated in one instance, three houses. I know of a man, who was allocated three houses, by the National Housing Corporation, before this Government took power. That is the kind of system which the Honourable Member on the Other Side understands. It is not the system which is now in operation. The system which is now in operation is a system set up, by the Honourable Member for St. Philip North, a system which ensures, that a Committee looks at each of the applications, assesses each of the applications and makes a recommendation, on the basis of the greatest need.

Now, the basic problem, Mr. Speaker, is this, that the Democratic Labour Party, when they were in power in this country, never sought to establish a proper system for updating and revising the list of applicants for houses and so, we have a situation where there are about 10,000 applications sitting in the files of the National Housing Corporation and there is no sufficient system in operation to see whether those 10,000 applications are current, whether 5,000 are dead, or 5,000 are current, whether 2,000 or 3,000 persons are no longer interested in houses, or that sort of thing and we are trying to sift those applications to make sure that we have, on our files, live applications. In the meantime, the applications as they come up are looked at

by the Committee, the Committee does a sifting operation and the houses are allocated on that basis.

There is no system in operation that I know of, other than that one, Mr. Speaker. Every single allocation is an allocation by the Committee. In the rare instance, where an ad hoc decision has to be taken in an emergency situation, the Committee itself still has to ratify the application done on an ad hoc basis by the Chairman, or the Chairperson of the Tenants Committee. That is the system I have found in operation when I took over from the Honourable Member for St. Philip North. It is a system which I have allowed to continue because it appeared to me, to be a wise and proper system.

The basic problem is this, Mr. Speaker, that had the Opposition, when they were in power built more houses, than they did build, we would not be faced with a very desperate situation now, in which some people have to be waiting for a house for sometimes upwards of one year. We have found a difficult situation, remedial steps were taken, as soon as, we got into power.

We have been building more houses now, than were ever built by the Other Side and I have every assurance, that if we continue on the path on which we are going, we will soon reach the stage, where people will not have to wait longer than probably six months before they can be allocated a house.

I will tell you what we have been discovering, Mr. Speaker, in the course of our checking these applications and so on because we are now trying to establish a proper system not only for rental, but for the sale of houses and for the investigation of loans owed to the Corporation. We have been discovering, for example, that certain persons in Barbados, who are on our books as persons, owing money to the National Housing Corporation never in fact, received the houses from the private developers, Melbourne Investments and people of that sort and yet, they are registered on our books, as having received loans in respect of those houses and we have a situation where, sums of money are booked, as having been paid to these private developers and I understand, that there was some connection between these private developers and the Democratic Labour Party, at some stage. That is the situation which we have found. We have found, in fact, a system, which was so bad, that the entire fabric of the National Housing Corporation was under attack and what we are now doing is trying to repair that fabric, so as to ensure that the fair, honest and proper system which we, as a Government have established can continue. I think, Mr. Speaker, that that is the position such as it is.

In due course, we will be able to report to this Honourable House and probably to the people generally upon precisely what we have been doing, in terms of

rectifying the evils which were existing in the past, but I believe that I have set the record straight at this stage and that nothing further is required from me at this moment.

Mr. SPEAKER: Is there any other hon. member who wants to make his contribution? (PAUSE) The Rt. Hon. Prime Minister may wind up his debate.

Rt. Hon. J. M. G. M. ADAMS: Sir, the contributions in this debate, some of them have been valuable, some of them have been very misleading. We had a remark dropped by the hon. member for St. Michael South Central to the effect, that the rate of inflation is over 20%. In fact, the new Index shows the cost of living rose between March and October, an amount of 6.1%, which would be an actual rate in single figures. But, I have no doubt, that by tomorrow, the newspapers will comment, that the inflation rate in Barbados is 20%, the Gospel according to St. Richard.

I honestly wish Sir, that the habits of untruthfulness, which certain hon. members seem to admire so much in certain overseas politicians are not admired to the extent of being brought in to the Honourable House of Assembly. The Honourable Leader of the Opposition does counsel us, on this Side, from time to time, not to take seriously what is said on political platforms, it is not meant to be true. The hon. member for St. Michael South Central has also counselled us that truth does not matter, it is impressions that are important. I want to tell the truth and to make sure, that the only impression that gets through is an impression of the truth and the fact is that the rate of inflation in Barbados and its relation to housing is that housing costs are undoubtedly going up more quickly, than ordinary inflation and I would suggest, that the deduction to be drawn from that is that house building therefore becomes more attractive, as a more effective form of saving, than the Housing Development Bonds because if you put your money into the Bonds, you might very well be doing better than to put your money, as a down payment, in trying to get a loan to build a house, since the capital value of the house may appreciate more than the interest worth of the bonds. These are all matters of balance which we have to estimate.

Nonetheless, Sir, the rate of return on the bonds, at 8% tax free up to \$25,000.00 does in my respectful submission, provide a time where the annual rate of inflation is between 9% and 10% to provide a very satisfactory investment and I think, that these bonds will prove attractive. They are at 8% investment, where the deposit rates at banks are far below that, they have a short maturity, 10 years and I have no doubt will be repeatedly sold to the public.

5.15 p.m.

The second point made by the hon. member for St. Michael South Central, which was that increases in the

cost of living make it difficult to meet monthly payments, with great respect to the hon. member, those arguments are really not of much weight, not of any value. If there is one thing known about building a house, it is that the burden of the payments gets less and less every year, because as the cost of living goes up so do the stalwarts of the Barbados Workers' Union negotiate for higher wages, and so do the stalwarts of the Establishments Division of Government, backed by the Minister of Finance, give wage increases that even exceed the increases in the cost of living, and I have never heard it suggested yet that in inflationary times it becomes harder to keep up monthly payments in a country that has Trade Unions. That really is such a bad argument that I am surprised to hear the hon. member raise it.

Dr. HAYNES: Mr. Speaker, on a point of order. I think the hon. member misunderstood what I said, what I was trying to get across, that for the young person who was trying to acquire a home, because of inflation and the amount of money they have to spend in other areas, they would have much less money available to meet mortgage payments and so on in inflationary situations.

Rt. Hon. J. M. G. M. ADAMS: The hon. member made two points, one good and one bad. The first point he made was that in times of inflation it is difficult to save the down payment, because the amount of the down payment may be increasing faster than your capacity to save. This is not confined to Barbados, it is confined to everywhere, and it is a straightforward mathematic demonstrable function. If the rate of inflation on house building is greater than the rate of increase of wages, it is that much more difficult to save a down payment. If the rate of inflation on house building is less than the increase in wages, you can make the down payment, Sir. Now, as it happens, there have been some hundreds of applications to the National Housing Corporation in the last two months from civil servants, for whom the back pay that we are going to pass later today will be a down payment. The back pay by itself is going to provide for civil servants in all the middle ranges a down payment for any house that the Barbados Mortgage Finance Corporation can finance, and the simple fact is that for this year and this wage increase, the forced saving made necessary by the months of negotiations is going to be enough to finance a house virtually for any civil servant earning, I would say, over \$800 a month, virtually any one of them. If he or she now wants they will have in back pay a down payment of adequate amount, so while theoretically you can construct equations which will relate the cost of building to the rate of wage increases, which will also take into account the normal two year lag in wage increases, we have to recognise that you go by jerks and starts. Every two years the rate of wage increases is such as to produce the capacity to save for down payments and to go in for house building. I think that the reason why perhaps there has been a surge of applications, even in 1978, was because of wage increases in that year.

The hon. member for St. Michael South Central made two points, one is down payments and the other was the monthly payments. In his point of elucidation he has compressed them into one, but they really need separating because one is good and one is bad. One can be argued, the other one cannot be sustained.

I do not think there is anybody in Barbados who really thinks that the burden of mortgage payments gets more difficult as time passes. If there is anybody in Barbados who has had a mortgage for more than two years and says that they find it more difficult to meet it now than when they got it, I would really like them to come into the Ministry of Finance — as long as they are not unemployed — because everybody's wages go up over a two year period, everybody, and the mortgage payments do not go up. There is a little increase because I believe there is some indexing of interest rates now, I believe so, so there may be a little increase in some of the higher mortgages, but the normal straightforward mortgages such as we are talking about become easier and easier to keep up as time passes, and in fact the normal number of persons at the Barbados Mortgage Finance Corporation who have three or more payments in arrear is only 35. That is the annual average of people who owe three or more payments in arrear, 35 people, and there are more than that at the moment, but I am confident that when the back pay is paid that the number will be reduced to practically nothing. It may be that over these few months there are a few people who are not paying, who are waiting for the increase when it comes. We have a very low default ratio.

The question of the down payment in any case I thought on all sides it has been pointed out, that side and this, that since the Barbados Labour Party has come into power you only have to make a 10% down payment and you have 25 years to pay. These are conditions as generous now as exist in the developed countries where house building is an important component of the economy.

The hon. member for St. Lucy said the bond issue is two years late. We must be able to judge when we want to make the issue. The fact that, according to him, it is two years late has not stopped us from making 300 loans last year, where in 1975 only 73 loans were made; has not stopped us from multiplying the number of loans by four.

You talk about house costs going up 200% in some cases. The number of houses being built by the Mortgage Finance Corporation has gone up 400% since the Democratic Labour Party was in power. The hon. member says housing will be beyond the reach of the average citizen in this country, but more houses are being built today

than ever before. The hon. member says that building costs are rising because of the consumption tax. The hon. member does not seem to understand that building materials are only half of the cost of a house, and the consumption tax went down on paint. I wonder if the hon. member remembers that, that the tax on paint was reduced. The consumption tax may have an effect of 1½ to 2%, perhaps not as much as 2%, because it does not apply to cement, we waived that, remember, cement is the most important component. It does not apply to gravel and quarry products. That is another point the hon. member does not seem to have recalled. In fact, I doubt the consumption tax could even affect the cost of building by even 1%. After all, the entire estimate of the tax receipts on all building materials in \$4 million, that is the estimate, and \$4 million when you consider the amount of building being done in Barbados may very well be in the region at the moment of \$200 million, \$100 million in big projects architects have and other building construction of all types.

