

# THE House of Assembly Debates

## (OFFICIAL REPORT)

SECOND SESSION 1981 – 86

### HOUSE OF ASSEMBLY

*Tuesday, February 18, 1986*

Pursuant to the adjournment, the House of Assembly met at 12.15 p.m. o'clock on Tuesday, February 18, 1986.

#### PRESENT

His Honour C. L. Bolden, LL.B., (Speaker)  
His Honour R. E. Brathwaite, (Deputy Speaker)  
Rt. Hon. E. W. Barrow, Q. C., B.Sc., LL.D., (Leader of the Opposition)  
Hon. L. S. Craig, (Minister of Information and Telecommunications, and Leader of the House)  
Hon. H. B. St. John, Q.C., LL.B., (Prime Minister and Minister of Finance and Planning)  
L. E. Sandiford, Esq., M.A., (Econ.)  
Hon. B. A. Miller, (Minister of Education and Culture)  
Hon. L. B. Brathwaite, (Minister of Housing and Lands)  
J. G. Odle, Esq., B.Sc., (Chairman of Committees)  
Hon. V. L. Johnson, M.A., (Minister of Transport and Works)  
B. M. Taitt, Esq., B.A., (Hons.), M.A, LL.B. (Hons.)  
Hon. L. R. Tull, Q.C., M.A., (Minister of Commerce, Industry and Consumer Affairs)  
Hon. DeL. O. Bradshaw, (Minister of Labour and Community Development)  
L. L. Sisnett, Esq., (Parliamentary Secretary, Prime Minister's Office) (International Transport)  
Hon. Dr. R. L. Cheltenham, M.A., M.Sc., (Econ.), (Minister of Agriculture and Natural Resources)  
Dr. R. C. Haynes, Ch.B., F.R.C.P., (Edin.)  
M. A. King, Esq., Q.C., LL.B.  
W. O. Franklin, Esq., A.I.A.S., J.P.  
N. K. Simmons, Esq.  
H. A. Blackman, Esq.  
Hon. A. Truss, (Minister of Tourism and the Environment)

O. S. Arthur, Esq., M.Sc., (Econ.), (Parliamentary Secretary, Prime Minister's Office)

Hon. D. A. C. Simmons, Q.C., LL.M., (Attorney General and Minister of Legal Affairs)

*Prayers were led by Rev. Father Ivan Harewood.*

Mr. SPEAKER: The House is in session.

#### MINUTES

Mr. SPEAKER: The Minutes of the meeting of February 11, 1986.

Hon. L. S. CRAIG: Mr. Speaker, I beg to move, Sir, that the Minutes of the meeting of this House of Assembly for Tuesday, February 11, 1986 be taken as read.

Mr. SPEAKER: Is there anyone to second that?

Hon. L. B. BRATHWAITE: I second that, Sir.

Mr. SPEAKER: If there are no observations or objections, let the Minutes stand confirmed.

#### PAPERS LAID

Hon. L. S. CRAIG: Sir, on behalf of the Minister of Finance and Planning, I am commanded to lay the following:

Financial Statement showing Net Customs and Excise Receipts for 9 months ended 31st December, 1985.

#### GOVERNMENT NOTICES

Hon. L. S. CRAIG: Your Honour, I beg to give notice of the following:

Resolution to approve the compulsory acquisition of land at Drax Hall, St. George, for the provision of recreational facilities, also Mr. Speaker,

A Bill to amend the Factories Act, 1983.

### FIRST READING OF BILLS

Hon. L. S. CRAIG: Sir, I beg to move that a Bill to amend the Factories Act be now read a first time.

Hon. H. B. St. JOHN: I second that, Sir.

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

### ORDERS OF THE DAY

Hon. L. S. CRAIG: Sir, I beg to move that Government Business be the instant Order of the day.

Mr. SPEAKER: Government Business is now the instant Order of the day.

### SUSPENSION OF STANDING ORDERS

Hon. L. S. CRAIG: I beg to move, Sir, that Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of today's sitting.

*The question that those several Standing Orders be suspended for the remainder of today's sitting was put and resolved in the affirmative without division.*

### GOVERNMENT BUSINESS

#### GUARANTEE BY THE MINISTER RESPONSIBLE FOR FINANCE OF THE PAYMENT OF THE SUM OF \$15 000 000

*Order No. 1 – To move the passing of a Resolution to approve the guarantee by the Minister responsible for Finance of the repayment of the sum of \$15 000 000 and of interest thereon borrowed by the Barbados Development Bank for the sixth issue of National Development Bonds.*

Hon. H. B. St. JOHN: Mr. Speaker, Sir, the Barbados Development Bank is the principal agency of Government to channel finance to the entrepreneur class of Barbados on terms and conditions which are not offered by existing private and public institutions. In essence, as its name implies, it is a development bank. It has had a long history of providing finance to the class I mentioned on terms and conditions which have permitted the development in Barbados of indigenous manufacturing, tourism and service sectors. Quite naturally, the condition of the bank reflects in a very intimate way the underlying businesses that the bank lends to and the economy or environment under which the businesses operate.

The source of funds consist of Government grants, Government investments, local bonds issues to individuals and to institutions, and funds that the bank is able to borrow from some multi-national lending institutions, such as the Inter-American Bank, the European Investment Bank, or the World Bank. As will be appreciated, Barbados, with its per capita income of over US\$4 000, has considerable difficulty in borrowing money from these institutions other than on hard terms. This places the Development Bank in the position where its cost of money is considerably higher than would normally be the case were it to be the recipient of soft funds. It is for that reason that, periodically, the Government itself, either direct from the Treasury or through the Central Bank, or through the utilization of special tax concessions to local financial institutions or individuals, seek to have a flow of funds provided to the Development Bank at interest rates which would permit the Development Bank, with the spread that is necessary for them, to finance their operational costs to provide loans at reasonable rates of interest.

The Inter-American Bank and the European Investment Bank are interested in providing another tranche of money over the next five years to the Development Bank to support additional lending activity. It is necessary for us, therefore, through our own resources to provide counterpart funds so as to enable the Development Bank to have the wherewithal to supplement borrowed funds, and, secondly, to provide finance for those new areas of activity in Barbados which are important to the development of our economy, but which do not qualify under the terms of the loan agreements between the Inter-American Development Bank, the European Investment Bank or the World Bank, or indeed, for that matter, the Caribbean Development Bank. We have to guarantee these funds and the purpose of this Resolution is to do that, to guarantee a local bond issue by the Development Bank.  
12.25 p.m.

There is another companion Resolution, by which we have to guarantee the Central Bank for certain sums of money that they are going to invest into banks at relatively low rates of interest. This is not a new exercise – this is, I believe, the third such exercise – and the situation and condition of the Bank are set out in a Report that was laid on the table of Parliament last week. I did not do the Resolution last week, so the Professor of gloom and doom in Barbados would have had the opportunity of seeing the Report and to pontificate, as is his usual style, on what was wrong, what should not have been done, what he would have done, and all of those things, and we will hear it in due course. The point is, Sir, he is fulfilling a role which all Oppositions have to fulfil, and which the honourable Member will have the privilege for a very long period of fulfilling.

The amount of money that has been lent out is well in excess of \$80 million. A copy of the Report will show it, Sir. The sectors are set out, and they are sectors which everyone must admit local people are active participants in, manufacturing and tourism in its widest sense. Without the help given by the BDB, many people who are proprietors in these areas would not have been proprietors. Many of the small businesses in Barbados would not have had the opportunity to participate in these areas of economic activity without the help of the BDB.

There are two points specifically and two areas that I would like to mention. One is the area of the support tourism services, because it is not known by many — or if it is known it is not appreciated — that there is a special programme of helping taxi drivers, coach operators, minibus drivers, hairdressers, health clubs, medical services, landscape and gardening, driving schools, printing, publishing, cosmetology. All of those great variety of proprietors that one needs to have a satisfactory tourist industry, one of quality, all of those proprietors receive help from the BDB. As a matter of fact, it is a matter of pleasure to me when I noticed recently that, taking advantage of the Government's schemes for duty free entry of taxis, one enterprising proprietor, obviously with up-market values, had decided that the time has come in Barbados when our tourist industry attracts people of the taste of the honourable Member for St. Michael South Central, and nothing less than a Mercedes taxi would be satisfactory to him. He had to have a Mercedes taxi, helped by the duty free concession, and helped by the BDB.

I see the honourable Member for St. Michael West smiling. He would have preferred a Lincoln or a Cadillac or one of those houses that run on the road which the honourable Member loves to operate in, those small houses on four wheels, wide bodied preferably.

(*Aside:* Mr. B. M. TAITT: You are in a very good mood this afternoon).

Hon. H. B. St. JOHN: Very good. It is two to one, you see. But that is a matter of pride for us all.

We obviously are disappointed that last year, due to the need to provide loan loss provisions, the Bank did not show a profit, but that is not unusual for banks, not only in Barbados but worldwide. If you lend in the oil sector today, you have to make generous loan loss provisions, because the underlying security was predicated upon a price which is falling. If you lend a developing country like Barbados, which has had to face the intense competition in the tourist industry from countries which have devalued, not once, not twice, but three or four times; if you lend in a manufacturing sector in a country like Barbados, with the smallness of its market and its utter

dependence upon access to other people's markets, and the protectionist element in the other people's markets, to capture the imagination of the Government and they introduce ECO's and licensing arrangements and quotas from the United States of America; all of those things; if you have to operate in an economically hostile environment, one would understand that it was prudent and wise of the Directors to make provision for loan losses. Those are the facts.

I also want to say, as I said recently at the Development Bank itself, that I want all borrowers from the Development Bank to understand that the Government and the Development Bank will continue to have a policy of giving favourable consideration in times of difficulty to the refinancing of arrears of capital and interest payments, but we will not tolerate people who in the times of boom divert the profits into subsidiary companies and other enterprises and into conspicuous consumption, as has been the habit and wont of a very small minority in the past,.....

(*Aside:* Dr. R. C. HAYNES: Stop attacking Nassar).

Hon. H. B. St. JOHN: You forget you were a shareholder, you know, of one of these companies. Do not trouble me today, because I have facts today for you, because you are going to come right into the hook. Throw out the bait, you will fly at the hook!

.....particularly furniture manufacturers and others. So that what we have to say is you must temper this consideration of help with the realism that many of the companies who went under in the recession — true, it was an international recession, one of the worst in the world — between 1981 and 1983, went under because of bad management and failure in times of boom to make adequate provision for reserves to cushion the impact when lesser conditions came. Those are the facts that an analysis will show, and it is important that we educate particularly our young people in this area.  
12.35 p.m.

There is no disgrace in going bankrupt in any community. You have Bankruptcy Laws in Japan, in the United Kingdom and in Russia. They have them all over the world. As a matter of fact, bankruptcy in Japan last year reached a record level, and that is a prosperous country. So that the Bankruptcy Laws are there to cater for situations which arise, which have been the recorded experience of man in many societies, and it also seeks to distribute the assets among the creditors of the people. But, in our analysis, we have to learn, and we should use as precedents, some of the examples that are shown up when we go through periods of recession, even if it is to remind people that life does not consist only of periods of boom. We must profit from the lessons of the past.

When you have a recession, you must do an analysis of why it is that some firms survived and other did not survive. We have done that, and it is a combination of three circumstances which can easily be proven. Some firms went out because of lack of demand for their product. Some went out because they did not, in times of boom, put aside any money for the days when they would be under difficulty. The profits that should have gone in equity went in consumption. And, of course, we have, in a country like Barbados, the problem of the failure of many to recognize that the days of small business and the type of one-man proprietorship that used to operate are very limited. We need more firms adequately capitalised. These are lessons that the bank itself must take heed of in their loan evaluations in the future.

*(Asides)*

Hon. H. B. St. JOHN: Somebody is going to help them.

As Minister of Finance, I have approved some new areas of operation for the bank. We cannot continue to restrict the bank to the traditional areas of operation. We must recognize that this economy is a dynamic economy. Health services, the provision of services, computers for industry, soft ware, hard ware the provision of surveying services — let them get the computers so they can do their land planning — all of those things are costly. Young professional people, instead of having to go cap in hand begging every Tom, Dick and Harry to sign a form for them can be able to get their professional equipment. The Government is going to agree to an expansion to the areas of activity of the Development Bank to include the provision of equipment for services.

We are also going to agree to the expansion in the amount of money for the small businesses from \$240 000 to \$450 000. All of that is for the new biennial that is coming, the new five years, and that is what we need the money for.

I beg to move that this Resolution do now pass.

Mr. J. G. ODLE: I beg to second that.

Dr. R. C. HAYNES (St. Michael South Central): Mr. Chairman, normally when a Prime Minister.....

Mr. SPEAKER: The Chairman has not yet taken the chair.

*Asides.*

Dr. R. C. HAYNES: It was seconded.

Mr. SPEAKER: Yes, but I said that the Chairman has not yet taken the Chair.

Dr. R. C. HAYNES: Mr. Speaker, Sir, my apologies for downgrading the Chair under such circumstances. That is what you would call a slip of the tongue.

Sir, it is normal that when a Prime Minister, who also holds the portfolio of Minister of Finance and is responsible for banking, has the opportunity to present the position of his financial institution, for which he is responsible, he takes great pride in presenting the status of the public financial institution. One noticed, Sir, that the Honourable Prime Minister was very defensive in his presentation and was, indeed, very apologetic. The only time when there was some stir of hope was when he started talking about what they will do in the future, namely the expansion of the lending portfolio of the Barbados Development Bank to include the service sector of the economy.

Sir, we have to start off by facing the harsh reality. Today, we are being asked to increase the national debt of this country by another \$15 million in the first instance, and before the end of the day, no doubt by at least another \$19 million. That is the first fact that has to be recorded.

The second fact is this that with careful analysis and careful management, it should not have been necessary for the Minister of Finance to be coming to this House to apologize for yet another major financial institution of the Government recording a substantial loss on its operations this year. Let us face it, Sir. We have the Central Bank of Barbados. We have the Barbados National Bank and we have the Barbados Development Bank. Now, we have a situation where two major public financial institutions, two public banks, have recorded a significant loss in the past year. I go further and say that, despite what has been said on the floor of this House, after a most careful investigation, they are the only two banks in this country which have made a loss in the past 10 years. The only two banks in this country, despite the mis-information which has come from the mouth of the Honourable Prime Minister in the past! Banks have had to reduce profits, banks have had to restructure their portfolio, but the only two that have lost money have been the banks run by this Barbados Labour Party Government.

Sir, let us seriously examine this situation, and this is a critical situation, because you have the Barbados Development Bank where, quite clearly, there has been a substantial fall-off not only in demand for its resources, but, also, in its capacity to respond even to reasonable requests. This is the clearest indication that this Government has created a climate in Barbados — a climate of disinvestment — in which there is no new investment in

Barbados. There has been no significant new investment in Barbados for the past five years, and this is reflected now in the situation in the Barbados Development Bank, apart from its general reflection in the poor performance of the economy and in the hopeless levels of joblessness which this country now enjoys after 10 years under "the Great Combination" of the Barbados Labour Party. 12.45 p.m.

(*Aside:* Mr. B. M. TAITT: A good platform speech. Go ahead.)

Dr. R. C. HAYNES: I have looked very carefully, Mr. Speaker, at the major areas of default which have been responsible for the loss position of the Barbados Development Bank, and I will tell you what they are. For many years on the floor of this House, I have been calling for a more careful and a more diverse structuring of the lending portfolio of the Barbados Development Bank, because I knew for a long time that when you look very carefully and you see how the loan portfolio is structured, all it would take would be the failure of one major sector in which they were lending for the bank to have a situation where it would be in a loss position. And when you talk, Sir, of trying to attract soft funds, whether it be from European Investment Fund, European Investment Bank or whether it be from the soft window of any of the other international agencies, it is not a good thing to show a marginal profit in 1983 and a loss position in 1984-85, because people look very critically at the management of a bank in order to determine whether this is the kind of institution through which they can funnel funds for development purposes in any country.

I am saying, Sir, that the performance of the National Bank and the Barbados Development Bank.....

Mr. SPEAKER: The honourable Member will desist from the Barbados National Bank in this debate.

Dr. R. C. HAYNES: Well, Sir, the performance of the Barbados Development Bank is yet another scar on the good image of financial institutions in this country. I will tell you what is at the root of the problem, Sir. We know that provision for bad loss, for bad loans or for loan losses has been made this year. It is also a fact that there is not less than about \$7 million in bad debts which have been recognized by that bank and for which provision has not been made yet. We must watch the accounting processes when we are facing reality. I am saying from the floor of this House that there are another \$7 million in bad debts for which provisions has not been made in the accounts of the Barbados Development Bank yet and will have to be made in future years. I go further, Sir, and say this, that there are a large number of properties

that I know about which the Barbados Development Bank has virtually written off — because they know that those projects would be no good in the future, they have been no good in the past, they are no good at present — and they would be only too glad if somebody would come along and try to rescue them and make a decent offer in order to rescue the problems.