The hon. member will realise that speaking of the consumption tax as a factor of any significance in building costs is really an error. I would have thought the hon. member would have taken credit for what will in the next few months be the greatest components of the increase in building costs, the increases in masons' and carpenters' wages, because if you are going to complain about a 5% on the cost of wood and steel, if you can see that that increase is an increase in building costs, I wonder what you think increases of 40% in carpenters' and masons' wages will be. The Union is negotiating, it asked for 50% increases in carpenters' and masons' wages, and now it complains that the building costs go up. You cannot have your cake and eat it. The hon. member cannot appear as an apostle of cheap building costs unless he is going to be an apostle of cheap labour, and neither he nor I believe in cheap labour.

5.25 p.m.

Carpenters and masons must be paid properly until they force the Contractors to achieve productivity increases that would allow the high wages to be paid without an undue burden on the house builder. The increase in artisan wages obviously represents something like three-quarters or four-fifths of the increase in building costs in Barbados and it is something that we should not be up against. Nobody likes the cost of anything to go up, Mr. Speaker. People do not look at the money in their pockets and ask what happens when the money gets out and therefore when in Barbados you point out that inflation is running less than most other countries in the World, when you point out that a lot of things cost less than in Britain or in other CARICOM countries where there used to cost more, people are not interested but it is still worthwhile pointing out that according to recent studies which the Deputy Prime

Minister himself talked about, the building costs in the United States, that a trailer home in the United States which corresponds to a chattel house here, generally speaking it is put on a trailer and driven out in the country and you park it in a trailer park, plug it up to sewage and electricity and live in it.

A trailer house cost something like \$20,000 US now. The lowest price you will get a mobile home for is \$18,000 U.S. That houses which we saw illustrated in the South, not a high cost area, sold in an unfinished state, wooden houses, permanent wooden structures, sold in an unfinished state, just the walls are up not plastered or weathered are selling for \$40,000 U.S., wooden houses in Georgia and Carolina, that a stone built house in the suburbs of the North East of the United States, the smallest price that has been found in this survey for a new one was \$54,000 U.S., and near the big cities you are talking about \$80,000 and \$90,000. When we consider that these are the prices which a country of relatively low cost, the United States is definitely not a country where prices are out of all proportion as compared to others. If in the United States the building cost where the materials are local are so great, in Barbados we should perhaps be congratulating ourselves that we can still build a house for \$80,000 which I am sure International Housing Corporation builds them for less. The National Housing Corporation builds them for less but you will get a fair house for \$80,000. The houses on the Housing Estates I believe are still \$60,000 to \$65,000 and the National Housing Corporation does them for even less.

I do not think that we should be saying that the Armageddon is at hand that Barbadians will have to be living in the streets. Nobody is sleeping on the pavements in Barbados. There are as many rooms in houses in Barbados as there are people and we have the best proportions as we are told in the developing World. There are nearly 230,000 rooms. We suffer from a serious under-occupation of houses. Fourteen percent of the houses in Barbados are under-occupied according to the International Standards. (*Asides*).

The hon. member for St. Michael South Central droll, Sir, I hope that he is not counting in the 10,000 or 11,000 hotel rooms. I hope he is not doing that but even if he were we would still have a very large number of rooms for the population. What we need to do is to up-grade the standard of housing and that is what the Barbados Mortgage Corporation is there to do, to build better houses for the people. We are very committed to this matter of housing and we are glad that after a period where they have had a cooling off from taking out of the heat that we are again able to envisage a little expansion of house building and construction generally.

The question of the allocation of houses well, the hon. member for St. Michael North West dealt with that. I wonder how the houses being allocated at the Mangrove's Housing Estate of the Barbados Workers' Union are being given out. We are hearing so much about the Sugar Fund and so on. I wonder how many sugar workers have a house at Mangrove out of the money that was lent out of the Sugar Levy Fund.

The hon. member likes to challenge people to deny him. I challenge him to tell me how many of the sugar workers have a house at Mangrove built out of the Sugar Fund. (*Asides*). I do not wish to investigate the hon. member for St. Lucy. I really do not wish to embarrass him. I am glad for the hon. member to be presiding over the Housing Estate but I know that he cannot say how the houses at Mangrove are allocated, and he cannot say how many sugar workers have them and, of course, the Housing Authority has not had to confine its allegations to sugar workers or any particular part of the society other than to be clarified by general income.

Mr. Speaker, Sir, I beg to move that this Resolution of guarantee be now pass as amended.

Mr. SISNETT: I beg to second that.

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

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, I beg to move that Your Honour do now leave the Chair and the House go into Committee of Supply to consider the Resolutions of which notice was given earlier. They were not circulated but have now been circulated.

Mr. SISNETT: I beg to second that.

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

SUPPLEMENTARY ESTIMATES 1980-81 No. 18

Item No. 1 was called — To move the passing of a Resolution to grant the sum of \$27,212,312 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. 18, which form the Schedule to the Resolution.

HEAD 11 — GOVERNOR-GENERAL

Rt. Hon. J. M. G. M. ADAMS: Sir, I really do not intend to enter into long and complicated explanations of this Head and something which has been debated so

often in the House and in Committee form. It is the Wage Agreement, Sir, and we are voting the money for it. Statutory Expenditure is automatic and is not a threat. 5.35 p.m.

It does not have to pass through Parliament. Eventually, we will pass a Supplementary Appropriation Bill to deal with that, but these are the other Personal Emoluments, the unestablished staff, the casual staff, the temporary staff under Head 14 and I propose, Sir, just to move that the Head stand part. I would urge Honourable Members to recall the pay sheets are being made up now, the back pay is being calculated now, if there is any delay, we are dealing with Financial Rules, which tell you that you cannot anticipate a vote through Parliament, therefore, you cannot take any chances. If we delay this, we really do delay the possibility of the unestablished, temporary, casual staff getting back pay next week and I really would implore Honourable Members to let the civil servants get their \$30,000,000.

I beg to move that Head 11 stand part.

Hon. L. S. CRAIG: I beg to second that.

Mr. CHAIRMAN: The question is.....

Mr. GREAVES: Mr. Chairman, before you put the question and at the outset of the consideration of this Resolution, I think that it is going to be necessary for me to make my position very clear because I do not want to wait until the very end to cast my vote, as I did on the last occasion when a matter, or similar matters were discussed to hear the Rt. Hon. Prime Minister, or somebody from over there saying that I did not object before. So, I am starting out now, even although it is the Governor-General's Head, and making my position very clear, on this particular matter. When the matter was brought before this Honourable Chamber, some weeks ago, I stated that I could not agree with the proposals which were brought down.

Again, I cannot certainly agree with the amounts here because the Barbados Workers' Union, which was one of the Unions negotiating the Agreement, up to now, has not agreed with the position which the Rt. Hon. Prime Minister legislated in this Honourable House, the increases which he legislated in this Honourable House because there was not full agreement. For the Rt. Hon. Prime Minister to say, that there was a Union Agreement, he should have made it clear, that it was an Agreement between the Government of Barbados and the National Union of Public Workers. The Barbados Workers' Union had nothing to do with this Agreement and I have to make this position very clear, at this point in time and I would want to serve notice now, my vote is not going to effect the position of this Resolution, but if I have to wait until 11.00 o'clock tonight, until we get to the end

of this, I will be waiting to cast my vote against it, on a matter of principle.

Dr. HAYNES: Mr. Chairman, I too have some difficulty. Whereas I was absent when the debate took place on these matters, on a previous occasion, I think that today is the first time that I am seeing these rather thick documents before me. I recognise the predicament which the Government finds itself, in respect of the Financial Rules, but when I vote, or when I speak, I like to do so, from a position of information, having studied the material before me and whereas, I would hate it to be said, that I stood in the way of anyone getting their money, in a sense, it would not make any difference whichever way I voted, but I think that I should bring it to the attention of the Chairman, that I am not sufficiently appraised of the contents of these matters before me to take an informed position on it, other than in principle.

The question that Head 11 stand part was put and resolved in the affirmative without division.

Mr. CHAIRMAN: Head 13.

SUPPLEMENTARY ESTIMATES

HEAD 13 – SERVICE COMMISSIONS DEPARTMENT - \$27,934.00

Rt. Hon. J. M. G. M. ADAMS: Sir, in moving Head 13, I would take a note of what Honourable Members have said in, or out of Opposition.

I cannot advise any Honourable Member how to vote, but I had always thought, that even where you did not agree with the previous arrangement, that used to vote the people's money, I am sure that in 1976, the Honourable Member for St. Lucy voted the people's money, but that is only in passing. I cannot really give any kind of advice. The Honourable Member is free to vote one way, or another. I joined him in a vote against the legislation in 1976 and in favour of the Supplementary Estimate in that year also, but be that as it may.

The Honourable Member for St. Michael South Central, I am sorry that he does not have enough knowledge of this, the Honourable Member evidently has enough knowledge of something which it is illegal to know, namely, the proposals on boundary changes made at the Boundaries Commission to advertise, that he and the Hon. Member for St. Michael North Central will be breaking the Law later this week in holding a public meeting, on the proposed boundary changes. I have no doubt, that all those responsible for enforcing the Parliamentary Privileges and Immunities Act will pay careful attention to what the Honourable Member says and I have to admire the Honourable Member's knowledge of what goes on

behind closed doors. I hope that it is greater, than the knowledge possessed by Mr. Vernon Smith.

I beg to move that Head 13 stand part.

Hon. L. B. BRATHWAITE: I beg to second that.

Mr. CHAIRMAN: The question is that Head 13 stand.....

Mr. E. E. GREAVES: Mr. Chairman, now that we move away from the Governor-General, over which we traditionally do not have a controversy, which is the Governor-General's Head, I would like to get information from the note, on the Addendum.

Now, I think that it is important to recognise, that the Honourable House will be voting and I will be voting against increases in the salaries and wages for the un-established, non-established, casual and temporary staff, as well as, revised allowances for housing and entertainment. Now, the point should be made, that persons who are normally considered to be at the bottom and in the middle of the salary structure in the Government Service are not eligible for housing and entertainment allowances. I seem to recall, that this is a prerogative of Permanent Secretaries and people up there, who are at the top and for whom, as far as, I can recall, there was an increase agreed to, by the National Union of Public Workers of somewhere in the region of 22.5%.
3.45 p.m.

No housing nor entertainment was involved in that, that was on pure salary. So we are now in a situation, Mr. Chairman, where people who are at the top are now getting 22½% increase on their basic salary, and we are not being called upon to vote increased allowances for housing and entertainment for those same persons. So that the point which was being made by the Barbados Workers' Union all along was that we have a situation in Barbados where people at the top, the higher income earning bracket in the Public Service are getting an additional benefit far and above what even it appeared to be in a situation where the Government was offering 22.5%, and I want to make this point very carefully, because I think it is a point which one has got to note, and I think that the public must understand that in addition to getting 22.5% on 20 and 25 thousand dollars per year, the people at the top of the Public Service will also be getting an increase in housing allowances and on entertainment allowance. I am not even sure whether this is tax free or not, I think that there was an opinion from the Income Tax Department some time ago that the housing allowance which Permanent Secretaries get they have to pay income tax on it. I seem to recall that decision some time ago. I am not too clear about the position with entertainment allowance, but we have a situation in which we are

widening the gap even further. Even although a person at the top might be getting 22.5%, which is less percentage wise but not of course money wise, then 35 or 36% where the mass of the people in the Public Service at the bottom get, which they got, we are now being asked to provide more money for these people. I just want to make that point. I understand the implications of it and I just want to let the Prime Minister know that I understand the implications of what we are doing here.

Hon. C. L. BOLDEN: Mr. Chairman, it may seem strange that I rise to answer the hon. member for St. Lucy who is also an Executive Member of the Barbados Workers' Union, a Trade Union in this country. I do not believe that he is really sincere in his speech in this Chamber about the method of increases which have been determined between the Government and the NUPW.

Mr. GREAVES: Mr. Chairman, on a point of order. I would like to draw to your attention that the hon. member is imputing an improper motive to me. He cannot suggest that I am not sincere. That is unparliamentary and I am asking you to ask him to withdraw it.

Hon. C. L. BOLDEN: Mr. Chairman, I have said that I do not believe, because from time immemorial it has been a part of the agreement with Government and the Unions, not only the BWU, but the NUPW that travelling, housing allowance and entertainment must be awarded to the management staff in Government. If you keep on keeping management staff down, you remove the incentive from those persons to manage. I have nothing against the workers at the bottom being brought up to the top. You must understand the dissatisfaction which exists between the management staff in Government year after year, negotiation after negotiation, when they sit down and see that they have got to oversee millions of dollars and their positions are being eroded by persons who do not understand, and yet still you expect them to manage a Ministry.

Mr. Chairman, I run the Ministry of Communications and Works. My Permanent Secretary has to administer \$23 million this year. He is responsible for every section of the Ministry. If there is a disciplinary action to be taken in the Ministry, even after it comes out of the Personnel Division, it has to fall to the Permanent Secretary.

Now, if the hon. member is saying that the Barbados Workers' Union is against the management staff getting what they have been accustomed to, what does he want to do? We have just had a situation in this country where the Transport Board workers went on strike and a bus conductor got up in the yard and jumped and said the next week he was going to be

Personnel Officer and after that he was going to be General Manager. (Mr. GREAVES: So, what's wrong with that? He is an ambitious fellow, what is wrong with that?) Do you see what I tell you? Are we going at this stage to tell the management section of Government that it is not entitled to maintain its management position? The Union has got to be sensible. If you play concertina in this action you have to burst somewhere, and I for one want to know that the management staff in my Ministry is satisfied that they can manage the Ministry. That is what I want to know, and I will not be a party to saying that you must take away from the management staff what they have been accustomed to getting over all the years. It has been an agreement, and I am sure that the hon. member gets his increase on the basis of being a manager of the Union, contrary to what he gives to the ordinary workers in the Union.

Mr. GREAVES: Mr. Chairman, I do not think that any member in here or any person who has heard me, heard me say that Permanent Secretaries and people at the top are not entitled to, or should not get allowances. I never said that. I think it is a reflection on the ability of the Hon. Minister to understand. We all know that he has a very low level of reception of information. We know that. (ASIDES). We are getting personal, because it is a fact. I cannot say otherwise, he cannot understand very well.

Hon. C. L. BOLDEN: Mr. Chairman, I have a very low level of understanding, but thank God I have never been under him, because his level is so high that he gets the most out of the Union and the workers under him get nothing.

Mr. GREAVES: That is a point of ignorance, but let that remain as it is. Mr. Chairman, for the hon. member to get up and try to suggest as hard as he might have tried that I said that Permanent Secretaries and people at the top should not get allowances, is obviously an attempt by the Minister to try, as it were, to blunt the impact of what I am saying. I said, and I told the Prime Minister, that I want him to know that I understood the implications of this. The Hon. Minister got up and said that the Permanent Secretaries are quarrelling about.....

Hon. C. L. BOLDEN: Mr. Chairman, you can now see who has a low level of reception. I have never said anything about Permanent Secretaries quarrelling. The hon. member finds himself in very difficult waters today, so he has to invent statements and situations now to satisfy his own arguments. My reception is so poor that he now has to impute words to me that I have not said in here today. I never said they were quarrelling, I never said that.

Mr. CHAIRMAN: And in any event the Chair is not going to permit this debate to become a matter of charge and counter charge. Hon. members please take note.

Mr. GREAVES: Mr. Chairman, the Hon. Minister said that the management staff in the Public Service, which also includes the Permanent Secretaries, right or wrong? So, the Permanent Secretaries and the others are dissatisfied. (Hon. C. L. BOLDEN: Mr. Chairman, I never said they were dissatisfied). But I am saying it now, not you.
5.55 p.m.

Hon. C. L. BOLDEN: I have never said that.

Mr. GREAVES: I am saying it now, not you. I cannot say so? Who are you? I am saying that now.

Mr. CHAIRMAN: If the cross-talking continues I will not hear the hon. member any longer.

Mr. GREAVES: We understand. I told the Prime Minister that I understand the implications and you get the Minister jumping up. Now he gets up with something which he does not know about. This is what is happening and let me just continue to the end.

The people on the Management staff are dissatisfied. These are my words now. The Management staff in the Public Service are dissatisfied when they have to administer millions of dollars and they cannot get, let us say, what can be considered as the kind of allowances and the kind of rewards which are necessary in the management of these affairs.

The Ministers are dissatisfied or indeed claiming that they will not sit down in a situation where a Permanent Secretary can get more money than them so do you see where I am coming from, Mr. Chairman, and right up to the continuum goes and we will reach a point, where, of course, the Prime Minister will say, you know I am the Prime Minister of the Cabinet and the Ministers cannot get more than me and that is an additional argument and this is all part of this continuum and that I told the Prime Minister that I understand the implications of this particular aspect of the Resolution which we are being asked to vote here today and there is no argument. We understand the implications of this and you can rest assured that this will not be the end of this matter.

Rt. Hon. J. M. G. M. ADAMS: Sir, a question has been raised. I hardly can imagine that the hon. member for St. Lucy is suggesting that the housing allowances and the entertainment allowances which are always raised at the same time as salaries, should not be raised

on this occasion or that there is something irregular, under-hand, secretive, collusive or otherwise. Every single year since entertainment allowances have been paid, so far as I know, they have been increased with salaries. I have never heard it otherwise.

Housing allowances form a part of the taxable and pensionable emoluments of public officers. It is true that the greater number of public officers who get housing are officers at Grade B and upwards but indeed if the hon. member really looks about his classification I am sure that he has a greater knowledge or reclassification than some of his colleagues, including his senior colleague of the Barbados Workers' Union, he would see that there are officers in all kinds of walks of life who get an inconvenience allowance relating to the need of special housing. People sometimes have to spend nights away from home. He will see that they are many officers in the Ministry of Agriculture who get a house or an allowance. I think the caretakers at reservoirs probably get some kind of allowance, the Matron of the Queen Elizabeth Hospital. Many officers throughout the service do get housing allowances. We will find that Project Managers get entertainment allowances and officers lower down than Project Managers may also get entertainment allowances.

As far as what he describes as the continuum is concerned, I am not aware that it is necessary to apply Einstein's Conceptions of logic to simple matters just to show that you know a big word but I suppose that Mr. Frank Walcott having introduced infra-structure into the daily currency of political life, the hon. member for St. Lucy is entitled to introduce continuum, but the spate time continuum of Ministers and Permanent Secretaries happens to be such that the relativity is being compressed, if you want to put it all in the terms of Einstein in theory.

It is not true when he is suggesting that you have pushed up the Permanent Secretaries in order to sustain the Ministers although, indeed, the argument that the Ministers should not get more than the Permanent Secretaries is very genuinely accepted but the gap has been closed in this particular exercise because the pensionable and taxable emoluments of Ministers used to be \$300 a month more than those of the top civil servants and we have now deliberately thrown up the tax to \$230 a month more. In other words, if we had given ourselves the same increases as we gave the civil servants we would be getting perhaps \$400 a month more but we have deliberately thrown it up.

Now when I hear arguments like that I realise that my Ministers' arguments when they tell you do not think that you can get any credit by reducing the gap between civil servants and the Ministers, they are going to curse you for it anyhow. It is true. It is

absolutely true, and it is attitudes like that that sometimes make a certain sort of unscrupulous politician. Thank God that we do not have any on this side. I do not know if the hon. member bearing in mind who used to sit in the Democratic Labour Party Cabinet can say the same. A certain unscrupulous politician will say carry it away man, they are going to carry it up anyhow.