We have to be careful, Sir, what we are guaranteeing money for, what we are putting money in, and, therefore, I think it is absolutely essential to restructure the lending portfolio of the Barbados Development Bank and look very carefully at whom you are lending money to and for what purpose. The bank has boasted every year and gauged its performance by the amount of money that it was lending out, the number of applications made, the so-called number of potential jobs and the extent to which its assets, through lending, have been increased. That has been their main thrust of propaganda over the years. But I say this, Sir; one of the reasons why the bank is in this loss position is that they have loaned a lot of money to people for projects where the capital structure has been very weak in the very first instance. There are many instances where people have bought a piece of land for \$20 000, got a revaluation of that land, a paper revaluation for \$100 000, and then gone and borrow \$900 000 from the Development Bank with the equity, the actual capital inside there, being \$20 000.

I know of one case where the actual cash outlay was \$22 000, a further \$200 000 borrowed temporarily from a commercial bank, \$1 million borrowed from the Development Bank, the commercial bank paid back \$200 000 and the Barbados Development Bank left holding the loan for \$1 million. That is what has been going on inside there. I know who the people are. I have made absolutely sure down the years that I was involved in nothing, nothing whatsoever, where money was borrowed from the Barbados Development Bank or any other public financial institution in this country.

So the problem is that the loans have been made in businesses where the capital structure was bad, where the debt equity ratio would have militated against success at any stage; whether the economy was buoyant or otherwise, it just did not work out. There are many, many of those instances, and if you look now at those who have defaulted, you would find that it is largely the people who got access to the loans from the Barbados Development Bank who should not have had the loans in the first place.

There are certain binding criteria, Sir. I accept the principle, and I have always argued, that development banking is different from commercial banking. I have also argued that you have to look at the longer term and bring other considerations into operation apart from the normal criteria that you use for commercial banking. But

you can go too far, and I am sure that there are Members on the other side who know exactly who I am talking about. They would not be found among the ranks of the Democratic Labour Party, let us put it that way.

Sir, I am concerned that we are borrowing this money and we have not been told in any specific way how this money would be used, and I want to issue a few caveats here. Firstly, Sir, the bank has loaned money extensively in the area of the hotel industry, particularly in the area of apartment hotels, and in that area there have been substantial losses.

The honourable Prime Minister has indicated that one weakness of the bank was the poor assessment of the capital base of the potential borrower. The second weakness of the bank that he has identified, if I speak correctly, is the bank's inability to monitor the situation at an early enough stage when things started going wrong. But I am saying, Sir, that it is the policies of the Government which have also affected, very dramatically, the capacity of many of the persons, who were recipients of loans for projects, to meet their obligations to the Barbados Development Bank.

We have to be very careful about several things, Sir. We know that in the apartment hotel situation today, they face major costs which will run ahead of any payment, either of capital or interest, to the Barbados Development Bank. They face the high cost of water, and my feeling is, Sir, that unless we look very carefully at our energy structure in Barbados most of this \$15 million will go to public utilities in Barbados. That is point one — the cost of water, the cost of electricity and other public utilities. If you ask any hotel operator, he would tell you that his first job is going to be to try to keep his doors open, and if those are unreasonable and unreasonably high and he gets access to any of this \$15 million, he is going to have to meet his operational costs first. So the very first thing we are going to have to look at carefully is the cost of public utilities to the hotel industry, and particularly to those who have been unable to pay the Barbados Development Bank either capital or interest.

We in the Democratic Labour Party, later this year if we are returned to office, will make absolutely sure that all those costs to the productive sector of the economy which run ahead of the loan repayment to the Barbados Development Bank, whether it be capital or interest, are substantially reduced. I refer to water, electricity and gas. That is the first thing you have to do, to make sure that this \$15 million does not go to public utilities.

12.55 p.m.

The second area you have to look at, Sir, is an important one. One of the things that have been preventing many of these businesses from meeting their obligations to the Barbados Development Bank is the high level of property tax.

Mr. SPEAKER: I am not going to tolerate this method of debating a Resolution to guarantee money to the Barbados Development Bank. It does not deal with expenditure in these various avenues. The honourable Member will not be allowed to debate other financial matters under this Resolution.

Dr. R. C. HAYNES: Mr. Speaker, we are committing this country to \$11 million in debt. I am identifying areas, Sir, where this money will be a dead loss and a burden on the taxpayers unless these things are done. It is going directly into those property taxes.

Mr. SPEAKER: I will not allow that in this debate, and that is my ruling.

Dr. R. C. HAYNES: I continue, Sir. The honourable Member has not told us whether the Government will make a firm commitment that it would not revert to a high interest rates policy in Barbados.

Mr. SPEAKER: That is exactly what I am getting at. If the Member introducing that Resolution had dealt with those areas, any person replying would be free to roam as far as he feels like. But I am not going to open a Resolution to guarantee \$15 million for the Barbados Development Bank to a general debate on economics or whatever you may care, and that is my ruling.

Dr. R. C. HAYNES: I have no intention of so doing, Sir. What I am saying is that the honourable Member said when he was speaking that the Barbados Development Bank had a problem in attracting money, whether from foreign sources or from domestic sources, at reasonable interest rates.

Mr. SPEAKER: And he went on to say why.

Dr. R. C. HAYNES: And then he went on to say that the reason why that could not be done was, in his opinion — his opinion — the per capita income of Barbados.

Mr. SPEAKER: Exactly.

Dr. R. C. HAYNES: I do not agree that that is the reason. That is the point I am responding to. I am saying that it is not due to any per capita income in Barbados. It is due to Government's policies on interest rates, that is the point I am trying to make, and I am saying that our policy at all times will be one to ensure that there is a low domestic interest rate for all those properties which have been the recipients of Barbados Development Bank loans. That is the point I am trying to make and respond to very specifically, Sir, because it is a fact that one of the reasons why the Barbados Development Bank is also in a loss position is because the institutions, the various hotels, have to meet their payments to the com-

mercial banks in order to keep their doors open, because whereas the Barbados Development Bank may have loaned money to build the property, in order to operate the property, the owner then has to go to the commercial banks to get working capital and, therefore, the higher the cost of that money to him, the higher the cost of that money to the borrower from the Barbados Development Bank, it makes it less possible for him to meet his obligations to the Barbados Development Bank. The point I am making, Sir, is that the Barbados Development Bank will always run into losses of this kind unless they have a clear perception of what should be an appropriate interest rate policy in Barbados. In my view, that should be a low interest rate policy in a developing country like ours, and that is the policy of the Democratic Labour Party.

I go further, Sir, and I say this. That there is a need for a Government initiative if it is going to get the Barbados Development Bank out of the present mess that it is in. That Government initiative, Sir, must mean several things, in my view. I believe that in selective properties, Sir, we need a moratorium not only on capital repayments, but, in some instances, Sir, there is a good case for a moratorium on interest payments so that the owners of those properties can make some contribution to a reduction in their capital borrowings from the Barbados Development Bank. I believe there is a substantial case to be made out in certain instances, and I will put that case, largely because I know the extent to which the financial structure of those properties have been undermined by high interest rates. So I am calling in selective instances, Sir, for a moratorium not only on capital payments, but a moratorium on interest payments. That is the point I am trying to make here, particularly where the jobs of people are at stake.

The second area which I think needs a major Government initiative is to seek to get the commercial banks to increase their flow of lending to some of these properties and for a long term. I am fully aware, Sir, that the commercial banks in Barbados and throughout the world operate on a rudimentary basis so that they will not over-expose themselves in any particular sector more than a given percentage of their lending portfolio. This is a fixed policy of most commercial banks. But I believe, Sir, that you need two things happening here. You probably need softer loans and an increased flow of capital from the Development Bank, but also an increased flow of capital from the commercial banks at low interest rates.

As I understand it, loans from the commercial banks to the apartment hotel area will be somewhere in the region of loans of seven years maturity.

*Asides.*

Dr. R. C. HAYNES: The average is about seven, maybe more. I do not know, but I believe it is about

seven years from the commercial banks, the flow of lending to the commercial banks is about seven years. I believe, Sir, that the commercial banks should be approached with a view to see whether a package could be organized between themselves and the Development Bank in order to salvage some of these properties, reduce future loan losses, and to get these hotels moving again. I am talking, Sir, of the use of the \$15 million in order to try to stabilize the financial fabric of the hotel industry, which has been the main burden on the bank in respect of losses, and I believe a joint effort by the commercial banks and the Development Bank would be a highly desirable thing.

1.05 p.m.

I have tried to address fiscal problems that would allow this money to be more useful. I have tried to indicate how the Development Bank got into this mess and what must be avoided in the future. I have tried my best to indicate that there has to be some kind of deal, if you want to put it that way, worked out between the commercial banks and the Barbados Development Bank in respect of the current indebtedness of these problems if we are going to restore the financial fabric of the hotel sector, the main recipients of loans from the Barbados Development Bank, back to health.

Sir, I have been concerned about one or two other things. I have noticed that, because of lack of funds, there has been a serious rundown in the hotel plant, particularly in those hotels which are delinquent in respect of their loans from the Barbados Development Bank. I know that incentives have been offered in the area of refurbishing, but the problem is that the people do not have the money to take advantage of the incentives for refurbishing. It is therefore my earnest hope, if the integrity of the hotel plant is to be maintained, that some of this money would go towards applications for refurbishing and maintenance of the hotel plant in Barbados. Otherwise, we run into a very difficult, vicious cycle. You have no money, your plant is rundown, it becomes less attractive to guests, and therefore you create more problems in relation to the rates you can charge and the satisfaction of your guests.

There has also been another problem. The Barbados Development Bank loaned a lot of money up front to hotels without taking into consideration a fundamental aspect of the hotel industry. First of all, Sir, it is a long term high capital investment industry. There are no short returns in the tourist industry for people who invest in the tourist industry. It is an industry which demands the highest quality management, and if you look very carefully .....

Mr. SPEAKER: The honourable Member is still trying to change a Resolution to guarantee money to the Development Bank into a wide ranging debate. The

honourable Member must follow the Rules of this Chamber.

Dr. R. C. HAYNES: Mr. Speaker, this money is being borrowed ....

Mr. SPEAKER: It does not say so. The honourable Member must not try to mislead this House.

Dr. R. C. HAYNES: The honourable Member has said that the money was borrowed for on-lending to those areas in which the Barbados Development Bank is involved, along with new areas, as I understand it, and I am saying that there is no point lending this money. The Development Bank borrows money to lend money.

Mr. SPEAKER: The honourable Member must recall his own speech is not what he has said. I cannot help the Member if he cannot remember what he has said. You are now trying to draw total hotels into the Development Bank.

Dr. R. C. HAYNES: I am not, Sir. I am talking about apartment hotels. I have defined what I am talking about.

Mr. SPEAKER: You did not.

Dr. R. C. HAYNES: I did earlier. I said that the exposure was largely in the apartment hotels.

Mr. SPEAKER: You have finished that and you continue now to draw in other hotels, since you talk about refurbishing and who have not got money.

Dr. R. C. HAYNES: May I continue, Mr. Speaker?

Mr. SPEAKER: The honourable Member must follow the Rules of this Chamber. If he wants to debate that side of it, there are other means of doing it.

Dr. R. C. HAYNES: The Development Bank is merely the agency through which the Government will be guaranteeing its borrowing of this money for on-lending to various sectors that come under its umbrella. What I am saying is this, Sir, that we would feel uneasy about this Resolution unless the Government gives a clear indication to those responsible for the management of the Barbados Development Bank that when they are lending out this \$15 million, they will take into consideration the management of the institutions to which they are lending the money. That is the point I have been trying to make all along, because there is no point lending money unless you know the money is going to be well managed. Otherwise, all that would happen is that you are back here for \$30 million next year and \$100 million four years later, and the losses would skyrocket year after year. So it is absolutely critical for the bank to improve on the

support services which it has in place at the moment, and, secondly, to ensure that there is the appropriate management structure for any institution to which money is being loaned.

Sir, what does concern me further is this. We are here being asked to support a guarantee for \$15 million. We are being asked to guarantee this loan by an institution which has made a \$1.5 million loss. Yet, Sir, the Government must take a decision as to whether in the present situation where we have to guarantee further money for lending in this Chamber, and where the bank has made a loss, as a matter of policy, it would permit the bank to go and lavish money on a new Barbados Development Bank headquarters. That is very important, because I will not be approving or voting for any \$15 million to go to build any headquarters for the bank with it in the present financial status that it is in. It is not a priority, and I would want an assurance from the Government today that none of this money would go for that purpose.

We have to get our priorities right, and the priorities must be to restore the financial stability of those industries who are capable of repaying principal and interest, and to nurse back the ones who have been delinquent over the years both in respect of interest and capital. This is a serious matter, because in the long run, if your financial institutions continue to chalk up losses year after year, you will not be able to attract money, Government guaranteed or otherwise.

I will continue, Sir. I believe that a substantial amount of this \$15 million should go to what I call micro businesses, particularly in our present state of capital deficiency and our other related economic problems. The Honourable Prime Minister has indicated that he is prepared to raise the ceiling for the definition of small businesses from \$250 000, I think to \$400 000 or \$450 000, or somewhere in that area. We have no objection to that, provided the business is reasonably viable and on a reasonable basis you can make projections that it would not be a loan loss. But where I feel there is a need in Barbados for institutional support is for the micro businessman. That is the man who has determined that he is running a business where he expects to get a return of \$12 000 a year, he is happy with that, and does not propose to get any bigger. That is the operation that I am talking about. Whether it be in sno-cones, whether it be selling coconuts, whether it be selling fish cakes, no matter what you are involved in, I believe the quickest way to seek to recapture some initiative through lending from the Barbados Development Bank today, and at the lowest capital cost, and at the lowest outlay, both the bank's and taxpayers', would be to focus on that area of micro businessmen, the very small businessmen. They add up. A thousand of those helped with this \$15 million would be a thousand families being fed or certainly sub-

stantially contributing in Barbados in a situation where people have to find means of survival on their own.  
1.15 p.m.

A second area which I would invite the Government to look at very critically is the area of temporary equity participation in projects which are viable, but which have a temporary shortfall of cash, whether in terms of cash flow or in terms of under-capitalisation. I have noticed that one factor that contributed to the \$1.5 million in losses was lost of equity input into a particular business. Sir, this was a situation where equity was put in a business and nothing else to support the equity was put in that business. That is not what I am talking about. I would support the principle of a part of this \$15 million going to businesses which have a temporary cash flow, which cannot satisfy the requirements of the commercial banks, which might collapse and cause job losses and where valuable capital would be put out of use. In those circumstances, I believe that under the appropriate management umbrella, equity participation can be of value, and that the return on the equity should also go back to the capital of the Barbados Development Bank. In other words, the bank has another role, a role of salvaging where salvaging is desirable, but without the burden of further indebtedness. I believe there are instances where that can be done.

Sir, there is another area. I believe that a substantial case has been made out by myself, by many of the apartment hotel owners and by other people who have borrowed money from the Barbados Development Bank for a substantial refinancing. This is where you have a problem. The problem is that the capacity of the bank to refinance has been seriously compromised because of the areas from which they have borrowed money in the past. I hope the point is taken. The point is taken that when you borrow money from international institutions, there are conditions set for how the money may be on-lent, and it is my understanding that the Barbados Development Bank now has a particular problem; that even in instances where they may respond to my call for refinancing, they cannot do so because of the conditionality of the loans which they got in the past from the European Investment Bank and others. This is a fact.

I can go further and quote the exact amount of money that cannot be turned over in that way, and that is one of the reasons why we have this \$15 million before us here. One of the reasons why we have this \$15 million before us here is because the Government found itself in a position where the banks cannot refinance projects that need refinancing unless they get the agreement of the lenders to the bank in the past. That is a fact, and I would like to see anyone on the other side of the House get up and challenge that and say that I am not telling the truth when I say that the bank itself is hamstrung by the fact that it cannot breach the conditions of previous lenders.

As a matter of fact, I am sure that senior personnel of the bank have been in Europe not so long ago trying to beg at least one institution to change the conditionalities under which the loans have been made, to allow them to get into the area of refinancing. I can say that is a fact on the floor of this House. So now you have \$15 million guaranteed by the taxpayers, if this Resolution is passed, but what I am saying is that appropriate conditionalities and financial propriety must be attached to any onlending of these funds.

The Honourable Prime Minister spoke on the question of bankruptcy. He said that bankruptcy is a normal thing in businesses. Yes, bankruptcies occur in businesses, but it depends on the legal regime in which those bankruptcies occur, and also the financial regime.

In the United States, there are Bankruptcy Laws that allow a person to go out of business because he cannot meet his obligations to his creditors, open a business next door and continue a business. In Barbados, as honourable Members know, bankruptcy is a reality, a harsh reality, because to obtain the money in the first instance, very often you have to pledge your house, personal guarantees, future incomes, life insurance, the whole lot, so that the moment your corporation goes under, they come at you personally. So there is no question that, for most businessmen, you can walk away from a bankruptcy today and start anywhere tomorrow.

I think that it is important that the Honourable Prime Minister should have said at the same time that whereas bankruptcies occur in normal businesses, in businesses anywhere in the world, that the impact and the result of businesses bankruptcies are quite different. This places an even greater obligation on the Barbados Development Bank to give the kind of support I outlined. I am speaking about the small man in this country who now may not only lose his property, but would lose everything else that he has pledged, and I think it can be done, provided it is done sensibly and provided an appropriate reporting management structure resides within the bank to strengthen management at plant level.

The second point that I wish to address myself to relates to the Honourable Prime Minister's statement that the failures of businesses were due to mismanagement and, secondly, the failure to put aside for a rainy day. I am not sure that those are his exact words, but to put aside when things are good for when things are bad. I want to address that specific point, because it is very relevant here.

I agree that one of the problems which has contributed substantially to the business failures in Barbados is lack of provision for retained earnings in the corporate structure. But I would say that it is not due to consump-

tion by the owners. It is not due to people spending money. It is due to a whole lot of fiscal impositions by the Government which makes it impossible for corporations in this country to develop any retained earnings. That is the point I am trying to make, and that is the point he should address. There is no point getting up on the floor of the House and saying that we have bankruptcies and bankruptcies occur anywhere in the world. Look at the local problems. Say that we have failures because enough money was not set aside, and look more critically at the problems which prevent businesses from developing retained earnings which would tend to help them weather it through.  
1.25 p.m.

The third problem which I want to bring to the attention of this House is that this Government has to be blamed for misleading the Barbados Development Bank, for misleading businessmen in this country, when they told them in 1981 that they "never had it so good." It was on the basis of that misinformed expansion of the economy, in the face of contraction elsewhere, which resulted in a whole lot of bankruptcies. In other words, Sir, those companies that had retained earnings, or the capacity to borrow, who had borrowed money from the Development Bank invested outside of the immediacy of their business, and every single company in this country which expanded in that period 1980-81 has gone under, with the exception of one. One! One company! You check every one that built a new building during that period, every one that put money elsewhere, and you would see that they have all gone under. And I am saying that the Barbados Labour Party, by their propaganda, by misleading the country in a society where there is no independent authority unlike the United States and Britain to tell people what is the true economic climate, did a great disservice both to the Barbados Development Bank and businessmen in this country. Those who followed you down that road now have found themselves in bankruptcy.

I have done my own study, I have done my own analysis, and it is untrue to say that there are people buying Mercedes Benz or buying large motor cars. That is not true. They are a small percentage. The majority of the people who have gone under are people who have expanded during that period, including the sugar industry, too; including the Portvale expansion and so on. I have gone to every single one, I have checked it through and I can call the name of the one company, and that company has only survived, and everybody in Bridgetown knows that, because it enjoys generous support from the Government in various directions, the one corporation in this country which expanded during that period. So when you are talking about business failures in Barbados, let it be clearly understood that it is not only the businessmen, but it is the lending institution and the Government which must bear some responsibility and not come and try to suggest inside here that the Barbados Development

Bank has lost money because people buy motor cars with the money and that kind of thing. That is not true. It is not so. It is because you made bad judgement in relation to your investment portfolio.

Sir, I see that the Barbados Development Bank is now talking about restructuring its portfolio of lending. I agree with that. But Heaven knows the number of occasions I have called for it on the floor of this House. Unless it is restructured and more balanced, then this same problem will recur again and again. I am deeply upset that a major public institution should find itself in this position. There is no point trying to minimize the problems. There are problems, serious problems, and unless steps are taken now to arrest those problems, and try and deal with them in the way I have suggested, then we are heading for further and further trouble down the road. This is not gloom. This is not doom. This is speaking now, and repeating what I said six years ago before this House in many ways. The same thing now finds itself in the review of the Annual Statement of the Barbados Development Bank, and you all have to come inside here now to get another \$15 million in domestic money, most of this to go not towards new investments but to prop up old investments in this country.

You have created a climate in this country in which the Barbados Development Bank or any other financial institution can hardly function. It is about time that the people get rid of you so that a proper fiscal climate can be recreated in Barbados in which they can improve on their lot, their financial institutions, public and private, can thrive again and people are interested in investing in Barbados.

Thank you very much, Mr. Speaker.

(*Aside:* Hon. DeL. O. BRADSHAW: Real political platform talk.)

Hon. L. R. TULL (St. George South): Mr. Speaker, Sir, everyone understands that a development bank is essentially different from a commercial bank. Even the honourable Member for St. Michael South Central (Dr. R. C. Haynes), who just sat down, made that point. We have been given a lecture on principles of development banking, and I believe that all honourable Members should be conversant with those principles. But what we have also been treated to is an exercise in contradiction in the course of one debate.

A development bank is, essentially, Mr. Speaker, an instrument of development policy, and as such, it must harmonize with the overall development strategy of a country. It is a very facile statement, Mr. Speaker, to suggest on one hand that a development bank must be an instrument for development, providing the capital resources for small business, large business, industry,

agriculture, tourism, the whole range of services, and on the other hand gauge its success as a bank by the criteria of a commercial bank. The honourable Member for St. Michael South Central has compared the Development Bank with the commercial banks in Barbados and has said it is the only bank — he also mentioned the Barbados National Bank — that has recorded a loss over the last 10 years in comparison to commercial banks. Now one has to determine, what exactly do we want out of the Development Bank of Barbados? I am not one who is going to suggest that everything is honky-dory in the Barbados Development Bank, but it has succeeded in very large measure in meeting the terms under which it was set up, and indeed in reaching the goals for which it was set up.

This has been a period, particularly from the beginning of 1980, Sir, in which there has been a massive recession in the world which has also affected Barbados. The Barbados Development Bank is a mere microcosm of the banking system nationally and internationally. It is no accident, Mr. Speaker, that during this period commercial banks are in extreme difficulty in recovering loans that have been made not only to businesses, small and large international and transnational companies, but also Governments. This has been the result of very unusual circumstances in the world financial situation in the early 1980s. To suggest, therefore, that the problems encountered by the Barbados Development Bank in recovering some of the loans that have been made to small business people in Barbados is something about which we should be pulling out our hair is to shy away from the reality that has been engulfing this region and this country.

I am submitting, Sir, that the success of a development bank cannot be gauged only by the balance sheet or how many losses are recorded at the end of a financial year. There are other considerations. We in Barbados pitched our development on the tripod for a long time of agriculture, tourism and light manufacturing, and in recent times we have sought to diversify that by provision of external financial services. But if you take the first three, Sir, the Barbados Development Bank has been active for a long period of time in providing equity capital for those three legs of the tripod, and during the period under review — because the argument of the honourable Member for St. Michael South Central has been based only, as he put it, on the last 10 years and what has happened during that period — during that period we have seen substantial growth, for instance, in light manufacturing. Every year there are more and more plants setting up in Barbados, going into a wider and wider range of manufactured goods, and they have been able to succeed to a very large extent through the provision of funds by the Barbados Development Bank. This is also true in tourism. Tourism has been growing over the past 10 years, and there are more hotels, small guest

houses and so on that have to knock on the door of the Barbados Development Bank to provide capital for them to remain in business, to be viable and to expand. How then, Sir, can we gauge the success of a development bank only in terms of losses? What about the other factors?

The honourable Member mentioned jobs. Are we to run the development bank on the strict principles of a commercial bank, call in loans and refuse to make loans and put hundreds of thousands of Barbadians out of work? These are some of the questions that must be addressed when you are debating a Resolution such as this one on the Barbados Development Bank.

But the honourable Member, in his own inimitable style, did a *volte face* in here today, Sir. Nobody on this side has ever suggested that the reason why there have been business failures is because the people in business have been taking capital that should be invested into their plant and buy Mercedes and engage in conspicuous consumption. On the contrary, Mr. Speaker, it has been that very honourable Member who got up in here time and again and in his assaults on the sugar industry, say that why the sugar industry is in trouble is because the sugar producers take the money which should be invested in capital and equipment and spend it on buying race horses, sending their children to school overseas and living like high flyers. It does not sit well in the mouth of the honourable Member to come in here today and do an about turn with such lack of modesty.

1.35 p.m.

I want further, Mr. Speaker, to make one or two other points in respect of the honourable Member's contribution before I veer in my own direction, and they refer to two points which I consider points of substance. When the honourable Member talks about micro-businesses — that is a fancy term to say that small people, entrepreneurs who get into the very basic industries in Barbados require some assistance, and that is the view that harmonizes with the view of the Government. We have started in Barbados a Skills Training Programme, under the aegis of the Ministry of Labour, so that we can train individual young Barbadians in particular areas so that they can go into the field of self-employment. We are preparing more entrepreneurs in Barbados at a rate that could not have even been envisaged by Members of the other side. Common sense, Mr. Speaker, suggests to me that the more you promote self-employment, the greater will be the demand on institutions such as the Barbados Development Bank. You cannot take young men out of sugar, put them into certain programmes, teach them skills and otherwise train them and encourage them to go into self-employment without having a back up institution that could provide the initial capital for them to realize whatever their dream might be.

The honourable Member makes another point of substance; perhaps the only other point of substance he made in his long and rambling dissertation. He said that it is necessary for there to be a proper monitoring system. I totally agree. You just cannot lend people money from the Barbados Development Bank and then do not follow up. A number of people who borrow money from the Barbados Development Bank, Sir, are people who are good in ideas. A number of them are skilled craftsmen and want to get into an industry that they feel will be useful in terms of employment and indeed of generating income in other ways. We have those people, but these are not people who are skilled in management. They do not have the managerial experience. They do not have the accounting experience. They do not have the experience required for running a business. Their skills are other skills. I am entirely in agreement with what he said, and that is consistent with the policy of this Government, that these people should be given follow-up monitoring. It should not only be the Barbados Development Bank. I myself am not certain to what extent the Barbados Development Bank has the capability to follow up all the loans that they make. I enquired about it earlier this year and I hear it is quite good, but I do not myself know. But I think it is important that the Barbados Institute of Management and Productivity should be operating in tandem with the Barbados Development Bank to monitor these loans and to provide the kind of training and technical assistance to people who get these loans to make sure that their businesses remain viable. I think that that is the only other point of substance made by the honourable Member in going on for almost 45 minutes.

I have other views on this matter, Mr. Speaker. The whole question of getting loans from international funding agencies, like the European Investment Bank and others, with conditions that govern the kinds of loans and how they can be made — that was no new point made by the honourable Member. That is an understandable point. The Caribbean Development Bank gets most of the money that they loan out from external sources and they are also constrained in the nature of their lending by the conditions under which the money was put up in the first place. That is understandable, Sir. That happens everytime you get money from a donor or a banker; there are conditions attached. So that they make a big song and dance that you cannot dispense money as you please because conditions are attached to the original loan to the institution, again to me is a point of no substance and really totally unmerited in a debate such as this, because we need the money from these sources. Where are we going to get the money, millions and millions of dollars, to be available to the Development Bank for onlending to people in business if we do not get the money from external sources. We need those loans.

I think what would have been a point of more substance would be if the honourable Member had argued,

as I continually argue, that there is a considerable amount of money in the banking system in Barbados. Barbadians save a lot of money. A lot of Barbadian people's money is on deposit in the banks of Barbados, and I hold the view that there must be a way in which the funds, the monies, the savings of Barbadians, are mobilized in productive areas of our economy. We have to come up with a way, Sir. Obviously, there must be adequate Government guaranteeing, because persons are not going to put their money into what is essentially a risky business, and development banking is a risky business. If it were not a risky business, it would not be a development bank; it would operate by the strict principles of a commercial bank.

I believe that the time is right for people in Barbados, Government and everybody else who have a say in these things — the Central Bank has a say that determines the portfolio of investments of commercial banks, others have a say — to orchestrate a rational mobilization of the funds of Barbados, for the proper development of productive areas in our economy. If we can do that, we will rely to a lesser extent, Mr. Speaker, on the external sources of funding with the conditions such as were articulated by the honourable Member in his contribution a few minutes ago.

The honourable Member blows hot and cold. One moment, Mr. Speaker, he says there must be a moratorium on capital payments and interest payments, and he said "in selective areas", particularly where jobs are at stake. Those words were the words I underlined. You cannot on the one hand make a strenuous case against the Development Bank on the policy of the Government because there are losses and on the other hand disregard losses and have moratorium on capital payments, a moratorium on interest payments and take into consideration also the fact that jobs are at stake.

To what extent should the Government of Barbados be prepared to accept losses to keep people in Barbados working? That is at the heart of the problem, Sir. To what extent should we accept losses in the Barbados Development Bank or in any other Government agency to keep Barbadians working? We could very well, Mr. Speaker, ask the Barbados Development Bank to tighten up on its procedures, look for greater evidence of viability of projects before lending and record a profit at the end of the year. But at what cost, Mr. Speaker? How many jobs? How many bankruptcies is the honourable Member thinking about?

1.45 p.m.

While on bankruptcies, Sir, let me just say this. This Government — it is the responsibility of my Ministry has done more than any Government in the history of this country to upgrade and modernise corporate legislation. I do not believe anybody could have the gall

to get up and challenge it. We have introduced legislation in many areas of corporate activity to bring it in line with modern developments, and only last week Thursday I set a sub-committee off to work — a sub-committee made up of businessmen, accountants and lawyers — to start to look at the bankruptcy legislation in Barbados and to make recommendations to me as Minister as to how we could modernise it. My charge to them was that the bankruptcy legislation has trailed behind other developments in this country, developments in the commercial and business sector, and that the old notion of a bankrupt as a man to be destroyed — you cannot vote, you cannot get back in business, you cannot even sleep well at night in certain circumstances — and the bankruptcy laws were penal and punitive in nature, and we feel, as an enlightened Government, that you have to change the banking laws and bring them up to date so that they reflect more accurately the kind of development we want in this country in the commercial and business sector.

I said in my charge to that committee, of about 12 or 13 people, that a whole change is coming over our concept, and there were precedents in the United Kingdom, where there was a White Paper on bankruptcy and subsequent legislation, and there has also been a White Paper in Canada that could serve as a useful guide initially, but that they should consult with me as they go along in their deliberations so that I could make the input of this Government in what they are doing, and in coming up with a draft of the new legislation.

We believe that ailing businesses should not be driven into bankruptcy. That is a pre-independent, colonial kind of thing that has nothing to do with the reality of Barbados today. Ailing businesses must be helped. They must be helped. Individuals who are teetering on the brink of bankruptcy should be helped, so our policy in relation to bankruptcy is not the policy that was existing during the whole period of the Democratic Labour Party as a Government, our policy has been to see the bankruptcy laws as restoring to good health individuals or businesses who are in trouble. What we are doing, Mr. Speaker, and this will save all the problems the honourable Member is talking about in relation to loans of the BDB to business, is when we see a business in trouble, we do not sit back like a bunch of scavenger birds and wait until they go under and pick their flesh from their carcasses, from their bones — we go in and give them the kind of assistance that will help them, if that is possible, back to good health.

I want to move off that, Sir, the whole question of determining what is viable and what is not viable before you lend money to the Barbados Development Bank. It is a question that is good for the philosophers, not for the pragmatists who are trying to get this country going.

When we reach a fine dividing line to see what is viable for a small businessman who wants to get a few thousand dollars to keep something going, where is the thin dividing line between what is viable and what is not viable? You need pre-feasibility and feasibility studies for large enterprises. If you are going to get into a venture, a big agricultural, agro-industry project, or manufacturing industry, or hotel business, I would not be so irresponsible as to suggest that you should not do a very careful study of the project before you put money into it. But when you get to small businessmen, when you lend a woman down the road some money to put two canteens outside the road where the people are building the new highway so she can sell a few drinks and some food on the highway to make a living, what are you telling me about all this feasibility and pre-feasibility and all these kinds of studies? I do not understand that. For one thing, Sir, if you tell the small person out there who wants to borrow a few dollars — five, ten, fifteen or twenty thousand dollars — to get into this business about pre-feasibility study, they walk away because they do not understand what you are talking about.

One of the other things that is necessary is following up, Sir, and this is where it may be an implied criticism of the Barbados Development Bank, but I speak from a position not of total knowledge, so you will excuse me for this. I hold the opinion that after the Barbados Development Bank has put loans into projects in Barbados, the follow up where the business requires a new injection of capital as working capital — the project is sound, all the Bank experts look at it and say it is a sound project, they put money into it, what it needs now is working capital as a second loan — the time for the processing of this second loan is so long, months and months, that by the time they process the loan and approve it the business goes under.

I have my own view on how this should be done, but I believe that in development banks all over the world — and I can think of half a dozen, including the Caribbean Development Bank — there is a policy to give the President of the Bank or its Chief Executive power to approve follow up loans up to a certain level without going back to the Board; the Board ratifies it after. That saves a lot of time in helping somebody who badly needs working capital to keep the business going for getting that money, Sir, and I believe that the Barbados Development Bank, in my view, should institute such a policy, giving the General Manager permission, power, to give these follow up loans, up to a certain ceiling, after consultation with the Chairman, because Boards do not meet too often. These Boards meet now and then, once a month, once every two months and all this kind of thing, and they are not equipped in that way to meet these needs as they arise. I believe that that would be a proper way of dealing with these things.