I feel that certain former members of the House may very well had such an attitude but for what it is worth it should be noted that hon. members on this side by a call for an increase got only 20% in their entertainment allowances and not 22½%. It is only small but I just mentioned that so it must not be assumed that Ministers are insensitive to these problems or that the representatives of the Barbados Workers' Union have a monopoly of concern for the pockets of people.

It should also be pointed out and I want to emphasise this with some force that Ministers do not get a housing allowance at all except for the Prime Minister where Permanent Secretaries get housing allowances so any suggestion that you have to push up these things in order to accommodate Ministers is without foundation.

It seems to be suggested that it is unique to Barbados that these arguments about Permanent Secretaries and Minister's salaries come about. I notice there was a very severe criticism in the *Times Newspaper* of Mrs. Thatcher that she accepted a salary lower than Permanent Secretary II in her Department but the *Times* did not point out that in addition to the Prime Minister's salary in great Britain and I can point this out in relation to letters that have appeared in the *Advocate* too that the Prime Minister also draws an ordinary member's salary which is £12,000 a year, that you get an MP's salary and then you get a Ministerial salary in the House of Commons so that when Mrs. Thatcher appears to be getting £25,000 a year or £26,000, I think it is £27,000 a year, it would be Grade C in pounds to what we were in dollars before our increase and Permanent Secretary II is getting £28,000 a year, she is also getting a little £12,000 from her being a member of Parliament and also, of course, the use of a £5 million house and entertainment allowance and unlimited travel at home and overseas, and so on.

We in Barbados must really be a part of the developing World. It is only in the developed World that people treat their politicians like this. I see that the major Leader in the Senate when he was asked why he was opposing increases for Judges and other senior civil servants in the United States, he said it is because they would not give us any and they are not going to work for more than us because there is a Judges' Commission in the United States which reports on Congressional Salaries and the Members of Congress did not like the Report and so they refused to vote the money for the Judges. We all punish ourselves with foolishness.

6.05 p.m.

The Harbour dues that it was paying every day can pay for all of us in here. The amount of money which Parliament actually costs is so small, so puny additional Members, Ministers' salaries a burden on the taxpayers, as sensible a man as Frank Walcott refers to a burden on the taxpayers, of three Members of Parliament, when one ship in the Harbour could carry perhaps, 30 Members of Parliament, if it stays in the Harbour for long enough. I mean, we have to have some sense of balance.

I believe, that some port workers make more than an Honourable Minister (ASIDES). So, Sir, I think that we really must have a little sense of balance. The other point about civil servants' salaries. I am Honourable Minister of Finance, so I am doing some special pleading. You really cannot expect to have the quality of financial management in Barbados, as we have enjoyed for a number of years, if you try to pull down the Governor of the Central Bank, try to pull down the Director of Finance and Planning. It is within anybody's ordinary knowledge, that the salary payable to the Governor of the Central Bank of Barbados, he could tomorrow get from an international institution, in US dollars tax free, with the same privileges that he has in Barbados.

I am so ashamed to think, that an outstanding Public Servant like Mr. Emtage, the Director of Finance and Planning has to work for a salary, in the region of US\$20,000.00 a year, when he could be getting US\$35,000.00, or US\$40,000.00 which he and I have gone to Conferences and agreed for, for lesser persons than himself, in the Public Services in the Caribbean, that I really wonder how people can argue about civil servants' salaries and top managerial salaries in Barbados.

I mean, it is beyond a joke, when three successive Ministers of Finance and Planning in Jamaica, well two, of Finance and one of Planning, Mr. Core, Mr. Belle, Mr. Fletcher all became one way or another disenchanted with the financial management of Jamaica of Mr. Manley's Government and they all appeared, when they resigned to be out in the cold and they are all enjoying jobs with salaries that will make Seaga and Manley together, look like boys in the yard. They have all got jobs with very much better salaries, than any politician in Jamaica could hope to command in Jamaica and this is what we are competing against. This is precisely what the top civil servants can balance against the rewards which they get from the Government here and the Honourable Member for St. Lucy also has to bear in mind, that the continuum does not extend only forward in time, or upward in space, it goes backward.

If you pay a Permanent Secretary \$30,000.00 a year, it means that Grade C, the Deputy Heads of the higher departments, project managers, the Commissioner of Inland Revenue and so on will have to be paid

\$28,000.00 and some plus. The next person down the Collector of Taxes will only be able to get \$26,000.00 and some plus. When you come down to Assistant Secretary, there will be no room above the Assistant Secretary to give them \$20,000.00 a year. If you try to compress the salaries at the top, you will reach right down to the maid at the bottom in only 30 steps. The Honourable Member is aware, that there are only 30 grades in the Public Service. No, I suppose that there are in fact 37 grades in the Public Service, there are only 37 grades in the Public Service and the top grade determines salaries going right down to the bottom. The more you pay the people at the top, the more you are able to lift the people at the bottom, when you reach a level of relative satisfaction at the top and we have not reached it yet, you are then able to reduce your differentials, but differentials cannot be reduced against a ceiling which is too low.

You cannot expect when, as I hope by 1986, a maid in the Government Service is getting \$1,000.00 a month, I hope that she will be getting \$1,200.00 by 1986, that is only a hope, Sir, you cannot expect a maid to be getting \$1,200.00 a month in 1986 and an Assistant Secretary getting \$1,800.00. The Assistant Secretary will have to be looking at \$3,000.00 at that time, so that there is room in between to distribute the different grades in the Service and the Honourable Member knows that quite well and he should not, at this stage, be seeking to rehash all the old worn out corned beef that has been regurgitated all year, in the matter of salaries and I beg to move Sir, that Head 13 stand part.

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

The question that Head 13 stand part was put and resolved in the affirmative without division.

SUPPLEMENTARY ESTIMATES

Head 14 – Establishments – \$1,216,542.00.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I beg to move that Head 14 stand part.

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

The question that Head 14 stand part was put and resolved in the affirmative without division.

SUPPLEMENTARY ESTIMATES

HEAD 15 – CABINET OFFICE

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, I beg to move that Head 15 stand part.

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

Mr. CHAIRMAN: The question is that Head 15.....

Mr. E. E. GREAVES: Mr. Chairman, there are times, when the Rt. Hon. Prime Minister makes certain statements, that one would let them slip, there are other times when and I think, that this has come from experience now, that we cannot allow the Rt. Hon. Prime Minister to slip in statements, which will then be used as fact, at a later time and I would just like, whilst we are on this Item to refer to a statement, which was made by the Rt. Hon. Prime Minister, when he was responding to what I said earlier on and he stated that in 1976, he voted with me against the salaries and then, he voted with me, when there was a Resolution which came down to the Honourable House for money, or something to that effect. I have a very vivid recollection of this. You were not here and lots of other Honourable Members were not here and I said for the debate, on that occasion and it was only one vote on this matter, you can check it and on that occasion at page 6813, those who were voting, "No." were:

Mr. F. L. Walcott
Mr. E. E. Greaves
Rt. Hon. J. M. G. M. Adams
Miss B. A. Miller
Mr. L. S. Craig
Mr. W. C. B. Hinds, and
Mr. D. A. C. Simmons.

There was no debate on salaries, relative to money, or what have you. Certainly, the Records of the Honourable House do not show that and I just want to make that very clear, so that I do not want the Rt. Hon. Prime Minister to come with the impression, that I voted one way, on one occasion and voted another way, on another occasion.

6.15 p.m.

I recall very very vividly that I was consistent, and I am being consistent again, so I do not have to bother about that. I just thought I would make that situation clear to the Prime Minister.

Dr. HAYNES: Mr. Chairman, I have just heard some very wild and informed comparisons between salaries of Prime Ministers and Ministers elsewhere and Prime Minister and Minister in Barbados.

Hon. C. L. BOLDEN: Mr. Chairman, on a point of order. We are dealing with Head 15 – Cabinet Office – Other Personal Emoluments, Printing Department. I cannot see how Prime Ministers' salaries and Ministers' salaries come under this. There is a special Head which deals with parliamentary remunerations and Ministers' pensions and remunerations, so I do not understand why wild and uninformed statements should come under Head 15 – Cabinet Office. I am asking Your Honour to rule

whether or not the hon. member is debating the right Head.

Dr. HAYNES: It is the question of top management and the remuneration of top management. To continue, Mr. Chairman, with your kind permission.....

Mr. CHAIRMAN: Just a minute, I must get my procedures straight. The Prime Minister wound up on that, so I think the hon. member would be very much better off if he chose another Head where he could very well bring it in.

Dr. HAYNES: I was only beginning on that, Mr. Chairman.

The question that Head 15 stand part was put and resolved in the affirmative without division.

Mr. CHAIRMAN: I will have to interpret the rules more strictly so as to save unnecessary debate.

HEAD 16 – PRIME MINISTER'S OFFICE

Rt. Hon. J. M. G. M. ADAMS: The hon. member for St. Lucy should be aware that what he read out to the House.....

Dr. HAYNES: On a point of order, Mr. Chairman. What has that got to do with the Head under discussion? If we wish to be logical, Mr. Chairman, if I was stopped then the hon. member should be stopped.

Mr. CHAIRMAN: Oh no, let us get it quite clear. We are now on Head 16 and the Prime Minister will address the Committee.