Mr. Speaker, the honourable Member made reference to temporary equity participation. Again, that is nothing new. These are the things that the honourable Member reads in one chapter in a book on banking and trots out, these elementary principles that everybody understands. What is the issue there, Sir? Obviously if the Development Bank is to be a serious development bank, it must be in a position where it can make these temporary injections of equity into small businesses to carry them through a trying period to a period of health, and we support that. But it came almost as a criticism by the honourable Member of the Barbados Development Bank.

One of the things that always amaze me is that honourable Members sit in Parliament for a long time, they come in and debate matters on a particular area and would not do the elementary research of reading what the law relating to the matter says. If the honourable Member had picked up the Laws of Barbados and read the Act setting up the Barbados Development Bank, he would not have made many of the statements that he made in here today. But in my view he is grandstanding as usual.

He asked, Mr. Speaker, that the Government of Barbados — I do not know who he asked, he could hardly ask the Government to do that, so this was a statement in the air falling on whoever it may — that “they”, whoever is that mysterious “they” should get the commercial banks to increase the amount of lending to businesses seeking to develop. I would have been in a better position to answer that if the honourable Member had said with a certain specificity who the “they” are. Who are the “they?”

I want to wind up by mentioning two or three other areas that I believe warrant our special attention in relation to development banks.

*Aside.*

1.55 p.m.

Hon. L. R. TULL: They want the law? Get the Barbados Development Bank Act. I will teach them some law if they are so desperate to learn. Get the Act please, by the time I am finished here.

I believe, Mr. Speaker, that there should be greater emphasis in lending by the bank to cottage industries. We are trying our best in all of our training institutions to give a number of Barbadians, particularly women — not only women, but particularly women — certain basic skills that they can be housewives, but at the same time, engage in useful, productive and creative employment so that they can bring more money into their homes. I believe, Mr. Speaker, that cottage industries and the people that come within the general umbrella should be given loans with far greater and easier access; not the long, drawn-out feasibility studies, a lot of forms and bringing title deeds

of their grandfathers' lands and that sort of thing before they can get it. The small people do not understand that. It is hard on them. It is discouraging to them.

A maximum level of funds should be set for investment in that area. This money should be made available to them in as easy as possible a manner without worrying, like the honourable Member who spoke before me, about what the balance sheets say at the end of the year. If you have lost \$2 million in the Barbados Development Bank, and with the \$2 million you have lent to put 200 or 300 people to work, you have not lost anything. You have gained a lot, and that is the essential weakness in the argument of the honourable Member on that side. But he was not interested in an argument of integrity. He was interested in a blatantly partisan argument that does not take into consideration the reality of the situation in the country and the needs of the people at this moment.

There is one other thing that I want to mention before I wind up. I feel.....

Mr. SPEAKER: The honourable Member has just two minutes.

Hon. L. R. TULL: Two minutes? I will wind up in two minutes. Two points.

I believe, Sir, that capital is not enough in a business. The Barbados Development Bank needs to identify, promote and monitor these businesses that they lend money to, and make sure that a professional and expert eye is watching their proceedings in the development of the business, to steer them away from the shoals that they will inevitably run into, because they are not trained to do this sort of thing. I believe that that should be an absolutely important condition of the loans to these people.

I also believe that it is absolutely and vitally essential that technical assistance in the form of training on an ongoing basis, both plant training and in institutions in Barbados, backed up by technological aids to make businesses easier to deal with should be an essential part of the package of a loan made by the Barbados Development Bank.

Mr. Speaker, I wanted to, in the last few minutes, read the section of the Act that would have given the honourable Member, if he were so minded, if he could understand it, some understanding of what is possible with the BDB so that he would not have come in here and make the kind of rash statements that he made. But time is against me. I will have another opportunity in which I can give him a proper lesson.

Thank you, Sir.

Rt. Hon. E. W. BARROW (St. John): Mr. Speaker, the reason why I rise before.....

Hon. L. S. CRAIG: Mr. Speaker.....

Mr. SPEAKER: Two honourable Members are on their feet.

I recognise the honourable Member for St. John.

Rt. Hon. E. W. BARROW: I said that I did not rise before because I thought there was going to be a motion for the suspension, but I just want to inform Your Honour that I intend to speak.

Mr. SPEAKER: Every Member in this Chamber is here to speak.

Rt. Hon. E. W. BARROW: The question might have been put because of the hiatus which followed the speech of the honourable Member.

Mr. SPEAKER: I intend to let every Member in the Chamber make his speech.

Rt. Hon. E. W. BARROW: Once I have that assurance.

Hon. L. S. CRAIG: He is a Filipino all of a sudden, you know. He would not understand in here.

#### SUSPENSION OF SITTING

Hon. L. S. CRAIG: Sir, I rise to suspend the sitting.

I beg to move that the sitting be suspended until 3.10 p.m. today.

Mr. R. E. BRATHWAITE: I beg to second that.

*The question that the sitting be suspended until 3.10 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.*

2.05 p.m.

#### ON RESUMPTION

Mr. SPEAKER: This sitting is resumed.

When the suspension was taken the Right Honourable Member for St. John was about to speak. He may now continue if he so desires.

Hon. L. S. CRAIG: Sir, before the Right Honourable Member rises, I was under the impression that he had indicated that he would like to speak in the debate, but not, Sir, that he had risen at that point in time to

speak. I just draw this to Your Honour's attention. He said he would like to speak in the debate and you indicated that you were quite willing to allow him to speak at any time, Sir.

Mr. SPEAKER: The Right Honourable Member was on his feet at the time. Does the Right Honourable Member for St. John intend to speak?

Rt. Hon. E. W. BARROW: I do not understand the purpose of the intervention by the Member for St. James North. Every statement made in here must have some reasoning behind it, not to say that we have some knowledge of the English language, limited though it may be.

Mr. Speaker, I listened to the delivery of the honourable Member for St. George South (Hon. L. R. Tull) and the honourable Member for St. George South acted as if he had established the Barbados Development Bank and he was postulating something which was extremely interesting, but certainly not sound, economic sense, that because a bank is a development bank, the purpose of the bank is not to be viable, but the purpose of the bank is to encourage employment and so on. Now the argument put forward by the honourable Member is similar to an occasion when we were trying to establish the Caribbean Development Bank at a meeting held in Georgetown, when the Articles for the Development Bank were being discussed and being adopted by the meeting of the Heads of Government at that time. About two days after the discussion started, the delegation from Grenada came in to the meeting for the first time, and at the first possible opportunity the ministerial representative got up and informed the chairman that the Grenada delegation would like to resubmit certain of the Articles which dealt with the functions and the way in which the bank should perform its duties.

Now as Your Honour is aware, the Caribbean Development Bank is an international institution and has the same kind of format as similar departmental institutions in other parts of the world, like the African Development Bank and the Haitian Development Bank. The Development Banks, certainly in the developing countries, would be the models on which the Articles of Association and the rules of the Caribbean Development Bank were framed.

When the Chairman asked the Senator from Grenada what particular Articles he wanted resubmitted, he said that there was an Article which said that the affairs of the bank should be conducted in a businesslike manner. The Chairman said, "Yes. And what is the amendment which the Grenada delegation would like to impose?" And the Senator said that the Grenada delegation would like to insert the word, "not," as in not be

conducted; that the business of the bank should "not" be conducted in a businesslike manner. Well, I cannot tell you about that commotion. Pandemonium broke loose, and when the Chairman tried to restore order, as you on frequent occasions during this debate have tried to restore order.....Well, he succeeded in restoring order.

Mr. SPEAKER: We have not had any bad behaviour in here today.

Rt. Hon. E. W. BARROW: No. Nothing like what goes on here, Sir. I just said that, in your discharge of duty, you have to restore order. And when the Chairman finally succeeded in restoring order, the Senator then said, "I will ask Dr. Thomas," who is a university pundit on developing countries — those are my words — "to explain the Grenada position." So to our surprise, Dr. Thomas explained that it was all very well and good for people like the World Bank and other institutions like that to conduct their business in a businesslike manner, manage their affairs in a businesslike manner, and we were from Third World countries and developing countries and the same criteria stringencies under which those international institutions operated should not apply to Third World countries, which were trying to develop our countries and so on. That was the crash land. Professor Arthur Lewis pointed out that the CDB had to get loans from outside of the region and from private institutions as well, private commercial banks in developed countries, and if we put in in our Charter, that is the correct word, that we were not going to conduct our affairs in a businesslike manner, nobody would lend us money.

Here is the Minister today, the honourable Member for St. George South, extending the same considerations; that do not mind the Development Bank losing money, we are the guaranteeing institution, we must endorse this enormous loan, it is not a small amount of money, because a development bank is not supposed to make money.

(Aside: Hon. L. R. TULL: I did not say that.)

Rt. Hon. E. W. BARROW: Well, no. These are my words. But this is the impression you are giving us. I am not quoting the honourable Member verbatim, but I am quoting the general sense of how it came across to this side. I do not know how it came across to people behind him.

Hon. L. R. TULL rose.

Mr. SPEAKER: On what does the Honourable Member rise?

Hon. L. R. TULL: On a point of elucidation, Sir: I do not believe that the Right Honourable Member — and I stress Right — could deliberately seek to misrepresent

what I said. There is nothing in my whole contribution that suggests that my view is that the Barbados Development Bank should not be run in a businesslike manner and that they should lend money to everybody willy-nilly and do not care about the losses once you lend the money out. On the contrary, the whole tenor of my contribution was to the opposite. So I wish the Right Honourable Member will not deliberately, or otherwise, misrepresent the tenor of my comments.

Rt. Hon. E. W. BARROW: Yes. I will tell you why I got that impression, Sir. I seem to remember the honourable Member saying that if by virtue of their lending powers, they lend, say, \$300 and they lost money, they still have not lost anything. Words to that effect.

You want to get up again? Okay, go ahead.

Hon. L. R. TULL: The point that I made — I believe the Right Honourable Member might not have been awake through all of my contribution, because it is very easy to pick out parts and make that point. The whole thrust of my contribution on that point, Sir, is that I asked the question, I did ask the question, "What are the criteria to determine success or otherwise?" I said that you cannot only look at the balance sheets and the losses, you have to take other things into consideration in determining whether it is a loss or not. That is the point I am making. It is not one thing or the other.

Asides.

Mr. SPEAKER: The Right Honourable Member for St. John.

Rt. Hon. E. W. BARROW: I should like to assure the honourable Member that, despite his propensity to send the Members on this side to sleep, I was fully awake at the time when he was making those statements. Anyhow, I think we got a confession from him which suits my purpose, and I would not worry to press that much further.

What I want to point out is this. The Development Bank is losing money. There is no reason why the Development Bank should lose money. But you have to put people of integrity in positions of authority in these places. I wonder if the Honourable Minister or some Minister over there can tell me whether it is not a fact that the Chairman of the Development Bank moved \$2 million from the Canadian Imperial Bank of Commerce Turf Club account — maybe the honourable Member for St. Thomas will assist us in that — to the Development Bank to pay interest on the bonds because the Development Bank did not have the interest to pay, and whether the Barbados Turf Club Committee and the Stewards were aware that that money was moved from CIBC?

3.20 p.m.

Now it is a very bad thing for a Government institution to be mixed up in that kind of manipulation. It is not.....

*Asides.*

Rt. Hon. E. W. BARROW: I am not going to repeat it. They heard it and it is on the record.

*Asides.*

Rt. Hon. E. W. BARROW: I give honourable Members time to go and check this because this is a very serious state of affairs. It would be demonstrating that we would be throwing good money after bad, because here we are guaranteeing something like \$10 million one way and \$4 million another way for new bonds to be issued when they cannot pay interest on the old ones, if what I am saying is correct. I could also ask the honourable Members on the other side to check whether any of the people on the Board have been found guilty of forgery. Do not come in here and tell me I am wrong, because I have my facts, and you should not appoint people in these responsible positions who go about forging other people's names, and then, on their recommendations, come to Parliament and ask the Parliament for a guarantee.

I am not talking about employees. I am speaking about wealthy people. That is the people who are in positions of authority with the Development Bank. I am going to ask the honourable Member whether the Development Bank is a mortgage bank, because I saw mortgage documents where a conversion mortgage was made to one of the senior officers at a lower rate of interest than that which he was legitimately paying to a private financial institution. I do not think that that is a function, or is anywhere within the statutory powers, of a development bank, to make mortgages with the approval or without the approval.

*Asides.*

Rt. Hon. E. W. BARROW: It happens all of the time but it does not make it right.

*Asides.*

Rt. Hon. E. W. BARROW: I know. I discovered that, too, but it does not make it right. Sometimes it happened without the authority of the Board, too, when I was in Government. But it does not mean that I approved of it, although I knew about it. As a matter of fact, I deprecate that kind of thing. I do not think officers and I do not care who they are, and you know who I mean — unfortunately, one of them is dead now — should get mortgages from the place where they work.

They should have to go to the Barbados Mortgage Finance Company like any other citizen of Barbados. We do not get mortgages as Members of the House of Assembly.

*Asides.*

Rt. Hon. E. W. BARROW: I hear we get car loans. I never had one. Anyway, I do not think that it is any part of our function to use a position as an officer of an institution to get preferential mortgages when it is a development bank. We have a mortgage institution for that purpose.

So I am a bit concerned about the whole functioning of the bank, and I am a bit concerned about the integrity of the members of the Board. I am a bit concerned that the bank did not have money to pay interest on the bonds, and here we are subscribing to the idea that they should float a new issue of bonds. And I do not feel that this new issue of bonds is going to amount to the infusion of new business activity in Barbados, and I do not mean hotels, because we have too many of them already. I do not mean providing mortgages for hotels, for politicians, or for any other purpose. But I do believe that there are lots of small industries, as even the honourable Member for St. George South has himself conceded, that need a lot of assistance.

I know of a case of a joiner in Carrington Village during our regime who applied for a loan of \$13 000 — that is all — to get machinery in order to slab mahogany and so on, and they kept him for about two and a half years during our regime, and I think that the people in the Development Bank in our time used to try their best within their own likes, not necessarily in mine, and the result was that he never got the loan, because they wanted all kinds of paraphernalia.

We have a man now who gave a fictitious address — address unknown; return to sender — that is how the American postal service operate — who took over the Greenland Factory. I do not know his name so I cannot call his name, so nobody can say that I do not have any right. I have a right. I do not know his name, so I cannot give it to the Speaker. But I know that when his address was checked out by people that I asked to check it out, and the telephone number, it was found that the telephone number is unknown, and the Chairman of the Development Bank went up to Florida and brought that man down here to take over the Greenland Factory. He did not put in a cent. All the big newspaper publicity of how you should do this and do the other, and now the Development Bank is going to re-finance that man over \$3½ million. Gone down the drain! The IADB put in money, the CDB put in money, Shipping and Trading lost money, and they did not ask the man to produce a single

paper to show that he even owned a motor car. But I will say this in defence of the Development Bank. They are now asking him to put up his motor car as collateral, or part of the collateral, for the new money that they want to lend somebody who is completely unknown to Barbados or Barbadians.

But a little carpenter — I cannot call his name — a joiner, not a cent! Now that the gentleman called Mr. Wiltshire is deceased, there is nobody in Barbados who can really slab mahogany. He wanted some equipment. As a matter of fact, he built furniture for this Parliament, beautiful furniture for this Parliament, but could not get a loan for \$13 000 because they wanted and asked for his man servant, his maid servant, the stranger within the gates and everything as collateral. But somebody from Florida can come down here and get through — That is the kind of institution that we had — and run the thing into bankruptcy.

Do not tell us about the Labour Party and bankruptcy, because the former Speaker of this House has been bankrupt by members of your party, a member of the legal profession, and his children left without bread. We did not have any liquidations. What do you call it? A receiver? A big long list of receiverships! That is the biggest growing industry in Barbados now.

*Asides.*

Rt. Hon. E. W. BARROW: Did it stop now? Mr. Phillips and company — big long list of receivers. The accounting firms are advertising for people who are specialists in receiverships. They are advertising in our newspapers all of the time. We did not have any bankruptcies in Barbados. Some people owed a lot of money, but bankruptcies were unheard of. The only bankrupt, Sir, I know of is the former Speaker in here, and made bankrupt by people over there.

So I am saying seriously that we are taxpayers; all of us in here I hope. Institutions do not always function in the way that we expect them to function, or which the law ordains, and therefore we should not be protective of institutions which are not functioning properly. You should never be protective of them, because all of us have money at stake in this, and I should like to enjoin the Minister of Finance to look very carefully at that Development Bank. There are a lot of things going wrong inside there, and I do not feel happy about what little taxes I pay being committed to underwrite the wrong doings of an institution like this, particularly on the question of losing money, which people do not pay back.

It does not call for any big expert. Any banker will tell you that you lend money not on the collateral that a man puts up — you lend money on the character of the people that you are lending money to and what is their

track record. Any banker will tell you that. The thing about collateral and security is only a formality. But there is a solution to all of this. Every person borrowing money from the Barbados Development Bank ought to pay an insurance fee, — if there is a fee already it should be increased — an insurance fee will be taken out of the loan and invested against losses through defaults in payments. That is the easiest solution that would have solved the bank from even its rash loans. It would be recovered by insurances. It is no joy to us to see the Development Bank losing money because in the long run we, all of us, regardless of what side you are on, are the people who will have to pay the piper. At least we should have some say in calling the tune.

3.30 p.m.

There is no point in getting up and criticising us and saying all kinds of things like we do not know what we are talking about. We established the Bank, so we know what it should do. I was not entirely happy about their meanness in extending loans to small Barbadian businessmen. I was never happy about that. I always said that anybody could walk in here even now and just say he wants to put down a factory for three or four hundred people; and without investigating the person's background to find out whether they have a record or not, we welcome them with open arms, take them out to dinner, wine them and dine them. The manager, the chairman and everybody drive them all over the country and make them feel that Barbados belongs to them.

I think that development is a start at home with our own people. If we get a multiplicity of small industries going, then we will not have the trauma of seeing people folding their tents — you can call them tents — like Arabs and stealing away from us when things do not go their way.

Mr. O. S. ARTHUR (St. Peter): Mr. Speaker, I rise to give my support to this Resolution, because the Barbados Development Bank from its inception has played such a very important role in providing venture capital for Barbadian enterprises that we have a responsibility to ensure that it is kept in funds so that it may continue to be a source of long term capital for potential investors in this country.

During the course of the debate the notion has been put abroad that there is some fundamental crisis in the Barbados Development Bank's operation on account of the fact that it recorded a loss in 1984. Before I say anything else, Sir, I ought to put the question of the losses of the Barbados Development Bank in its proper perspective.

The losses of the Barbados Development Bank are nothing new, for honourable Members on the other side will remember that when the Barbados economy came

out of the recession it endured between 1973 and 1975, one of the repercussions of the recession was that a loss was realised by the Barbados Development Bank in 1976, and that loss persisted into 1977 and 1978. Indeed, Sir, the years between 1979 and 1983, including those difficult financial and economic years between 1981 and 1983, were years within which the Barbados Development Bank did in fact record a profit. It is very important, therefore, Mr. Speaker, that we understand that we cannot interpret a loss by the Barbados Development Bank at the end of this present recession as amounting to any more of a crisis than the realisation of a loss by the Bank in 1976 manifested itself as any serious problem where the Bank is concerned.

Mr. Speaker, the present loss that is being realised by the Barbados Development Bank has, in my view, when we probably look at the facts, to do with the fact that it is now assuming a responsibility which is over and above those it assumed during the previous years of its operations. The Bank was set up, as we know, to be a source of venture capital to enterprises operating in Barbados. In that capacity it is a valuable source of long term relatively low interest rate capital to enterprises and projects which might otherwise have difficulty securing long term capital at easy rates of interest from our traditional banking system. But of late the Barbados Development Bank has taken on a wider developmental function. As a result of the economic recession that we have been experiencing, a fairly substantial part of our private sector has come under some severe economic difficulty, and rather than turn its face to the difficulties being experienced by the private sector, the Development Bank, in its proper role as a development Bank, has been engaged, to some extent, in a salvage operation. Indeed, Sir, since 1983 the Bank has been actively engaged in the rescheduling of loans, it has been engaged in capitalisation of interest on loans owned by the private sector itself and, more importantly, it has been engaged actively in the refinancing of debt which some of its borrowers hold with some institutions. Indeed, the record is that between 1983 and 1985 the Barbados Development Bank refinanced some \$7.8 million worth of debt held by the private borrowers with the private banking system in Barbados. The economic point, Mr. Speaker, is that the loss which would have otherwise accrued to the banking system of Barbados has to some extent been minimised by the willingness of the Barbados Development Bank to embark upon a refinancing programme for the benefit of the private sector as a whole, and indeed some of the losses which would otherwise have shown up on the books of private producers in this country are to some extent showing up on the books of the Barbados Development Bank, to the extent that it has been prepared to assist the private sector by way of rescheduling of its debts and by way of its willingness to capitalise interest that is owed.

Sir, we have to see the loss being realised by the Development Bank within a broader financial and developmental perspective, that it is in a sense a subsidy to the economy as a whole, because it is pre-empting, to some extent, additional difficulties with the banking system and additional difficulties with the cash flow position of the private sector at a time when the economy, as we all recognise, has been under some stress.

Mr. Speaker, the impression was given by the honourable Member for St. Michael South Central that there is something fundamentally wrong with the portfolio policies and the lending policies of the Barbados Development Bank. I want to submit to the House that the honourable Member for St. Michael South Central speaks without reference to, and in isolation from the facts, because when we analyse the portfolio policy of the Barbados Development Bank, when we analyse its distribution of credit, we come up against the conclusion that the spread of its credit has been in directions which are designed to maximise its contribution to the Barbados economy as a whole. Since the honourable Member for St. Michael South Central is in no mood these days to deal with the facts, I think we have to put the facts very squarely on the table.

The Barbados Development Bank's lending to small industries in the professional service sector increased from \$160 000 in 1975 to \$12.8 million in September 1985. Its commitment to the small business class as represented solely in terms of its lending to small industries in the service sector increased from \$160 000 in 1975 to \$12.8 million in 1985. Its contribution to the development of the small manufacturing industry in this country increased from \$64 000 in 1975 to \$1.3 million in 1985. Its contribution to the development of agriculture increased from \$270 000 in 1975 to \$4.5 million in 1985, making possible in the process the tremendous improvement and radical transformation that we have observed, particularly in the fishing industry in this society.

3.40 p.m.

I can go on. Its contribution to the development of tourism has expanded from \$3.2 million in 1975 to \$34.4 million in September of 1985, not only making possible a fairly substantial growth in the bed capacity in Barbados, but making it possible for ordinary Barbadian citizens to become owners in the most important industry in this society. Unlike members of the Opposition, I do not take a short term view of development. I do not see any distress with the level of its portfolio that the Barbados Development Bank has devoted to the development of apartment-type hotels in this society, because we know that the ordinary Barbadian man has come into an ownership position in the hotel industry in this society principally by way of his investment in apartment-type hotels, and principally by way of the willingness of the Barbados Development Bank to provide the loan financing

for such persons to own capacity in this country. And although apartment-type hotels may be having some difficulty at this point in time, we understand that their principal debt market has been the Canadian market; and it is expected that with the improvement of the Canadian economy, apartment-type hotels in Barbados will have a future that will justify the initial investment.

A number of other issues were raised by the honourable Member for St. Michael South Central, including the charge that there has been a fall-off in the demand for the resources of the bank. Again, Sir, a total falsehood! In 1983, total credit provided by the bank stood at \$68 million. That increased by \$14 million to \$82 million in 1984, and at September 1985 that has also increased by \$10 million to \$92.7 million. So rather than there being a fall-off in the demand for the resources of the bank, the fact is that the Barbados Development Bank has continued to be one of the major avenues by which long term investments are made in the Barbadian economy. Even at the height of economic difficulties, the bank is, on average, injecting, in net terms, at least \$10 million towards the development of our economy and towards the creation of jobs. In that respect, it ought to be said for the record that over the last five years, the lending by the Development Bank to the private sector in Barbados accounted for the generation of some 2 800 jobs, spread generally over the various areas of small business, agriculture, manufacturing and tourism, in which the bank has made a tremendous effort.

Mr. Speaker, the loss realized by the Barbados Development Bank in 1985 should not be seen as representing any evidence of a crisis in the institution. The bank has gone that way before and it has shown that it has resilience to rise above such temporary difficulties. In addition, Mr. Speaker, we have realistically to relate the loss that the bank realized in 1984 to the extraordinary role that it is performing, which goes over and beyond the normal developmental functions that can be expected of a development bank.

If you would allow me to suggest one or two areas for the improvement of the operation of the bank, I should want to suggest that the bank now has a fairly fundamental role to play in injecting additional financing into the non-sugar agricultural sector of this society. I am of the view, Sir, that the non-sugar agricultural sector of this society has the potential to emerge as a multi-million dollar business. The mere fact that we import over \$150 million worth of agricultural commodities a year suggests that with proper, and the most appropriate mechanisms put into place for the development of that sector, the non-sugar agricultural sector in this society can be developed as a multi-million dollar industry. But to do so, we have to organize the industry deliberately along industrial lines, and I feel that one of the roles the Barbados Development Bank should usefully look towards playing in the immediate future is the role of providing some of

the venture capital that will be required as we go deeper into the process of diversifying the non-sugar agricultural sector of this society.

There are ambitious plans on stream to develop the livestock industry in this society. I am advised, for example, that it would require at least \$300 000 in investment capital to create a viable sheep operation in this country. These are the kinds of projects that the Development Bank should, at this point in time, be seeking to allocate some of its financial resources towards.

I am also of the view that a larger lending role by the bank in relation to the sugar industry should not be ruled out. One of the problems in the sugar industry over the last few years is that it has had to go through a process of recapitalisation. The very imperative of mechanising has meant that the industry has had to move more and more into the area of relying upon heavy capital equipment in order to remain viable. Part of the difficulty with our sugar industry has had to do with the fact that the industry, among all the sectors in the Barbados economy, has had to rely too heavily upon commercial banking system credit in order to meet its capital needs, and I really feel that the Development Bank should recognize that the sugar industry is in the process of recapitalising, that its capital needs are no different from those of any other modern sector and that it should deliberately create a window which would be designed to cater to the long term capital needs of the Barbados sugar industry rather than having that industry depend as heavily as it presently does on short term commercial banking/credit in order to purchase everything that it requires. Indeed, Mr. Speaker, as long as the Barbados sugar industry has to be financed either by way of its normal operations or by way of its capital investments from the commercial banking system, it will continue to have financial problems induced by high interest payments.

I would also like to feel that some part of the new resources that we are putting into the bank, by way of this loan that we are guaranteeing should be used to strengthen the capacity of the bank to assist potential clients in areas in which they are now experiencing some difficulties. The honourable Member for St. George South (Mr. L. R. Tull), alluded to the fact that some of the potential clients of the bank have a number of difficulties complying with the procedures that must be met before loans can be secured, and we can also generalize that a large number of small enterprises which depend upon the bank as a source of investment capital also have difficulties in areas such as financial management, bookkeeping, access to training and the like, and the bank would do the economy as a whole a great service if it could incrementally reserve a portion of such new resources to which it has access to strengthen its capabilities to provide a range of general services for small clients who

are in no position to finance the provision of these services on their own accord.

3.50 p.m.

So, Mr. Speaker, in my mind I have no distress over the fact that, after six years of relative prosperity, the Barbados Development Bank has realized a loss in 1984. It has realized a loss without having to carry dubious liabilities such as the Bath Plantation, International Seafoods and others on its books. The loss has been realized in the context of a situation where it has been called upon to play a larger developmental role than that to which it has been accustomed, and I am satisfied, Sir, that with this injection of \$15 million, the Development Bank would not only be able to play the normal developmental function that it has been playing since its inception, but that it would be even better placed to perform that additional role, which they have asked it to perform and play, of being one of the salvations to the private sector in this society.

Thank you, Sir.

*Applause.*

Mr. B. M. TAITT (St. Michael West): Mr. Speaker, I had not intended to join this debate, but some of the comments made by the honourable Member who has just sat down do lead to a question and cause me to rise and offer some caution in the line which I perceive the honourable Member to be taking. In the course of his presentation I formed the impression, for example, that he indicated that the loss which has accrued to the Barbados Development Bank is a substitute for a loss which might have appeared on the books of the commercial banks....

(*Aside:* Hon. D. A. C. SIMMONS: No, no, Branford!)

Mr. B. M. TAITT: .....a loss which might have appeared on the books of the commercial banks and was a result of.....

(*Aside:* Hon. D. A. C. SIMMONS: No, no!)

Mr. B. M. TAITT: All of us over here must have heard wrongly then, Sir. The Attorney-General is suggesting that that is not so. We discussed it. We understood him to be saying that when assessing the loss which appears on the books of the Development Bank, these losses which showed up on the Development Bank would have, were it not for action taken by the Bank to expand its activity, shown up on the books of the commercial banks. That is the gravamen of the point which the honourable Member made. It suggests to us that he is offering that the Development Bank has performed its role correctly in relieving the commercial banks of some of their responsibility, which we say is properly their

responsibility, especially in a time of recession of which the honourable Member speaks.

I rise to submit, in contradistinction to what the honourable Member is offering, that at a time of recession the commercial banks who are the recipients of the largesse in times of plenty by way of profit should share in whatever losses are to accrue to the economy as a whole. Indeed, they do not share in losses so much as they get a reduction in the profits which accrue to them.

I would not like to think, Mr. Speaker, that the Barbados Development Bank would undertake the role which has been unfortunately allocated to the Barbados National Bank, in which the Barbados National Bank now carries the same short term debt of which the honourable Member just spoke with regard to the sugar industry which it took over from the commercial banks. The Barbados Development Bank has absolutely no role to play in the financing of the new sugar industry in Barbados.

*Aside.*

Mr. B. M. TAITT: The new sugar industry as the honourable Member describes it is old wine in new bottles. The Barbados Development Bank was designed to bring an entirely new and different class into the arena of private development, into the arena of entrepreneurship. The Barbados Development Bank, as is the case with all development banks, should not be engaged in substituting for commercial banks. The commercial banks have their own responsibility. They are in the business of buying and selling money — and therefore the Development Bank's role is not to take over contaminated portfolios left, right and centre. The Development Bank's role is to search out, I submit, all of those areas where entrepreneurship would flourish were it not for the absence of capital.

We in the Democratic Labour Party, when we founded the Development Bank, recognized that Barbados required at that time in its development some capacity to assist large numbers of otherwise highly endowed persons who were having difficulty with capitalization. Therefore, Sir, any suggestion that the sugar industry is going to be a beneficiary of a new and enlightened Development Bank policy ought to be viewed, at the most, with caution.

When the honourable Member talks about non-sugar agriculture, he is on safer ground, and one is left only to ask a question: is he a receiver of new knowledge, new information? Because from the ranks of the Government, from the front benches of the same very Government, we have had strictures from the Prime Minister and Minister of Finance of late, in which it was stated categorically that we in Barbados do not need import substitution so much as we need to generate money. I remember. I can almost hear him now — how we must generate sufficient money so that we can buy the things we want and away

with import substitution. Now today, Sir, I am hearing the honourable Member for St. Peter, as if he is a new Daniel come to judgment, indicating a policy which they repudiated as if it were 10 years ago, a policy which, we submit, if it had been continued, would have seen Barbados today in an even greater position to take account of the latent entrepreneurship inherent in the breast, in the minds and in the stature of a number of Barbadians who never had a chance before.

Mr. Speaker, the one thing of which no one can fault the Democratic Labour Party is its desire and commitment to raise Barbadians by their boot straps from a level of poverty and, if you would pardon the expression, "low life", to a level of independence, especially economic independence, where they can benefit from and be partakers of the full national cake.

4.00 p.m.

I recall very well, Sir, when the Development Bank, as it was, was subsequently accused of having a portfolio that was not expansive. I recall when the Development Bank used to concentrate its loans on Barbadian nationals. Now I want to raise a question for the Government, because there has been a lot of talk about the Development Bank expanding into the hotel industry. I wish to submit that most of the purchasers of hotels in Barbados over the last few years have been non-Barbadians. Most of the people who have been able to amass the necessary capital to acquire the properties that have gone on the market as a result of the economic pressures have tended to be non-Barbadians. I wish to ask the Minister to confirm that the Development Bank is still sticking to a policy which was established at its very beginning, to the extent that is humanly possible, to allow those loans to be for Barbadian nationals and those persons, who by dint of their residence in Barbados, can qualify for Barbadian nationality in its broader sense.

I well remember, Sir, the Development Bank making what I consider to be a cardinal error at one point, in making funds available to an international chain which had managed somehow to convince the Bank that it was worthy of a fairly substantial loan to expand its hotel properties. That is not the function of the Barbados Development Bank, and it should never become the function of the Barbados Development Bank. The bank has the responsibility to go out and search for, find, nurture, assist and finally help to develop all of those Barbadian entrepreneurs who have the capacity. And I am not here talking about those fly-by-night people. I am talking about those who demonstrate, by their experience and by their willingness, that they have the capacity to move from strength to strength, and grow from what is euphemistically called a small business into medium size and larger size businesses.

Mr. Speaker, the bank also has to resist the temptation, which is inherent in a number of people who hold office, to use the facilities for other than the proper purposes. The bank must resist this at all cost. I am aware, Sir, of two areas in which the bank has been involved in more recent times which, in my view, are outside of the purposes for which the bank was created.

Sir, let us assume that a company, after owning a fleet of trucks for a number of years and having got the benefit of depreciation of those trucks, decided that it needed reorganization. One of the ways it could reorganize would be to get rid of those trucks, or to lay off a substantial number of the people functioning with those trucks. Let us suppose a company found itself in that position. It is no business of the Development Bank to be allowing that company to solve its particular economic problem by use of the Development Bank funds in the following ways:

- (1) You sever the people who are working in the Transportation Section.
- (2) You offer them an opportunity to become entrepreneurs themselves by selling to them the trucks which they used to work on; trucks which have been depreciated for the purposes of your own business.
- (3) You then let them pay for the trucks with their severance pay that they would have got and you assist the rest of the financing through a Development Bank loan.