Rt. Hon. J. M. G. M. ADAMS: The hon. member for St. Lucy seems to wish to get the last word on the matter in which he says there was only one vote. I have already found three, but is there really any point going through the debates of 1976 to prove the hon. member wrong? Does anybody believe the hon. member for St. Lucy has a monopoly on correctness? I was so surprised when I read here he was talking about the Chaplains and the part-time doctors at the hospital who for the first time, poor fellows, since they formed an Association had just agreed with the Government on a raise of pay. We hear so much of industrial trouble, everybody can agree with us except the Barbados Workers' Union. Everybody has agreed with us, the teachers, the doctors, the NUPW, but stroke alone is out of step. Seven men in the crew rowing correctly, but stroke is pulling in a slightly different direction, and now is telling us about the debates of 1976 in a wrong sense.

Anyway, I beg to move that Head 16 stand part. I do not believe this has my salary in it, but if the hon.

member for St. Michael South Central wishes to tell us that we are better paid than Ministers in North America or in Great Britain, I will sit down and listen with interest, Sir, because this is the vote for the Prime Minister's Office, and I had better say in the early what it is before hon. members confuse themselves. It is \$6,038, I believe that would have to be extra pay for a messenger and a lady who looks after the office. It is \$1 341 in National Insurance contributions — that would not be mine, I pay all — it is \$386 in National Insurance contributions for the Central Emergency Relief Organisation, and \$516 for the contributions for the maid and the caretaker at the Prime Minister's official residence. The rest relates to the Electoral Office, the messengers and the photographers and so on who are on the staff there, so I hope the hon. member is not suggesting that this amount of a few hundred dollars in some cases, and a few thousand in others, is somehow related to enormous increases for the Prime Minister.

I beg to move the Head stand part, Sir.

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

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

HEAD 17 — DEFENCE AND SECURITY

The question that Head 17 stand part was put and resolved in the affirmative without division.

HEAD 18 — AUDIT

Rt. Hon. J. M. G. M. ADAMS: I beg to move that the Head stand part.

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

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

Rt. Hon. J. M. G. M. ADAMS: I do not think we dealt with Head 17, Sir.

Mr. CHAIRMAN: That is what happens when there is a lot of cross talk and when hon. members quarrel about salaries.

HEAD 19 — MINISTRY OF FINANCE AND PLANNING

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Head 19 stand part.

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

Dr. HAYNES: Head 19, Ministry of Finance and Planning. Mr. Chairman, there is a lot of money involved

here, a lot of planning of the economy should take place within this Ministry. It was emphatically denied, Mr. Chairman, that the rate of inflation in Barbados was over 20%. I distinctly recall seeing in the last Quarterly Report of the Central Bank — I cannot get a copy of it — that the rate of inflation for the 12 month period ending in September was 21.2. I think that is the figure. 6.25 p.m.

Certainly over 20% and I am hoping that in all of these big increases around the place that at least something will be done to bring the rate of inflation down in this country.

Mr. CHAIRMAN: I notice we are dealing with Head 19. I wish the hon. member would tell me which Item he is dealing with or which part he is dealing with.

Dr. HAYNES: Under Planning.

Mr. CHAIRMAN: Statistics, I imagine. The question is.....

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, Sir, I suppose that this does not come under Statistics which is under the Ministry of Planning and which will be under Personal Emoluments but I did not earlier, when I had an occasion in the debate contradict the hon. member for St. Michael South Central for his conception in that contradiction. The reason being that we are running across a situation with which the Central Bank has never before gone into which is a situation where you cross from one Index into another where, unfortunately, the indices have not been what is technically known as spliced.

There has been some inefficiency in the Statistical Department. I think it has been dealt with by a firm submission regarding personnel of the Public Service Commission and the decisions taken on appointments which are enabling the Statistical Department to function better but we should have had the new Retail Price Index long ago and we should have had it in place so that it would have been running for a month or two months before the end of last year so that we could pick up in January, be able to estimate our inflation rate on the basis of an Index running for over a whole year. We have not done this and I believe that the Central Bank has used, indeed, Sir, I do not wish to speculate. I only know that I had to make submission to the Central Bank on its methodology on its estimating the increases.

It seems to me that the Central Bank has taken the overlapping Index which is 15 years out-of-date and added it on to the new Index which is absolutely up-to-date to arrive not at a true inflation rate but at a sliding average, so to speak. Every month it is doing something which it never did before. I think it is every quarter it

is giving you a point-to-point, last year and this year, increase.

Now if you add on the basis of the new Index you will find that the rate of inflation is declining, but I reject those methods altogether. Whether it is declining or not I just reject them and I have given the Statistical Department instructions to estimate what prices were in December of the items in the new Index so that we can get an average for the whole year but the only thing that can actually be said about inflation in 1980 is that for the first six months for the new Index the inflation rate was under 5%. That is absolutely all that can be actually said and since then it went up, I believe, to 1.1% in October. I think that that would very soon be published so all of these sliding averages taking an unrepresentative Index of last year and adding it to this year are producing results that I do not think the hon. member for St. Michael South Central on mature consideration would regard as necessary the best statistical evidence. I have dwelt a little bit on this because I think there is a level at which you must talk sometimes.

If he looks at the most recent Central Bank's Report and he sees the overlap he will see, for example, that one month, I think it was April, that the old Index showed almost a 2% increase. Now why did it show that because there was a considerable increase in the price of kerosene oil but in fact kerosene oil is only used by 5% of the population now. They use bottled gas and in the same month there was a decrease in the price of bottled gas because on the old Index it has not taken bottled gas into account at all, therefore, it would make you think that in April the cost of living went up 2% but the cost of living went up in April, what I predicted in the Budget would go up between .7% and .8%, .9% that is what it went up to in April so when you try without adequate splicing mechanism to compare a new Index based on updated household expenditure and an old Index, you are bound to get ridiculous figures that bear no relationship whatsoever to the facts.

For what it is worth, Sir, the increase in Government's Expenditure during the years to date has been very very modest indeed. That is a very fair indication of the rate of inflation, a very fair indication because these are the principle non-waged items which correspond rapidly to, in a very broad sense, the Cost of Living Index. Government buys food for the School Meals, large quantities of food for the School Meals and the Institutions. School Meals is the biggest consumers of food in Barbados and they are more sensitive to the increases in food than anything else. They feed about 1,500 people a day in the Institutions and 3,500 in the School Meals so if you look at the Government's non-wage expenditure the increase, you will get some idea of how the cost-of-living is moving and the increase is only an annual average of 7% or 8%. Even when we add

in the wages it is looking as if the overall expenditure for the year will increase very considerably less than 20%.

We also have a measure of whether increased revenue is due to inflation or whether it is due to what the hon. member for St. John used to call the underlying buoyancy of the economy. We find, Sir, that the increase in Government's revenue is more than twice the increase in Government's expenditure in percentage terms. In other words, people are buying more. Taxes have only increased at the most on things you buy at 5% obviously but the collection of taxes, despite the reduction of Income Tax, are up 25% and even the collection of Income Tax is up so it means that people's incomes have risen by more than the reduction of Income Tax, something which certainly could teach him a lesson for next year if the hon. member for St. Michael South Central would realise and also the expenditure on consumer goods with the collection of taxes has gone up by very much more than the Consumption Tax has gone up so that when we look at all of these indicators we get some idea that Government's revenue is rising because of economic expansion and Government's expenditure is not rising very fast because of the moderation in the rate of inflation.

The hon. member must believe that I am not making these points for political reasons because in a place like Barbados it can change over-night. In a matter of three months you can suddenly find, unless you keep your fingers really on your pulse, that there are certain changes.
6.35 p.m.

But, that has been the pattern this year and I am not anticipating inflation, at the Central Bank's projected rate of 20% for the year. That is the rate the Central Bank has been projecting for many months now. It only remains for their planners to have a look at what is actually happening. It is like when the Ministry of Education projected for something like 7,000 children to be entering school during 1979, when the true number was 4,200, or 4,300. They were going forward, on a projection basis and not actually seeing what was happening to births and so on and I think, that we have to look at other indicators sometimes because the figures produced, by high powered economists and statisticians can occasionally depart from commonsense.

The Honourable Members have seen excellent examples of these departures from commonsense, set out in speeches of the Rt. Hon. Leader of the Opposition. Unless that kind of commonsense is occasionally brought to bear on the statistics, when published in the Central Bank Year Book, great mistakes can be made. The Honourable Members have I think pointed out one to me today. I believe, that if I examine the numbers of rooms in Barbados, as set out in the figures given to us,

I am going to find, as Honourable Members opposite have suggested *sotto voce*, that they have included the hotel rooms in the total. It is not a huge error, but it is the sort of error, that can mislead you, unless you are very careful.

I have gone into this at some length, Mr. Chairman, so that the Honourable Member for St. Michael South Central can have some idea of the difficulties, even in a comparatively efficient office in the Central Bank, where it comes to setting out statistics in proper form.

I beg to move, that the Head.... Sir, I just want to add this and therefore, even to contradict an Honourable Member, I deliberately do not use the word "correct". I can only say contradict, I am contradicting, on the basis of published up-to-date figures, but I fully accept the points that he is making, that the Central Bank has been producing these point to point figures, in the absence of the proper splicing arrangement, that would give you accurate inflation measurement.

I beg to move that Head 19 stand part.

Hon. L. B. BRATHWAITE: I beg to second that.

The question that Head 19 stand part was put and resolved in the affirmative without division.

SUPPLEMENTARY ESTIMATES

HEAD 20 – REVENUE COLLECTION

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Head 20 stand part.

Hon. L. B. BRATHWAITE: I beg to second that.

The question that Head 20 stand part was put and resolved in the affirmative without division.

SUPPLEMENTARY ESTIMATES

HEAD 21 – STATISTICS – \$23,992.00

Rt. Hon. J. M. G. M. ADAMS: The Honourable Member for St. Michael South Central has asked what is the estimated yield from Consumption Tax. I really can only refer him to the Statements of Account, which are by Law, brought before Parliament, from time to time. But, the buoyancy of the economy Sir and the amounts of things that people are buying means, that Consumption Tax is producing very considerable revenue.

Imports into the Island will run at the level of a billion dollars this year, Sir and the Consumption Tax on a billion dollars is apt to be quite high. I do not like to bring figures out of the top of my head, Sir, but I would

imagine that taking an average rate of the Consumption Taxes against imports of something like 5%, a little less than 5% perhaps because food imports are free, we can reasonably expect to yield Consumption Tax between \$40 million and \$50 million.

This, in fact is the Head related to Statistics and I beg to move, that Head 21 stand part.

Hon. L. B. BRATHWAITE: I beg to second that.

Dr. HAYNES: I believe that your original estimate was somewhere in the region of \$27 million I think and you also have expressed concern at some time about the shift in the tax burden, from direct to indirect taxation, agreeing that it was a regressive form of taxation and bringing the burden of taxation to bear most heavily on those who can least afford. Observers of this definite shift, which started slightly in the late 1970's, but certainly has accelerated with remarkable pace over the last four years would seem to think, that the ultimate objective of such a policy would be the abolition of income tax, as the ultimate objective of the Government. I wonder if you think, that you have enough elbow room out of gains from the Consumption Tax to move in that direction.

Rt. Hon. J. M. G. M. ADAMS: I am sure, that the hon. member would in no way seek to persuade me to anticipate the Budgets which I will deliver in 1981, 1982, 1983, 1984 and probably 1985, but he can rest assured, that the question of the balance between regressive and progressive taxation will continue to be carefully observed in any Budgetary Proposals which are made. It is very dangerous sometimes to speak of progressive as against regressive taxation because the hon. member will be fully aware, that there is no country in the world today, where income tax is not resented more than Consumption Taxes. If he can find any country in the world, where people do not cry out to reduce income tax and where they are willing in return to that, to pay small sales taxes, value added taxes, or Consumption Taxes, I will be glad to know of it.

What happens is this, that people do not like it, as in Britain, where you put on a value added tax of 15% and where you adhere to an agricultural protocol, that puts up the prices of food by 20%. That is what people do not like. They are not prepared to see the top rate of tax come down from 84% to 60%, I think it is, at the same time as the price of food is rising by one third, over a comparatively short period. That is what people do not like. An hon. member is asking if they like sales tax. Again, I do not know any country in the world where people like taxes.

I believe, that the ideal situation for everybody in the world would be if it were possible for Government

to print the money and nobody pay any tax whatsoever, but there are only a few countries where that can happen, but I think that hon. members find, that those countries such as Switzerland and the United States, where people can vote directly for taxes, that they more often vote for a sales tax, than for income tax. You can look at American States, where these propositions are put to them, you can look at that. You will find, that it is a lot more common for a city or a county, or a state in the United States to support a sales tax, than to vote for an income tax. Income taxes are very, very unpopular and hon. members will just have to trust in Ministers of Finance to ensure, that what are called regressive taxes do not at any time bite more into the wages of worse paid in society, than the general level of wage increases, for which unions fight and employers give to their employees and to their workers.

6.45 p.m.

As long as the level of new indirect taxation is always going to be less than the level of wage increases — and we are talking about arithmetical quantities now — as long as that is so it is the only other price increases about which you have to worry.

Dr. HAYNES: Mr. Chairman, I believe that the Rt. Hon. Prime Minister was very upset recently when his administration was referred to by a distinguished British commentator as a conservative administration, but being British I believe that he might have recognised a very close resemblance between substantial reductions in income taxes at the top in Britain, severe increases in VAT, and at the same time the introduction of a new method of calculating the cost of living index, this time putting into the basket a nominal figure for social services provided by the State. That was the kind of package which the Thatcher regime introduced in the United Kingdom, and despite an obvious bias in terms of keeping the reported rate of inflation down, it is still running at pretty high reported levels.

It is a remarkable similarity, and I believe that the hon. member has a tremendous admiration for the policies of Mrs. Thatcher. (ASIDE). Are you denying the fact that you have? Anyway, it is very interesting that in Barbados we have had a very similar pattern of events; significant income tax relief — welcomed, by the way — for upper income groups, we have also had massive application of consumption taxes, and now we have a new cost of living index, not costing the social services into the basket, but redressing balances in the basket based on changing habits of people. I do not know whether this indicates that one is following the other, but I rather suspect that Mrs. Thatcher is watching very carefully the policies being carried out by the Rt. Hon. Prime Minister of Barbados and following in his footsteps.

Hon. H. B. St. JOHN: Mr. Chairman, I would just like to disabuse the hon. members' minds on Mrs. Thatcher's policies and these policies. Mrs. Thatcher's unemployment has risen, our unemployment has been reduced; Mrs. Thatcher has a bank rate and an effective lending rate of somewhere between 15 to 20%, in Barbados it is 10%, so the hon. member can see straight away the difference. Mrs. Thatcher has a VAT of 15%, Barbados has a consumption tax of an average of 5%.

Dr. HAYNES: On a point of order. I must let the hon. member.....

Mr. CHAIRMAN: I must let members on both sides of the House know.....

Dr. HAYNES: But this is a definite point of order.

Mr. CHAIRMAN: You can make your point of order, but I am just asking hon. members to confine their remarks to the matters under debate. The time is going by and I must let it be known that we are not really.....

Dr. HAYNES: The point of order, Mr. Chairman, is that the rate of consumption tax could not be 5%.

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

Dr. HAYNES: Of course, Sir, he said it was 5% and it could not be. The lowest is 5% and the highest is 15%, like Mrs. Thatcher's.

Mr. CHAIRMAN. Please take your seat. That is no point of order.

Hon. H. B. St. JOHN: The VAT has a wider base than the consumption tax in Barbados. Consumption tax in Barbados is not paid on some items of food. If you go into a restaurant in England, if you buy food you have to pay VAT. Understand that, the VAT applies to a much wider range of goods and services, and it is 15%. In addition to that, the hon. member must understand that under Mrs. Thatcher she has just said that the Civil Service pay limit is 6% per annum. Ask the hon. member how much the Civil Service pay limit is in Barbados, how much the civil servants in fact got in Barbados, an average of 25%, which is 12½% per year, so there is no comparison with Mrs. Thatcher's policies both in design and in their impact on the economy.

This is a growing economy, an expansion of the economic base which leads to a certain buoyancy in tax revenue. Greater employment, more mortgage money available. Mrs. Thatcher is saying that the public sector cannot borrow more than a specific amount of money. You had better look at the increases in the telephones, look at the increases in electricity; far higher than Bar-

bados. Look at the gas increases, far higher than Barbados. Look at the cost of living in the United Kingdom.

There is one point about the consumption tax that I think the hon. members, including the Minister of Finance, should remember. When we are talking about a billion dollars in imports in Barbados, that is the gross figure for imports. You have to deduct a percentage, not only the actual figures for re-exports, and they are running somewhere in the vicinity of two to three hundred million, and there is no question of consumption tax coming on re-exports, because they do not enter the economy at all.

Secondly, one of the preliminary points of the economic impact survey of tourism in Barbados has shown a very large percentage of tourist expenditure in Barbados is on goods, not only duty free which you can monitor because you have a refund situation, but on tyres, food at supermarkets and other things, and we are trying to pinpoint from the 3 000 returns, particularly from the Caribbean area, and it is not only Trinidadians, people come here from the French West Indies to buy certain goods and articles, and we have asked people who are carrying out the study to further analyse the 3 000 returns that they have to see if they can pinpoint and give us a percentage of the total non-duty free purchases that are made by tourists coming to Barbados.

It is a remarkable thing. The department stores, and indeed the supermarkets in Barbados would never be able to exist and have the turnover they have had it not been for the spending by tourists in Barbados. We will be able to prove and demonstrate it very clearly.

The question that Head 21 stand part was put and resolved in the affirmative without division.

HEAD 24 – PENSIONS

Rt. Hon. J. M. G. M. ADAMS: Sir, I have to say something about pensions. I announced to the House that recently retired pensioners would get only a 15% increase on their pensions. It appears, Sir, that this was not properly thought of, that a number of persons would in fact have suffered quite considerably because the base date was taken as October when it really could not be a base date in the middle of the year, and therefore we have removed that altogether, and all Government pensioners who retired before April 1, 1980 will get a 20% increase if their pensions were over \$600. That was the original proposal, but I should pay tribute where tribute is due. The Deputy Prime Minister said you cannot give Government pensioners a smaller increase than you give to the civil servants, and therefore that was altered to 22½%, so pensioners who get over \$600 a month, as long as they retired before April 1, 1980, will get 22½% increase, and pensioners who get less than \$600 per month will get a 25% increase.

6.55 p.m.

This, Sir, the 22½% increase is the first step really in injecting pensions at a level which Government can afford and the Supplement now sought is therefore greater than I would have mentioned in the House when I spoke originally about the cost of increasing pension benefits but I think the pensioners should be re-assured and I would be glad for them to know, all those who think that they would only be getting a 15% increase, to know that they will be getting 22½% at least, and not 15% and an amount is allowed to pay them the additional 7½% increase, Sir. It would be back-dated to April 1st. It means that somebody who retired in March this year would get the pension if he retires. He would get the pension just as if his service had gone past the months of April.

I beg to move that Head 24 stand part.

Dr. HAYNES: Mr. Chairman, I will be very very brief. I am very glad to hear that the Rt. Hon. Prime Minister has accepted the principle of indexation of pensions because it is really sad indeed, when one moves around the country, to see Government pensioners who say, retired 10 years ago with a pension of \$350 a month and who are being faced with a situation now where they have to abandon their stoves and get back to kerosene, where they can no longer use gas, where they probably sit in their homes at night in the dark and this is one particular case which was brought to my attention.

An elderly couple who received an Electricity Bill for something like \$45 which they could not afford and which they said they could not understand because they sit and talk at night in the dark. Their Electricity Bill which they got and they say they only used one bulb and then early in the evening they turn it off and sit down in the dark and talk to each other in the dark.