Now, Mr. Speaker, you can see, Sir, that if the person who is involved in such a company was an officer of the Development Bank and such activity, in fact, went on, this would be using the bank's resources for improper purposes, because the final result would be that the company would have been enhanced, would have increased and improved its cash flow position with a Development Bank loan to a number of individuals. So that such a loan does not show up as a loan to company X or company Y. It shows up as a loan to a number of individuals who have purchased trucks and who are therefore fulfilling the Barbadian dream of being their own men, their own businessmen. That is the tendency which has been growing with regards to the Development Bank.

I have to declare an interest for what I am about to say next. I own a few shares in Bim Beverages, so I declare an interest for the record. They are not worth anything, but I own them nonetheless. Now that company, Sir, has been able to transform a number of its workers into entrepreneurs whilst at the same time getting rid of some of the trucks which they used to have for

distribution. Their employees have been able to purchase the trucks, and now the employees are now entrepreneurs and they are the persons who distribute for the company. That is my understanding.

The fact is though, Sir, that the Development Bank is now a major shareholder in the company, having made two very substantial loans to the company. So the Development Bank lends the employees the money to buy the trucks from itself. I say that is using the bank's resources for improper purposes. There is nothing illegal about it, but I am saying that it is irregular, and it is a trend, if it is not checked, can result in corruption.

I will say no more on the matter, because I do not wish to appear to be trying to run down a Barbadian company that has had a difficult time. The company has shown a substantial improvement in its capacity and its ability. I am merely suggesting to the Minister, however, that, because the bank is a public institution, it is necessary when it is engaging in these kinds of activities, to make sure that it is like Caesar's wife was supposed to be — above suspicion. That is what is required of public institutions and that is what we are here for, and if we are to guarantee \$15 million in loans, we want to be certain that the purposes for which the loans are to be made are, in fact, the proper purposes. I will go no further on that.

I do not think, Sir, that anyone can expect Members on this side to be against the Resolution. The Democratic Labour Party created the Development Bank and we are pleased everytime, anytime where the Development Bank begins to fulfill its mandate. We believe that the officers who work in the Development Bank, try their best to do what is mandated in the charter of the bank when it was created, and to that extent, we congratulate them and we try very hard to avoid making the bank or any institution like the bank the object of political discussion. We, nonetheless, have a responsibility to ask questions about public institutions which use the public purse so that those who work in the institutions and those who have responsibility for them will know that the people, the public, expect nothing short of perfection in the execution of their responsibility. We know that they will fall short from time to time, but we do not expect them to fall short as a result of a deliberate policy to fall short. That is why, Sir, I find it strange that anybody would question or query about the bank having lost money. The Development Bank, if it shows a loss, has shown a loss, and one will hope that next year it will show a profit.

The Minister of Finance has a responsibility to examine the bank in its entirety and to be critical in the areas where he finds weaknesses, and to strengthen the bank in those areas, so that by strengthening the bank, the bank will perform better. It is the duty of Parliament, if we are called upon to endorse a \$15 million debt, to

examine the operations of the institutions in its entirety as well.

4.10 p.m.

I do not believe that this is a debt that is going to create any problem for Barbados, because it is money which will be got from the public, and eventually, by the time the bonds are repaid, it might not be worth as much as it appears at this stage. In that context, Mr. Speaker, I wonder if the Development Bank could not offer — I know we are going to hear that the loans are over-subscribed — we are told constantly how the offerings and the issues are over-subscribed — could lead the way in getting a new and different kind of investment among ordinary Barbadians.

The Development Bank, if it is getting its funds on the open market, nonetheless it is getting them on an open market of a very small community, and I believe that the Development Bank could lead the way in improving the yield which can be had for shares of a certain size. What I am saying, Mr. Speaker, is that for persons who are acquiring a relatively small number of shares, if the yield were higher, more and different people would perhaps become involved in purchasing Development Bank bonds. I believe that unlike the issues of other institutions, an attempt should be made by the Development Bank to include as wide a cross-section as possible of persons who would be interested in purchasing Development Bank bonds.

Mr. Speaker, as you know, Sir, from time to time there have been companies in Barbados which are alleged to have gone public and which also allege that they are issuing shares on the market. They have a fixed rate and they do not allow these persons who purchase ordinary shares to have any say in the management, in the running of the companies. Time does not permit me to go into any great detail on this, and from time to time you hear talk of — in fact it is being said now — that there is going to be a "stock market" in Barbados soon, whatever that means. But I think, Sir, that there can be a new and different approach to development, if the Development Bank could, in fact, offer a better yield to those persons who buy, let us say, 100 shares or less, so that more people ..... The point I am making, Sir, is that a wider cross-section of people might have an interest in purchasing Development Bank bonds rather than simply having the same institutions that purchase these bonds doing the same thing.

I think I will stop at this stage and wait until the other Resolution comes before raising the question which, if I raise it now, I am sure Your Honour might say I am anticipating. So, Mr. Speaker, with those few words I am going to stop at this point and wait for the next

Resolution on the Development Bank and perhaps hear the Minister respond.

Thank you.

Hon. H. B. St. JOHN: Mr. Speaker, an occasion such as this always provides the honourable Members from the other side, including the Leader of the Opposition on the infrequent times he is with us, to swipe. On this occasion, full use was made of the opportunity.

The first speaker for the Opposition, as is usual, projected an air of gloom and doom about this institution. I am not going to deal with the misinformation that, wittingly or unwittingly, he gave this House with respect to the profitability of other Government sector institutions, but I certainly have to deal with the question of the Development Bank.

There is no more conservative person in this country than the honourable Member for St. Michael South Central. He is the kind of person who, if he was in charge of the United States of America, would not devote a cent to space research, because he would not be certain as to the result of the research. Similarly, when we come to the Development Bank, his contention will always be that you must not lend out money unless you are absolutely sure that you will get it back. That is his nature. He is not a risk taker, and if you are dealing with a development bank in a country such as Barbados, you have to be a risk taker. The country must understand that periodically in a hostile economic environment, losses will be incurred on the year to year operations. This year happens to be a year in which we are coming out of a recession and, for a variety of reasons which we have explained, loan loss provisions of some \$2 million have to be made, and as a result of the loan loss provisions, there is a loss of \$1.5 million.

When you take the income of the Bank and you take the expenditure, if we had only made \$1 million in loan loss we would be in profit, but the Bank has to carry out an accounting policy which is a standard international policy with respect to development banks, and loans which have not been performing in a certain manner for a period of time have to be treated as loan loss and you make a loan loss provision. It is no different from when the honourable Member, now Leader of the Opposition, was the Minister of Finance.

You know, whenever he speaks, he always jogs my memory. He says he has no confidence in the integrity of this Board of Directors.

*Certain remarks made at this stage by Hon. H. B. St. JOHN were ordered by Mr. SPEAKER to be expunged from the Record.*

Hon. H. B. St. JOHN: Barbadians have more confidence in this Board of Directors than in the Chairman, appointed by the honourable Member when he was Minister of Finance, who lent the Government's money to a foreigner to buy Bath Plantation through guaranteeing a loan of a commercial bank to this bankrupt institution and that bankrupt man. Do not let us fool ourselves. Periodically Parliament has to pronounce on those matters.

I am happy to be able to tell the House that I always strongly support the attitude taken by the multilateral lending institutions when they come to give a loan every five years. They ask for a complete detailed list of the loan portfolios, and the management knows that they have to be able to justify each and every one of those loans. Such a loan analysis was done of the Development Bank loans. I must say we are in a better shape this time than when the honourable Member was Minister of Finance and IADB was granting the loans then, because they told us that they would not grant a penny to the Development Bank so long as certain people were involved with it. Of course, the good Lord helped the Development Bank by removing the honourable Member's appointees, because we were put in power and we were able to remove them.

So do not let us talk about bad loans. Do not talk about integrity, because that is only swiping and charges will be rejected. They will always be rejected. This Administration's 10 years in power can be compared at any time, at any place, by anybody, for integrity with the honourable Member's Administration. We never had a Minister in here that anybody had to bring a Resolution in the fashion and form that one had to bring when the honourable Member had a certain one in here. So do not let us talk about that. Let us advance. Let us try and see how we can help by using our collective experiences to prevent the pitfalls that development banks in all countries face in lending. You want to help to develop an entrepreneurial class. You know that a percentage of the loans that you grant you will not get back.

4.20 p.m.

It is a worthy suggestion to say that one should have an insurance scheme similar to the mortgage indemnity insurance that many lenders insist that you should give if you want them to lend to certain sections of the population. That is the only sensible thing I heard the honourable Member say today, and the Government will consider that. There is, obviously, a cost that has to be borne, and, maybe, the reason why it has not been pursued in the past is because the cost would add to the burden of the debt in that, directly or indirectly, it would raise the interest rates.

Of course, the Development Bank has another technique of getting money and that is when they do an

evaluation, when they charge evaluation fees and things of that kind. But a loan loss provision, in a portfolio of \$80 million, of \$2 million is a very small loan loss provision, and the only reason that you have lost \$1 million this year is because you have made an additional million dollars in loan loss provision as to last year. That is all, so we are covering the situation. In any event, this so-called loss does not mean that we have to pay out that money to anybody. If next year the loans that are judged because of non-performance this year prove to be good performers, the loans will be written back in, and that happens in a fluctuating industry like the tourist industry. We must explain these things, because when you hear the criticism of the bank and its management, the unsophisticated readers of the newspapers are not going to know that the only reason why there is a loss is because of the fact that there was an extra-ordinary loan loss provision of \$2 million this year as opposed to \$1 million last year. You are not going to present the facts. We have to present the facts.

Now, Sir, the other bit of swiping — the honourable Member for St. Michael West. The honourable Member likes to swipe, too! He says that he wants to know about non-nationals. He never said that the Development Bank had lent money to non-nationals to buy hotels. He never said that! Using the words "Development Bank" in a certain context, he then went along and said that the hotels that have been bought recently have been bought by non-nationals, leaving the public with the impression that they were bought by non-nationals, and he wanted to know if the policy that was always in existence that the Development Bank was not to lend non-nationals money to buy hotels is still in existence, obviously suggesting that that was the position.

Now, that is not so. The Development Bank does not lend money to non-nationals to buy a hotel in Barbados. They do not. The policy is quite clear, that with respect to the hotel industry in respect of accommodation, under 50 rooms, preference is given to Barbadians and to CARICOM citizens. That is so. As a matter of fact, for the last 10 years or eight years, we have not been giving hotel incentives to any hotel proprietor with under 50 rooms unless Barbadian or CARICOM citizens were the majority shareholders.

It may be true that there might be a hotel which is a company in which there is an underlying debt to the Development Bank, in which there is a mortgage and somebody comes in and wants to buy out the equity of a Barbadian, the pre-existing debt is there and applications have been made for a continuance of the debt, because the debt is usually drawn up in such a way that, in the event of Barbadians not holding 50% of the company, the debt can be callable. That may be true, and one such application has been made because a Barbadian wanted to

sell his shares to somebody else, and when he sold the shares to the other person, he would become the majority and the debt becomes callable. That could have happened, but the policy is very clear.

#### *Asides*

Hon. H. B. St. JOHN: I am not making an issue out of it, but do not give the impression that that is so.

Now, Sir, the question about the BDB and the sweet drink factory, Bim Beverages, the company in which the honourable Member said he has a few shares. You know when you buy shares you take a risk. When you lend a Development Bank, you say you do not get anything on it. You made a bad loan.

#### *Laughter*

Hon. H. B. St. JOHN: The position is that it is not correct to say that the Development Bank lent the employees of the company who were offered the opportunity to buy the trucks and be the franchise distributors. My understanding is that that particular company had received the franchise for a famous drink, RC or something like that, and they were getting some problems, not with a demand for the drink but with the carbonation, and they needed to have new equipment to ensure that the product was of the highest standard and money was lent for new equipment.

But, tell me something. I cannot see anything. That is a public company!

(*Aside:* Mr. B. M. TAITT: That is not the one.)

Hon. H. B. St. JOHN: Well, if the honourable Member is aware, I would be very glad if the honourable Member could tell me, as Minister of Finance and in charge of the bank, that they have side companies. If you will give me the lead, I will do the investigation. As I have said all the time, this Government is not a cover-up Government. Anytime you tell me that you can give me the lead, tell me and go and tell the DPP and go and tell anybody. That is the position with me, so if you can, give me a lead, but do not send me on any wild goose chase.

Sir, the last point that I will raise in connection with the bank is the question of the new loans. It is fairly difficult for us here in Barbados to find new areas for loans other than in the service industries and in joint venture activities for export. We have not been able to find viable loans for import substitutions for a considerable period of time, and the reason is quite simple: that after 10 years or more of the Caribbean Integration Movement, there are very few areas that are viable that have not been

explored, either in this country or in other countries. That is the reason, so we have to break new ground.

Obviously, if we are breaking new ground, we have to take on additional risks, and one of the reasons why we are having to give additional capital out of our own resources to the BDB is because we wish them to supplement the existing loan practices of the commercial banks for us to be able to give our entrepreneurs, who are taking the greater risks, a longer term loan. Also, we must recognize that, in so doing we ourselves are opening the bank to the possibility of losses. That is the position. That is the name of the game with the Development Bank, and provided there is a proper investigative procedure, provided all the usual norms of investigation take place, the Government is happy to stand behind the Development Bank on those rare occasions when, for reasons beyond its control, it has to come to Parliament and confess and say that we had a bad year last year. We look forward to the good years. When you have a bad year, like men, we stand up and take our blows, but the blows coming from the other side today were only powder puffs.  
4.30 p.m.

*Applause.*

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

**GUARANTEE FOR THE PAYMENT OF THE  
PRINCIPAL AND INTEREST OF A LOAN  
OF \$4 000 000 FROM THE CENTRAL  
BANK TO THE BARBADOS  
DEVELOPMENT BANK**

*Order No. 2 was called – To move the passing of a Resolution to approve the guarantee by the Minister responsible for Finance for the repayment of the sum of \$4 000 000 and of interest thereon borrowed by the Barbados Development Bank from the Central Bank of Barbados.*

Hon. H. B. St. JOHN (Christ Church East Central): I beg to move, Sir, that this Resolution do now pass. We went through this debate already.

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

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

Hon. L. S. CRAIG: Sir, I would like to revert to "GOVERNMENT NOTICES" at this point in time, because I have three Resolutions which I would like to give notice of and I propose, Mr. Speaker, to do these Resolutions if it is convenient to the Opposition Members on the other side. I sent a note by one of the Deputy

Clerks of the House seeking the views of the Leader of the Opposition in respect of these three Resolutions. If these can be done in all of their stages today, well then, I propose the House would have a fairly long break, because you would hardly get any more money Resolutions.

It is in this light that I should like to give notice of these three Resolutions, Mr. Speaker.

Mr. SPEAKER: The honourable Member is entitled to give notice of Resolutions at any time.

Hon. L. S. CRAIG: Yes, Sir.

Mr. SPEAKER: As to the question of whether they can be done today, there must be an agreement between the parties.

Hon. L. S. CRAIG: Yes, Sir. Sir, I beg to give notice of the following:

A Resolution to grant the sum of \$1 928 127 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1985–86 Part I – Current as shown in the Supplementary Estimates 1985–86 No. 29 which form the Schedule to the Resolution.

A Resolution to grant the sum of \$12 000 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1985–86, Part II – Capital as shown in the Supplementary Estimates 1985–86 No. 30 which form the Schedule to the Resolution.

A Resolution to grant the sum of \$74 200 from the Consolidated Fund and to place it at the disposal of the Government to supplement the Estimates 1985–86, Part I – Current as shown in the Supplementary Estimates 1985–86 No. 31.

Sir, those are the three Resolutions which I said I would give notice of, and I am hopeful that these Resolutions can be done in all their stages today.

Hon. L. S. CRAIG: Order No. 3, Sir.

Mr. SPEAKER: Order No. 3.

**COMPULSORY ACQUISITION OF LAND AT  
SPEIGHTSTOWN, ST. PETER FOR THE  
CONSTRUCTION OF THE NEW  
SPEIGHTSTOWN BUS TERM-  
INAL AND FOR A PLAY-  
ING FIELD**

*Order No. 3 was called – To move the passing of a Resolution to approve the compulsory acquisition of*

land at Speightstown, St. Peter, for the construction of the new Speightstown Bus Terminal and for a playing field.

Hon. L. B. BRATHWAITE (St. Andrew): Mr. Speaker, this Resolution is quite simple and straightforward. The final report of the Speightstown Development Plan called for the relocation of the bus terminal in Speightstown, and to this end, the Government sought to make provision by the acquisition of areas of land for the provision of this bus stand, as well as to make provision for a playing field in this area. When the bus stand is removed, the existing area where the buses stay at the moment will be used for minibus parking and, to some extent, to assist with parking for cars as well.