The point I wish to get down to is the whole question of indexation of pensions because they are people who have served well. They are on fixed incomes and if you were to look and see at which the purchasing power of the Barbados dollar would have been declining over the past 11 years or so, it is quite clear that something dramatic has to be done and I think that whereas probably up to 1971/1972 a man could earn an income and he could look forward to his pension and he could make some prediction as to what his life standard could be in 10, 15 years time, all of that has been wiped out now. It is a different ball game.

I am aware of all the constraints and also serious decisions that have to be taken in relation to pensions bearing in mind the size of the working population, the size of the dependant population, the size of the pension for retiring population, the average duration of the life of Barbadians and so on, but some very critical decisions have got to be taken by Government right

now if they are ever going to be able to implement a meaningful pension plan with effective indexation, every six months, nine months, or a year. If they do that they have to make those decisions now. I am not going to say what they are because I think you all know what they are. You have spelt out what they are. Unpopular though they are those decisions have to be taken.

Hon. H. B. St. JOHN: I am sure the hon. member will be very relieved to hear that in addition in the attempt to trying to equate the percentage rate in respect of pensions to make it comparable with the average increases between 25% and 22½%, the Government has taken positive decisions that all people over 65 will get under the National Health Service free benefits so you must add and consider that too.

Hon. C. L. BOLDEN: Mr. Chairman, the hon. member obviously sets out to ridicule the Government in everywhere he thinks possible despite the fact that he knows that he is wrong. I was not in the Chamber when it was alleged, I say alleged, that he made a statement. Impressions not fact, but I would like to deal with the matter.

In the Manifesto of the Democratic Labour Party we said that we will look after senior citizens and the main points we have put forward and we have been doing are (i) to pay the Water rates of any senior citizen who found it impossible so to do. Secondly, we also pay the Electricity Bills of senior citizens who find it impossible to meet those charges.

We gave them free travel on the Government buses provided they travel within a certain period so that we would relieve the carrying capacity of passengers through rush hours for those who have to meet at their place of work at the appropriate time. Mr. Chairman, if there are any senior citizens who sit in their houses at night in darkness or with only one light bulb burning they have a reason for so doing.

It is not to think that because a couple has passed the age of 65 that they do not want to be placed in a romantic setting. Some of them will light a candle. Do you want this Government to even deprive them of that? This is not Grenada, this is Barbados and if you burn only one bulb, I do not see how you can burn \$45 a month in Electricity rates so if the hon. member tells you that he knows of a couple who sits in the dark, ask them what they are doing in the dark.

They might be too old to go down Lover's Lane. They may be too old to go down on the new Spring Garden Road. They may be too old to go to Graves End but they use their homes in the same way that young

couples might use their motor cars or anything else. The hon. member must not take these examples which he knows full well are not true to place in the records of Parliament to say that this Government thinks nothing about its senior citizens.

We have reduced the age of pensioners from 68 to 65. We have given both parties who have reached the age of 65 benefits whereas under the Democratic Labour Party only one could get pensions. Now we are raising the pensions of old civil servants he wants to say that they cannot pay their electricity rates. I really do not understand the hon. member. He must be factual at sometime. When people are reading through the records of Parliament, give them a chance to read something good about you for once.

Mr. SIMMONS: Mr. Chairman, I have a number of comments to make on this Resolution. Apart from the fact that if there is any old person who the hon. member for St. Michael South Central knows that cannot afford to pay their light bill and he is now dissatisfied because he is getting an increase in salary, then he must give some of the increase that he is getting to that old pensioner or old person who is unable to pay his light bill.

7.05 p.m.

He is now dissatisfied because he is getting an increase in salary. Well, he must give some of the increase that he is getting to that old pensioner, or old person, who is not able to pay the light bill. He is a very generous person, according to the newspaper front pages, Sir. (ASIDE: Give it to Dr. Carey's wife). Yes, give it to Dr. Carey's wife, I do not know what he does with it after that, Sir.

Mr. Chairman, I have one important point to make on pensions, the whole question of increases. I think, that it is a point which has been lost in all of the argument in the last couple of months about increases of salary. I want to represent the point this way, Sir. Before 1976, there was put out, in Barbados, a comment by the Democratic Labour Party and its supporters that if you do not vote for somebody called Barrow, that the whole country would collapse, that the Labour Party could not run a country, the Rt. Hon. Prime Minister to be, did not have the experience, we were a group of giddy headed young boys. All of these things we went through between January and September, 1976. Well, since 1976, Mr. Chairman, it has become very clear, that the combination of this Side, as well as, Honourable Members in the Senate who are supporters of the Party have been able to devise and implement a set of packages, which have seen a resurgence in the economic fortunes of Barbados to the stage where, in 1980, criticisms which are levelled at the Barbados Government are criticisms which are rooted and have their Genesis in envy. I have not called anybody's name, but I know, as a fact, that countries close to Barbados and beyond look at what we have done in the last four years and marvel.

I have said on a public platform, that on my return from Mauritius in 1976, September, the President of the Caribbean Development Bank, Dr. Demas told me that we faced a current account deficit of \$35 million and he wondered how we would manage and in 1980, there is no longer in Mr. Demas' mind, any question of wonderment. He is satisfied, that there is within the Party, the skills that have proven over the last four years, that we are quite capable, competent, efficient and effective managers of the economy. Now, I make the point about effective managers of the economy because the Rt. Hon. Prime Minister has just announced, that Government pensioners will be getting 22½% and 25% depending on their present receipt. Mr. Chairman, workers in the General Service are getting 22½% and 38%. If the economy in this country had not been properly run over the last four years, the Government would not have been financially able to pay increases of salaries and pensions of the magnitude, that we are witnessing in 1980. If there was not money..... Do not tell me that it is not true.

In Jamaica, Mr. Chairman, we have seen where people have gone on strike because all the Jamaica Government could offer them was 8%. We have heard about 6% in England this evening. We have not heard of those figures in Barbados. The country is able to afford increases of the level of 22½% and 38% because of the way it was managed. The Union could have asked for 55%. If there was not the money to pay, they could not get other than what was realistic. They have had to accept, or at least part of the Union have had to accept 38% and 22½% because they know, from their seat on the National and Economic Council, that the country has been making progress and at the moment is able to offer increases of the magnitude of 22½% and 38%. Obviously, we would like to be in a position to offer workers 50%, but percentage increases are relative to the conduct and performance of the general economy and to that extent, I want to go on record as saying, that I am proud to have been associated and still to be associated with a Party that could offer the Public Servants of this country increases of 22½% and 38% and old pensioners, who have built the foundations of this country 22½% and 25%. (ASIDE: Hon. Miss B. A. MILLER: Where else in the world?)

Dr. HAYNES: Mr. Chairman, just to correct a false impression put forward, by the Honourable Member, who has just sat down. You can easily produce a current surplus by overtaxing people, by cutting back relatively on your expenditures, in terms of the social services and at the same time, by making sure, that you introduce Consumption Taxes and that kind of tax, so that you get maximum benefit, from the prevailing rates of inflation within a country, in terms of transfer. The Government's revenue itself would benefit from the inflationary pattern within a society. You cannot do it for a long time, but you can certainly do it on a short term basis, as the Rt. hon. member for St. Thomas knows perfectly well. So, do

not jump to that statement, that the fact that you have a surplus, or that you can pay X amount of salaries that in itself does not necessarily reflect economic growth. There are other factors which can produce that particular situation; taxation, inflation, reduction in social services. Anyhow, I believe that the point has been made.

On the question of indexation, not only the public sector and this really gets into the area of a National Pensions Plan, and it gets into a whole area of the age at which people should retire, it gets into the whole area of what dependency load any society can carry and I believe, that the statistical information available at the moment, suggests that these are decisions, that have to be taken within the next two, or three years and cannot be postponed, if you want to get an effective Pensions Plan eventually indexed against inflation, as far as, the total economy is concerned.

The question that Head 24 stand part was put and resolved in the affirmative without division.

Mr. CHAIRMAN: I think, that at this point, both Sides are agreed, that the rest of the Resolutions can be done. That would be Heads 25 to 45 inclusive.

Rt. Hon. J. M. G. M. ADAMS: I beg to move that Heads 25 to 45 inclusive stand part.

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

The question that Heads 25 to 45 inclusive stand part was put and resolved in the affirmative without division.

7.15 p.m.

SUPPLEMENTARY ESTIMATES 1980-81 No. 19

ANNEXED ESTIMATES - HEAD 50 - POST OFFICE

Hon. C. L. BOLDEN: Mr. Chairman, I beg to move that the Annexed Estimates, Head 50 - Post Office - stand part.

Hon. L. B. BRATHWAITE: I beg to second that.

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

SUPPLEMENTARY ESTIMATES 1980-81, No. 20

Hon. L. B. BRATHWAITE: Mr. Chairman, I beg to move the passing of this Resolution.

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

Mr. GREAVES: Mr. Chairman, it is known clearly, I think, what my position is, so I do not think I need to repeat it to waste time, but in looking through these Heads under Capital I see that there is an amount under

Head 78 Subhead 6 – Ilaro Court – and I think that this is an appropriate time for me to raise a question about Ilaro Court, even although the money being sought here is to pay wages, salaries and allowances presumably for those persons who are employed at Ilaro Court or on the construction of Ilaro Court and what have you, and I believe that we need to get some explanation on this.

It is the new residence for the Prime Minister which is being made ready. I think the Prime Minister did indicate that Ilaro Court is being prepared for the Prime Minister of Barbados, and I wonder if the Prime Minister can tell us (a) when Ilaro Court will be completed, (b) when he proposes to move into Ilaro Court. (Hon. C. L. BOLDEN: That is his business). This is not his business, this is not the Prime Minister's personal business, this is public business. We understand that he is hoping to move in by Independence Day, 30th November, and we want to know whether this is so or not.

I would also want to find out, Mr. Chairman, the amount of money which has been spent so far in preparing Ilaro Court, that is, the house and the grounds for the official residence for the Prime Minister.

These are important questions which I feel deserve answers, because they are questions which are nagging at the minds of concerned citizens in this country. The amount of money which is being spent to maintain the Prime Minister in this country.

Mr. SIMMONS: Mr. Chairman, I really do not know much about the big house at Two Mile Hill either. What I see when I pass there is that a lot of trees seem to have been cut and they are sitting on top of the little promontary around, after you pass Mr. Clarke's house, you come into this corner and there is this wall which springs up on the road and the trees are there, and at the moment it looks very untidy. I wonder what plans they have to fence it off. I do not know if they are going to have a wall built around it or whether they will have some other kind of fence, but at the moment it is very unsightly from my point of view. From my point of view there is still a lot of work to be done on the extremities. I do not know what is the plan, I think that in so far as the hon. member has promoted some debate on this it is in place for the Government to tell us to what extent they are going to fix up this place and what they hope to achieve. We have heard talk about having state rooms and all this kind of thing, whatever that means, Sir, I do not know about these big dos, I am only accustomed to a little drawing room or dining room, but the state rooms, Sir, I want to hear about.

Rt. Hon. J. M. G. M. ADAMS: Mr. Chairman, hon. members may rest assured that Ilaro Court will not be ready for occupation by November 30. I am a very humble man, Sir, and therefore the statement which I was

going to make, which is that I intend to move in after the next election, I will not make less the gods punish me for hubris, but a very short history of the property perhaps will help hon. members in looking at this particular item.

Ilaro Court was taken over by the former Government to settle an amount, I believe, of \$360,000 in death duties. The building was structurally sound but old fashioned, and its roof was in very bad condition. Nothing was done with the building, Sir, and in Barbados under the conditions of tropical rainfall, properties deteriorate very very rapidly indeed if they are not occupied, and an amount which started out at \$57,000 but eventually, I believe, of \$105,000 had to be spent on saving the roof, in other words, saving the building. That had to be spent no matter what use Ilaro Court is going to be put to.

There has been some talk of using Ilaro Court as a Cultural Centre, and a figure of \$350,000 was suggested, including the roof, to effect this purpose, but it was discovered that \$350,000 would not really put the house into any kind of shape for any purpose. For example, there was a servants' staircase, a circular staircase running up through a very old fashioned kitchen and basement, all that had to be ripped out and a proper staircase put in. There was a lot of work needed to be done. Indeed, Ilaro Court was a nest of rats. I have never seen so many rats in my life as I saw one day there when for some reason they were disturbed, and it seemed to me that 30 or 40 rats were running about, and I remember asking a policeman who was nearby if he could not shoot some of them.

We also got estimates at the time indicating that the \$350,000 would not be sufficient to put in the car parking for the cultural centre, far less improve the building. We therefore adopted a more modest scheme of car parking which would not have involved reducing acres of bush and grass to car parks and got the Parks and Beaches architects to draw a plan for roads. That place does not really have adequate access except from one gate.
7.25 p.m.

We got the Parks and Beaches' Architects to draw a plan for roads. The place really does not have adequate access except from one old gate where it was entirely over-grown by trees and a road plan was put in and a minimal park. All the fancy requirements that were suggested such as hard courts and a new swimming pool, none of these could possibly be afforded within the priorities of Government and therefore a minimal amount of work was done on the house and a minimal amount on the ground to make it suitable for a Prime Minister's residence with some possibility of later development.

The finances are so entwined that it is almost impossible for me to say what the work cost. Eventually

when the work is done, it maybe possible to estimate what it has cost but it has to be remembered that car parks cost anything like \$200,000, even a relatively modest one, and Ilaro Court is to have three, smaller it is true, than the previous scheme.

To give you an idea of how unrealistic it was ever to think in terms of less than half million dollars for Ilaro Court. An area which I can see and which I have instructed to be left as far as possible as it is for the possibility of building an open air theatre, it is estimated that the open air theatre with concrete seats and no covering is going to cost \$800,000. Already it has an amphitheatre. It has a good slope, good acoustics and a flat area for a stage and it will cost \$800,000 just to take off a little top soil, not very much. It has a good solid foundation. You would not have to dig foundations. It is a rocky hillside of the right angle and to put in the seats and a stage, it will be \$800,000. I hope that the whole cost of all of the outside work is going to be less than that.

Where we came to a pond that formerly existed where rehabilitating it would have cost \$800,000 I said, take the bulldozer and fill it in. It has been filled in and planted in grass, I hope this week. The trees that would have required all of the elaborate tree trimming equipment, an individual tree might have needed several thousands of dollars of work done on it by Parks and Beaches, you know, put ladders upon it, the cutting and the labour, put the bulldozer to it and remove it and that is the approach.

The house itself has been as carefully re-decorated as possible but you are dealing with 30 or 40 wooden jealousy windows that had to be painted by hand and you are dealing with things that have fallen in, columns that have been broken. We cannot really afford to pay stone masons laboriously to replace all of the old carved coral stone balustrades so somewhat to my regret they had to plaster over some of the balustrades and paint them although they were of coral stone before, but we think that we are restoring the house prudently and without the extravagance, to the condition that its builders would have liked to see it. It does have a swimming pool, a very primitive swimming pool that I believe the Prince of Wales and the Duke of Windsor swam in during 1920. We cannot even restore that. We have to half-fill it as it certainly has to carry so much water and certainly requires so much elaborate conditions.

The ground floor level is being restored. The floors are being polished. The rooms are being re-decorated. The State furniture from Culloeden Farm has already been transferred up there. There will be a large dining room, two drawing rooms, reception areas and it is planned that the walls will be decorated with some of the Government's works of art included in the acquisitions of historical importance and it is planned to allow

access, the terms have not been entirely settled yet, by members of the public to these rooms.

The living accommodation will be on the upper floor. It was already in the upper floor but it has been made an apartment, the former servants' quarters which existed there. There were several servants bedrooms. The former servants' bedrooms have been made into a living area.

There will also be a Hospitality Suite upstairs consisting of quite a good drawing room, plus two bedrooms for those Prime Ministers that come here who may need a Security Guard and so on. There will be a Hospitality Suite and the Living Suite upstairs for the Prime Minister and his family and the basement floor, I believe, is also to have some accommodation for the domestic staff.

There has been a lot of levelling to the out-buildings. In fact all of the out-buildings have been demolished, every one, and they will be turned into parking or otherwise clear the space for future developments.

A Band Stand is to be built but unfortunately it will not be ready for the Independence Day function which will be held at Ilaro Court. I hope the hon. member for St. Lucy will not have any trouble with the go-slow Post Office and will receive his invitation for the evening reception to be held there on the 29th November at which the House will be shown. I have forgotten what number has gone down on the Protocol List, No. 130 or whatever, the first 130 to 140 names on the Protocol List. That will be a Cocktail reception.

The next day there will be an evening reception for a large number of guest at which the public will be able to see the building and it is hoped that the rudiments of the out-door work will be sufficiently finished that the guests will be able to have an idea of what Ilaro Court is like as the Prime Minister's residence but I expect the work at Ilaro Court will be continuing well into the new year and I expect that at sometime in the future maybe, Sir, there will need to be a Phase II. I certainly think that the prospect of an outdoor theatre should be pursued so that Ilaro Court will be able to serve both functions, it will partly have a cultural centre function and it will have a residential function as well.

I doubt that any idea of the cost could be given in less than six months, any accurate idea. It would take until then to know what the Parks and Beaches would charge to do the outdoor work. I should tell you, Sir, that it is 15 acres and in the interval between 1976 and 1978, the 18 months that passed when no work was being done there made, roughly speaking, 10 of those acres impassable unless you walked with a cutlass and

chopped your way through. A lot of work has to be done on the place. The buildings collapsed. The roof was collapsing so a lot had to be done on the structure itself. 7.35 p.m.

I do not know, Sir. I suppose counting the roof and all the outside; car parks, I would imagine \$700,000.00 would have been spent on it so far. That is what I make a rough guess at. But, things do cost money these days, Sir. It is very easy to talk about spending this and spending the next and then, when MCW come down and tell you, that the two level car park, that you thought was a good idea would cost half a million dollars and that restoring the outside walls — I mean to put walls around Ilaro Court for any purpose — I do not think, that it can be done for less than, half a million dollars. I do not see it, even restoring the walls of in there, or raising the level of the walls to stop gate crashers, if you had a theatrical performance going on there is going to be \$200,000.00 and so, although we are getting, I think a showpiece and we are preserving an ancient house, we must not think, that we are preserving it on the cheap. It will not cost as much as, Windows to the Sea, but it cost some money.

The question that Heads 74 to 81 inclusive stand part was put and resolved in the affirmative without division.

On the motion of Hon. H. B. St. JOHN, seconded by Mr. SIMMONS, Mr. CHAIRMAN reported the passing of the Resolutions in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I beg to move, that these Resolutions be now read a first time.

Hon. H. B. St. JOHN: I beg to second that.

The question that the Resolutions be now read a first time was put and resolved in the affirmative without division.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I beg to move, that these Resolutions be now read a second time.

Hon. H. B. St. JOHN: I beg to second that.

The question that the Resolutions be now read a second time was put and resolved in the affirmative without division.

Rt. Hon. J. M. G. M. ADAMS: Mr. Speaker, Sir, I beg to move, that these Resolutions be now agreed to.

Hon. L. B. BRATHWAITE: I beg to second that.

The question that the Resolutions be now agreed to was put and resolved in the affirmative without division.

ADJOURNMENT

Hon. H. B. St. JOHN: Mr. Speaker, Sir, I beg to move, that this House do now adjourn until Tuesday, 25th November, 1980, at 12.00 noon.

Mr. BRADSHAW: I beg to second that.

The question was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly at 7.41 p.m.
7.41 p.m.