It is the view of the Government that the total area within the general site where the buses will go will be improved, and a very modern bus stand will be built in order to give proper shelter and protection to the travelling public of the northern area. The Government aims to make provision wherever possible for proper terminal facilities, as has been done in the Fairchild Street bus stand and now being considered for Speightstown.

The Resolution, as I said, is straightforward, and I do not think I have to belabour the point, except to say that I stand ready to answer any questions which might be asked.

With those few remarks, Mr. Speaker, I beg to move that this Resolution do now pass.

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

Rt. Hon. E. W. BARROW (St. John): Mr. Speaker, first I want to declare an interest in this Resolution, in that I am one of the legal advisers to the people who own this property. It is an interest without any peculiar reward, because neither one of my clients has been compensated in respect of any of the land which has been acquired in the Speightstown area.

I should like to give a background to this. Under Section 5 of the Land Acquisition Act, the procedure is that:

"Whenever the Minister has decided, with the approval of both Houses, that any land should be acquired, it shall be lawful for the Governor-General whether all or any of the powers conferred by Section 3 have been exercised or not, by notification published in the *Official Gazette* and in a daily newspaper in this Island to declare the land to have been acquired for any of the purposes mentioned in Section 3."

The procedure under Section 3 of the Land Acquisition Act is that it does not at that stage require the approval of Parliament, because, by publication of three notices in the *Official Gazette* and one notice in the newspaper, the Chief Surveyor, or any other person designated by the Governor-General, may enter upon the land and carry out certain functions authorized after the third notice under Section 3. Under this procedure, the approval of Parliament for the acquisition is sought first. The reason why I want to say this is that a lot of lawlessness has been taking place in Barbados, particularly by the Ministry of Housing and Lands. People's lands have been entered into and digging has been done, not merely surveying or preliminary work as is authorized by Section 3.

I just checked with my colleague — I am not calling his name in any derogatory way, but for the purpose of Members here — Mr. Hilary Nelson, who has been engaged during the past 18 months with me on this project. The owner of this land has been my client for about 30 years.

He is popularly known as "The Sheriff" from Speightstown, Mr. Percy Whitehead. Now I have just checked with Mr. Nelson, and no notice under Section 3 has been served on him, or on Mr. Whitehead, or his daughter, Miss Philbert, about the acquisition of this land. Yet the Ministry went and has constructed what they call the bus terminal, certainly brought in a lot of marl fill from all over the place, because it is low lying land, and particularly after the first flooding in Speightstown they moved chattel houses on to the property of Mr. Percy Whitehead, which is situated to the north of Speightstown and between Speightstown and Heywoods. This land, as a matter of fact, Mr. Speaker, was the subject of a Land Acquisition Order as far back as 1959 or 1960, and after the Housing Authority investigated and discovered that the drainage was unsuitable for housing, a new section was inserted in the Land Acquisition Act — I think it is Section No. 9 — making it possible for the Government to abandon the land acquisition, and the land reverted to Mr. Percy Whitehead.  
4.40 p.m.

What happened was that when the By-Pass Road was being built, Section No. 3 notices were sent out for the acquisition of 53 000 square feet for the construction of the road which by-passes Speightstown and continues right up to Six Men's. With this we have no dispute, not about the procedure but certainly about the quantum of compensation. But up to now Mr. Whitehead, after over two and a half years has received no compensation for that. A Land Acquisition Notice was sent out in respect to Mrs. Pilgrim's land, which was not surveyed at the particular time, and we pointed out that a substantial property was on that. So as they had not paid, they said

that we do not need that 53 000 square feet anymore, but they have now come with this notice and have taken off some 15 000 or 16 000 square feet off the curtilage of Mrs. Pilgrim's land without giving any notification to the owners thereof.

All over Barbados people are being deprived of their properties without compensation being paid. I do not know of a single instance in which the people whose property has been subject to acquisition for the construction of the proposed Airport to West Coast Highway have received any compensation. I say that I do not know. I know of at least three persons that I have worked for whose houses have been bulldozed or moved off and who have not received any compensation. About three weeks ago, one of them was informed that the lady rejoicing in the same sobriquet as myself could come and collect \$450 for house rent for a property that is worth over \$120 000. All she has been offered is temporary house rent, because she has had to move from where the property has been bulldozed.

Now the proprietary rights of people in Barbados — this is not a command economy, a totalitarian or authoritarian country — we did not leave it so. People are entitled to their proprietary rights, and no Government has any right to move in on people's property without going through the procedures of the Land Acquisition Act. That is the first point. You do not assume that you have a right as a Government to go and dump even garbage or rubbish on anybody's land because you are Government. If it should be you or I, you do not have a right to go and put buildings on people's land without going through the procedures of the Land Acquisition Act, or at least negotiating with the people for the temporary use, as you may wish to pursue. This is fundamental. It is enshrined in the four corners of the Constitution of this island. The houses that were put on the east side of the By-Pass Road were put there without any licence or any permission whatsoever, and I am saying that no compensation has been paid either for the 39 000 square feet, or for the 15 000 square feet, or for the 53 000 square feet of land which was acquired for the road. The road is completed, the road is being used, and not one single penny has been paid to the owners thereof all of this time.

It has become fashionable for this Government everytime they want 600 square feet of land to come in here and waste our time with the Land Acquisition Act. In our time, the Crown Solicitor, whoever he was, for the time being would be negotiating with the owners, and only where the title was defective or in cases where we could not arrive at a reasonable price would we come to Parliament and invoke the provisions of the Land Acquisition Act, whether it was under Section 3 and under Section 5 of the Act. So I just want to say this, that I do not see the need for this flutter of Land

Acquisition Orders if you are playing decent with the people.

We had an issue in here the other day for which I must now apologize, because on correction I discovered that I misled the House when I said that the Minister had offered three cents a square foot. I was wrong. The Minister offered for seaside land a quarter cent a square foot, and I deeply apologize to the House for having misled them in suggesting that the Minister had offered three cents a square foot for seaside land. I was reliably informed today, and it is shown on the electronic calculator, that the price offered was .254¢ a square foot, or approximately a quarter cent a square foot.....

Mr. SPEAKER: The honourable Member is raising an issue which has already passed this House.

Rt. Hon. E. W. BARROW: I am not raising an issue. I am apologizing to the House for having misled the House on a previous occasion on this matter. That is all I am raising. I am not raising an issue at all. My deep apologies.

Mr. SPEAKER: You are raising an issue.

Rt. Hon. E. W. BARROW: No, Sir, no issue at all. I said that I am really apologizing for having misled the House in offering three cents a square foot.

I am saying that one of the things that we all agreed upon when we got Independence was that nobody's property should be taken away without proper compensation. But in taking away somebody's property, a Government has the right of, I suppose you should call it imminent domain, in that a Government can exercise proprietary rights after having gone through the procedures. For exercising the right of imminent domain the Government has a right, after paying adequate compensation — it is in the Constitution — and having followed the procedures for acquisition, or by a negotiation for acquiring the property. It is only when a citizen of this country refuses to agree to turn the property over to the Government, or cannot agree to the amount of compensation, or because there is a defect in the title which might create a squabble subsequently, that the Government has recourse, or should have the recourse, to the Land Acquisition Act. But it is highly reprehensible, as far as I am concerned, to go and use people's land without even so much as a buyer's lien. It is highly reprehensible. It amounts to confiscation, it amounts to expropriation, and it is a denial of the fundamental rights of the subject of this island for a Government to act in such a high-handed manner.

I hope that when the Ministry does not have money, they just write a nice, polite letter to the persons who have been deprived of their land and say they do not

have any money — it is very very simple — and we hope that we will be able to go to Parliament or raise some more taxes and get money to pay you for your land. But there have been people who have been out of possession of land for three, four and five years and up to now have not received one penny by way of compensation from the Government.

There is a public superstition in this country that you should not bring cases against the Government. There is provision in the Land Acquisition Act to bring a summons for assessment, and the Minister will be receiving very shortly from several legal attorneys in this Island summonses for assessments because of the failure of his Ministry to compensate people for land. Some of them are widows with children to support; they have been deprived of the use of their land and have not received a penny for compensation.  
4.50 p.m.

I declared that I have an interest here. It is only from that background that I have been able to speak with a certain amount of authority, but this applies in several other cases throughout the island. This is not an isolated instance, but anybody driving down the by-pass road can see that Mr. Whitehead's land has been used. I have not seen the buildings yet, but you cannot say we are the Government and we can do anything. The honourable Member — I really cannot say I have to excuse him, but you know they feel because they are Government Ministers they can do anything — I just warn the Honourable Minister that if they do not have money to pay the people for the land, they cannot say that this is not Mr. Whitehead's land because the former BLP Administration acquired this land from Mr. Whitehead before, 27 acres of it, turned it back to him when they found that the drainage was unsuitable, so you cannot say that this is a case where you cannot find out who the owners are. It is not a case like that at all. I have heard that excuse being submitted by a former Minister — I do not know what he is doing now, I do not know what portfolio he has — about they are not paying because they do not know who to give the money to. Put it in escrow somewhere and advertise that the money is there and tell people to put in the claims, but do not take away land from people, bulldoze it, leave big traxcavators and things all over the people's place and give people the impression that you have acquired this land. Now, for the first time, they are using Section 5 procedure and not Section 3 procedure where the three notices should have been published in the *Official Gazette*.

Hon. L. B. BRATHWAITE: Mr. Speaker, it is good sometimes when people get up to speak in Parliament that they do declare their interest, and therefore I want to commend the Right Honourable Member for the

alacrity with which he set about to perform his duties and to protect his interest as he so rightly declared.

I want to say a few things, because so often have we been hearing in this Parliament such emotive words: "expropriation," "reprehensible", "high-handed", "taking away people's lands", and what have you. We are at a stage, as far as procedure is concerned under the Land Acquisition Act, to proceed as we are proceeding, and since the Right Honourable Member had a lot to do with the formulation of the Land Acquisition Act and to have it in the form in which it now is, he would have known that at a particular time, after the procedure started for the acquisition of land and you have reached a particular point, the person involved is entitled to compensation not only in terms of value but from the point of view of the interest of money.

The reason why the safeguard of the Land Acquisition Act is taken, when you are operating under a tight schedule with respect to the construction of a road, or you have a time frame for the construction of a school or any business, is because sometimes there are greedy landlords who seek to make it difficult for the Government to get through with the purchase of land or to get through with its project, and therefore even though you might seek to have a private treaty with an individual or individuals, you nonetheless consider that it is wise to invoke the Land Acquisition Act, so that in case the negotiations break down, you can go ahead to have your development without any difficulties.

I have said repeatedly on the floor of this House, from the time I became Minister of Housing and Lands, that it is traumatic to ask a person who does not want to sell a piece of land in the first place, to sell it and therefore, when you set about to acquire it, you should always try to arrive at a quick solution to a settlement. I have always worked in that direction. The idea of suggesting to me that you should write on a piece of paper to tell somebody that you just do not have the money is not only *infra dig*, but highly improper and totally unworthy of the person who made the suggestion.

He also mentioned that in the past the Crown Solicitors would seek to have private negotiations. I do not want to go into that this afternoon, but I know what those private negotiations meant and the people involved were always anxious to have them. In those days the threat of the Land Acquisition Act was used on people, not because it was necessary to use the Land Acquisition Act on those occasions, but because it was a good means of scaring people. I recall the presence of a gentleman going into the Crown Solicitor's Office and hearing the Crown Solicitor say "we will use the 'acqui';" that is how they used to put it. I do not tell anybody about any

"acqui". We do not encourage anybody to use the "acqui". That was a way of threatening the people into quick decisions, not only decisions to sell, but decisions to do a lot of things. We do not work those types of operations.

The Right Honourable Member was talking just now about taking away the rights of the people in Barbados. Who did more taking away of the rights of the people in Barbados than the honourable Member and his Government when he introduced legislation to stop people from bringing injunctions against HARP in this country? You are not qualified to speak on those matters. I am willing to listen to you. We are tolerant on this side to any suggestion which you make, if they are good suggestions, but it is certainly unworthy of you, bearing in mind your contribution to this country, that you should get up and make statements such as those, suggesting to a Minister that he should write and tell the person that you do not have money.

If your client was a reasonable client.....and do you know why he is an unreasonable client? Because he is your client. He has an axe to grind, politically and otherwise. That is why he is so difficult.

Rt. Hon. E. W. BARROW: I would like to rise on a point of order.

Mr. SPEAKER: Two honourable Members are on their feet.

Rt. Hon. E. W. BARROW: I rise on a point of order, Sir.

Mr. SPEAKER: Point of order.

Rt. Hon. E. W. BARROW: The honourable Member has made a statement that my client is unreasonable because I am unreasonable and he is my client. First to begin with, that is throwing an aspersion on me, Sir, and secondly, there could be no question of reasonableness or unreasonableness when no negotiation has taken place in respect of the land which is the subject of this debate. I pointed out that the Government had entered on the land without even notifying the owner, so how could he be unreasonable?

Mr. SPEAKER: The honourable Member may continue.

Hon. L. B. BRATHWAITE: Mr. Speaker, the owner, or one of the owners, of these lands and the alleged client of the Right Honourable Member for St. John — he has declared an interest — were contacted on this matter. The file is here, and we find it difficult to negotiate with unreasonable people who believe that the Government has a bottomless pit of money, but we, at any stage, can negotiate.  
5.00 p.m.

It was imperative. The flooding in Speightstown revealed to everybody that you had to move the bus stand from where it was, and in that spirit we set out to find an area to put the bus stand. Are you so hostile to the people in that area that you do not want to see them have a good bus stand? Well, I would want to see them have it, and the overall interests of the public should be taken into account in consideration of anything to do with property or otherwise.

It is for that reason that we have the compulsory Land Acquisition Act, which you have so copiously used in the past. We do not quarrel with you. We agree with you that it is a good tool and any Government must have it. There is no quarrel about that, but where the Government differs with a lot of people is because they feel it is Government and there is a lot of money out there to be had, that Government must find the taxpayers money to throw it away for you to charge us when we come in here that we are squandering the taxpayers' money. Some people believe that is how it is to be done, but there are checks and balances.

We do not have to set up a committee in Cabinet to look after these things. They are done by technocrats, people who are qualified in valuing. I do not look over my shoulders at anything. There is another thing. The honourable Member said that soon I would be getting summonses from a lot of attorneys-at-law in Bridgetown. I do not know if they are the attorneys that I suspect, but if they understand what is going on — and I want to help the Right Honourable Member, too — you cannot serve — and, of course, you are a legal consultant and you should know that no lawyer in Bridgetown can file a summons on me on any matter to do with the Government's work. You have to serve it on the Attorney General of the country, not on me. You know that. At least you should, but I am surprised to know that you do not know. You are a consultant. Are you letting little humble me that did not even pass by a law school door come in here and correct you on a simple matter such as this? I want to suggest to you that you mean that summonses will be served upon the Attorney General to do with matters affecting the Minister of Housing and Lands, because the Minister of Housing and Lands represents the Crown's interest in terms of properties.

With respect to these issues, they will be dealt with in the normal way. We do not consider your client to be a sacred cow to be pulled out of a hat in a special way to be dealt with. All acquisitions are being dealt with, and they are dealt with as expeditiously as possible, and with the unit which is set up in the Ministry of Housing and Lands to expedite these matters. I have not been hearing the type of complaints that the Right Honourable Member for St. John has been talking about. You used to hear them, yes, but not with the frequency you used to hear about them in the past, because there is a special

unit which is set up to deal with land acquisitions, and we try as quickly as we can to deal with all of these matters, as soon as the Section 3 Notice is served and that, in this case, was done.

The Governor-General is entitled to name, and invariably he does name, the Chief Surveyor as the person who can enter on to the properties and carry out works, but this does not preclude the owner of the land from getting his rightful compensation. In this case, no house was involved, only land. The land was not doing anything, it was there idle and the man would have benefitted from this land in a way that he did not benefit before from the time the Section 3 Notice was served. He would be better off, so long as proper and adequate compensation or arrangements can be arrived at.

I give the assurance today to all Barbadians who are having any transactions with the Government with respect to the compulsory Land Acquisition Act with their properties, that so long as they are the *bona fide* owners of the properties, and that is something that is very important, too — there are a lot of people who do not even have a receipt, they do not even have a tax bill, let alone a title to the properties but they still expect to get the money. The Government must give the money to somebody. There are a lot of smart people around, and we are not going to give out money like that.

I agree with the Right Honourable Member that you can probably turn the money over to the Registrar. I do not even agree that we should put it in the bank. It is not our duty to be involved in that. You would have to turn it over to the Registrar or you may well have to amend the compulsory Land Acquisition Act to make proper provision for the handling of this money so that when the rightful owners come forward, the money can be disbursed to them. You have to look carefully into all of that.

There are a number of pieces of land in Barbados today that do not have owners, and you just cannot take the money which will be paid into the Treasury for those lands and give that money to any person. Those are some of the imponderables that one comes up with in dealing with matters such as these kinds. The people out there, as I said, are traumatic, and they are not always willing to co-operate with you in all of these matters.  
5.10 p.m.

Sometimes we find that when we ask the Land Tax Section about the valuation of a property, they will base their valuation upon what the Act provides for as well, the rental value of the place; and if the rental value is nothing, they value the property at nothing. That is what they come up with from time to time, and if that is the offer made, all one has to do is to make a counter to the offer which is given. There is machinery set up

within the Ministry to take care of those problems, and as long as we are told about them in an early time, we ensure that proper arrangements are made, and we try, wherever possible, to come to an agreement in order that satisfaction can be made.

It is not true, Mr. Speaker, to blame the Government for doing anything that is high-handed or immoral. On the contrary, we try to do whatever is right. It is unfortunate that because a number of people out there, even surveyors, even people who are valuers as well, because they know their fee is based upon a high valuation, set an extremely high value on a property that they know is not worth anything. Quite recently, a judge of our courts had to come down unfavourably on a valuer because he made a valuation and did not even visit the property. These are problems which we continue to face, and we face them daily in the Ministry.

Mr. Speaker, there is another case that we have had. Sometimes, Mr. Speaker, and it is good that it be known, the Ministry pays out monies to attorneys-at-law in Bridgetown and the clients do not get it. A woman, a few months ago, asked the Ministry to pay to her attorney \$180 000 and every cent went down the drain. All of that is what the public is faced with. Not this Government! Not this Government! Not this Government!

*Aside*

Hon. L. B. BRATHWAITE: Ask the folks down there who are doing the wrong things. Why are they treating the public so? They will help you to right the wrongs that you complain of and help us to develop in this society a contented people who will know that when we place a cheque in the hands of a trustee for them, the money will reach them, at least, we expect, minus the fees.

Mr. Speaker, I do not want to say much more and I believe it might be best for me to take my seat at this point in time.

*(Aside: Hear, hear!)*

*Applause*

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

Hon. L. S. CRAIG: Order No. 4, Sir.

Mr. SPEAKER: Order No. 4.

*Order No. 4 was called – To move that the House resolve itself into Committee of Supply to consider the grant of sums of money for the service of this Island.*

*On the motion of Hon. L. S. CRAIG, seconded by Hon. L. B. BRATHWAITE, Mr. SPEAKER left the Chair and the House went into Committee of Supply, Mr. J. G. ODLE in the Chair.*

#### COMMITTEE OF SUPPLY

Mr. CHAIRMAN: The House is in Committee of Supply.

#### SUPPLEMENTARY ESTIMATES 1985–86, No. 27

#### HEAD 28 – MINISTRY OF LEGAL AFFAIRS – \$569 619

Hon. D. A. C. SIMMONS (St. Thomas); Mr. Chairman, Sir, this Supplementary Resolution is brought to supplement the Estimates of Expenditure for the year 1985–86. The Addendum sets out, I think, in enough detail, the reason why this money is sought.

If I can deal with Subhead 1, first, Sir: Honourable Members would be aware that, for a long time, the Ministry of Attorney-General and the Ministry of Foreign Affairs and External Affairs were joined. After June 15 last year, there has been a separate Ministry of Attorney-General and Legal Affairs and the room that I was first housed in.....

*(Aside: Mr. B. M. TAITT: Not you. You mean the Attorney-General).*

Hon. D. A. C. SIMMONS: Yes, the Attorney-General – was housed in ..... was not quite as large as this little space here.

*Aside*

Hon. D. A. C. SIMMONS: The Ministry has since been given space on the third floor with the removal of Foreign Affairs to Culloeden Road, Sir, and there is need of basic furniture in the room. In respect of the \$6 000, that is required for furnishing the Ministry.

In respect of the other matters, Sir, Members will see from the Addendum.....

Mr. CHAIRMAN: Order, order, please.

Hon. D. A. C. SIMMONS: .....that we need money to cover the cost of supplies and telephone bills and allowances for the balance of the financial year.

Mr. CHAIRMAN: Order, order.

*(Aside: Rt. Hon. E. W. BARROW: Let us have some order over there.)*

Hon. D. A. C. SIMMONS: There have been increases occasioned, Sir, because of the increase in the amount of money that we have to pay in respect of Government employees, attorneys-at-law, to the Bar Association. That takes care of \$1 495. In the Registry and in the Supreme Court we need additional funds, Sir. For example, in the Supreme Court under Subhead 5.....

*Aside*

Hon. D. A. C. SIMMONS: Okay? It seems, Sir, that Members are willing to allow this Resolution to pass, and I beg to move, Sir, that Head 28 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 28 stand part was put and resolved in the affirmative without division.*

#### HEAD 29 – PUBLIC PROSECUTIONS

Hon. D. A. C. SIMMONS (St. Thomas): Sir, I beg to move that Head 29 stand part, but just for the benefit of Members on the other side, I wish to point out that the sum of \$11 100 is specifically included for equipment for the Narcotics Squad in the Police Force. I want to convince honourable Members that we are doing our best to eradicate the menace of drugs from our society.

I beg to move, Sir, that Head 29 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

Mr. B. M. TAITT (St. Michael West): Mr. Chairman, is he saying \$11 000 is the best he can do, Sir?  
5.20 p.m.

#### HEAD 30 – POLICE

Hon. D. A. C. SIMMONS: Sir, I would like to move that Head 30 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 30 stand part was put and resolved in the affirmative without division.*

#### HEAD 31 – PRISON SERVICES

Hon. D. A. C. SIMMONS: I beg to move, Sir, that Head 31 – Prison Services stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 31 stand part was put and resolved in the affirmative without division.*

SUPPLEMENTARY ESTIMATES 1985-86 No. 28

HEAD 82 – MINISTRY OF COMMERCE,  
INDUSTRY AND CONSUMER  
AFFAIRS

Hon. L. R. TULL (St. George South): The Ministry's van was written off in an accident in November last year. MTW and the motor company from which we bought the vehicle told us that it would be senseless to repair it, so we are replacing it. We received money from the insurance company – \$20 000 – plus dollars. So this money is to replace the van used by the messenger of the Ministry of Commerce and Trade, Sir, and I beg to move that it stand part, Sir.

Hon. D. A. C. SIMMONS: I beg to second that, Sir.

*The question that Head 82 stand part was put and resolved in the affirmative without division.*

SUPPLEMENTARY ESTIMATES 1985-86 No. 29

HEAD 10 – GOVERNOR-GENERAL

Hon. L. S. CRAIG: I beg to move that Head 10 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 10 stand part was put and resolved in the affirmative without division.*

HEAD 16 – PRIME MINISTER'S OFFICE

Hon. L. S. CRAIG: I beg to move that Head 16 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 16 stand part was put and resolved in the affirmative without division.*

HEAD 25 – MINISTRY OF AGRICULTURE  
AND NATURAL RESOURCES

Hon. L. S. CRAIG: I beg to move that Head 25 stand part.

Hon. L. R. TULL: I beg to second that, Sir.

*The question that Head 25 stand part was put and resolved in the affirmative without division.*

HEAD 39 – MINISTRY OF LABOUR AND  
COMMUNITY DEVELOPMENT

Hon. L. S. CRAIG: I beg to move, Sir, that Head 39 stand part, Sir.

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

Mr. CHAIRMAN: The question is that Head 39 stand part.

*Asides*

Mr. CHAIRMAN: Head 39 – Labour and Community Development, Welfare Department, Subhead 9, Personal Emoluments and Travel, Utilities.

Rt. Hon. E. W. BARROW (St. John): Subhead 11 is what I really want.

Mr. CHAIRMAN: Assistance to persons, Subhead 11 – Subsidies and Grants to individuals.

Rt. Hon. E. W. BARROW: Well, I am dealing with Subhead 11, Sir.

Mr. CHAIRMAN: The honourable Member for St. John.

Rt. Hon. E. W. BARROW: Under the Explanatory Note it says that Subsidiaries are \$420 000; Grants to Individuals, \$464 000. We have approximately six weeks between now and the end of the financial year. Unless this money has been spent already, I really do not know.....

*Asides*

Rt. Hon. E. W. BARROW: Well, it should not have been spent, Mr. Chairman. I do not see how you are going to get through \$464 000 in grants to individuals unless there is a dire poverty now afflicting the masses of under-privileged in this island all of a sudden in the closing six weeks of the financial year.

We have not been happy for a very long time over the way in which – to borrow a term from the Chairman of the Development Bank – the largesse – although this is a word that he did not understand, “the largesse” has been dispensed because one gets the impression that largesse is distributed on the basis of charity to privileged or to an underprivileged few. It seems to me to be an inordinate sum of money at this particular stage when we only have six weeks to go, or less than six weeks.

Under Object No. 14 — Head 11, Sir, they said the number of persons seeking welfare grants has increased over the estimated figures. That may be due to an increase in the unemployment figures in this island. As a result, the sum of money provided in the Estimates has nearly all been spent and here again it was necessary to seek supplementary funds.

Then under Subhead 11, Subsidiaries, there is a query which I would like to put forward on the question of the amount of money, \$420 000 at a rate of \$70 000 per week for old age pensioners. They say we are going to start travelling on the Transport Board buses. Now I would like to know how you calculate this, because I understand that when an old age pensioner gets on the bus, the old age pensioner shows the conductor or conductress his or her Social Security Card. There is no ticket handed to the old age pensioner. So how do we know that the \$420 000 is not a disguised subsidy for the Transport Board. If you want a subsidy for the Transport Board, do not blame it on the old age pensioners, because I do not think the number of old age pensioners has increased inordinately over last year, and you have already increased the amount to the Transport Board's subsidy on behalf of the old age pensioners who will be travelling on the bus. How can you blame the old age pensioners because the Transport Board is likely to lose another \$400 000 that we have not been asked to supply up to this stage over and above the \$30 million which you have already got? Are you giving the Transport Board \$400 000? Give them \$400 000, but there is no way that you can convince us that you can calculate the number of old age pensioners travelling on the Transport Board buses, because there is no tally kept on it!

5.30 p.m.

How did you arrive at that?

Hon. H. B. St. JOHN (Christ Church East Central): You asked for an answer and you will be answered.

With respect to the provision for National Assistance, I have been in this House for nearly 20 years, either here or in the Other Place, and I do not know of any Government in the last quarter of a financial year that has not come back to Parliament for supplementaries in this area, like in the area of health, because it is impossible with any degree of precision to calculate exactly the welfare vote. If you are not a heartless Government, you will make provision to cover cases where you know that the people are entitled to the money, but you have not been able to give them by putting them off for a little period of time, pending the approval of the Legislature. So to say that the money is already spent does not carry us very far in this area, because there may be people whose monthly payments

have not been paid, pending the approval of the Legislature. That is the answer to that.

You also have some unforeseen contingencies where you have to give assistance in kind because you have house fires and things of that kind, and we are really working hard in trying to find a mechanism where, as soon as these events occur, an insurance scheme would be able to reimburse the people instead of having to come on the National Assistance. That is the situation.

With respect to the Transport Board, honourable Members will recall that in the last year's Estimates there was a considerable reduction in the usual amount of subsidy which was granted to the Transport Board because the methodology of reimbursing the Transport Board for certain of the services that it had to provide free to policemen, to old age pensioners and by way of subsidy from the normal fare to school children was shown in the Estimates of Expenditure of the particular Departments which were charged with that responsibility.

In addition to that, we voted a supplementary because of the fact that we had to pay back pay. People should not forget that we had a wage increase at the Transport Board. The honourable Member must really be out of Barbados. The honourable Member forgets that we had a wage negotiation in respect of the Transport Board.

*Aside*

Hon. H. B. St. JOHN: But that is the whole point, so when the honourable Member gets up here and says that this is a disguised subsidy to the Transport Board, that we had to pay the Transport Board a subsidy earlier this year, I am only trying to explain that if you look at the Estimates of Expenditure this year provision was made for reimbursement by the Police Department, by the Ministry of Education and by the Ministry of Labour and Social Security at that time for sums of money to be paid to the Transport Board for actual travelling by those particular classes of people. But instead of them paying their bus fare daily, they have to be recorded, and the Transport Board bills the departments.

*Aside*

Hon. H. B. St. JOHN: How I know? Because the Transport Board and the Financial Officer in the particular department have arrived at a methodology of the accounting. The Transport Board sends a requisition based upon the information that their conductors return. Each conductor has to carry in an account of the number of old age pensioners, the number of policemen and other people who ride.

*Aside*

Hon. H. B. St. JOHN: That's how they are fooling me? Explain to me how it will profit a conductress or a conductor to send in a false set of information, because there is no cash passing; they provide the information base. They send in the information — so many people showed me old age pension cards — the Transport Board then bills the department, the department pays the Transport Board. What is the difficulty with that? Do you mean you must say the old age pensioners must not travel on the bus? Is that what you want? What are you saying then?

*Asides*

Hon. H. B. St. JOHN: The basic position is that we have been advised that the proper accounting procedure to be adopted is that if you are saying that people can go on the bus and not pay money, the particular department which is charged with that responsibility must pay the Transport Board for the service the Transport Board renders to policemen, to school children and to pensioners.

(*Aside:* Mr. B. M. TAITT: Why is there not a subsidy for the school children?)

Hon. H. B. St. JOHN: The Ministry of Education and the Police and Legal Affairs have to do it, so that this is a new method which was introduced.

Rt. Hon. E. W. BARROW: If the honourable Member will give way, in order not to curtail debate, I would like to make this straight. We are not against the various transport services, we are going to put a cess on the Police Force, a cess on the Ministry of Education and a cess on the Welfare in respect of travel. We have a deficit and so on and you all must pay part of this cess. What we really do not understand is how you put it all on the old people. There is no methodology that you can convince me that conductresses take in returns about the numbers of old age pensioners, because I know it is not true.

Hon. H. B. St. JOHN: The honourable Member says on the floor of this House that that is not true. The honourable Member must be a conductor or an old age pensioner and he travels and he pays. I am saying that when the Estimates were being compiled, in order to ensure that there was strict accounting and a clear and definite determination of the totality of the operational cost of the Transport Board, all of those departments for whom the Transport Board had to provide transport at a reduced or at a nil rate, that money was put in the Estimates of the particular department to ensure that. As far as the Transport Board was concerned, their revenue

would include not only cash money that they receive from the public as they enter the bus, but also money which would come from the departments in lieu of the services they provide. That is the methodology of accounting. If you are going to argue with me and say that the Transport Board can send in any Tom, Dick and Harry bill to these departments, I am going to say no.

Mr. B. M. TAITT (St. Michael West): If the honourable Member will give way, Sir, we accept the methodology you are discussing, we do not have a problem with that. We understand that you are saying that the Police have to pay for police travelling, therefore the Police vote pays for police travelling. The school children get theirs paid out of the Ministry of Education and the old age pensioners get theirs paid from the Welfare Department. Nobody has any quarrel with that. You keep repeating it. What we want you to do now is to address the figures that we have here, \$420 000. It says: "The Estimates of 1984-85 provided for a sum of money to be paid to the Transport Board to cover the cost of travel for Old Age Pensioners." That is what you are saying. We understand that. "This sum proved to be insufficient." Possible. So we cannot quarrel yet. "The provision in the 1985-86 Estimates was \$7 000 more than that of 1984-85. By the end of November, 1985, the sum provided was nearly exhausted and it was estimated that it would take....." Now this is the part we want you to address. "an additional \$420 000 to cover the cost of Travel for Old Age Pensioners until the end of the 1985-86 Financial Year." But we come for it now, six weeks before 1985/86, so we do not have to estimate that it would cost \$420 000. They should be in a position to tell you exactly how much it has cost and how much we need. They estimated in November that it would be \$420,000, so we are saying to you, "all right, this is the middle of February, so what is the position? The old people would have travelled now. This is not called an estimate." That is the point we are raising with the Minister of Finance. We are not raising it with anybody else. We do not think anybody over there wishes to address the question.

5.40 p.m.

We are helping you to examine a particular phenomenon that has been brought to you. It said in November the estimated cost was \$420 000. If this had come in November, we would have to go along with that. It has come in February. We are asking you if you have information. What is the position? Did the old people really travel like this, that we have made such a bad calculation for the amount of old age pensioners travelling this year? Has it really turned out to be that way?

Hon. H. B. St. JOHN: I do not see the difficulty because we still have six weeks to go, so we have to have an estimate of the amount of travel the old people will do between now and the end of the financial year.

That is not capable of precise quantification because the events have not occurred yet, so there is bound to be an estimate to that extent.

*Asides.*

Hon. H. B. St. JOHN: But now, right now. This is not the end of the financial year, so you still have to have an estimate of the amount of travel that will take place.

In any event, the fact that you vote this money does not mean that the Transport Board will get the money, unless they are able to justify it to the particular accounting officer. I want to say this, that one of the problems that we have found is that there is a complaint and a quarrel between the Permanent Secretary of one division and the Permanent Secretary of the other division and between the Transport Board in which proof is demanded, and then there is always an argument.

*Asides*

Hon. H. B. St. JOHN: So, therefore, having explained the accounting procedure to you, and knowing the Financial Rules in Barbados, you will know that no department, the Police Department, the Ministry of Education or the Ministry of Labour and Community Development — no departmental officer is going to pay money which is voted for their particular head without the Transport Board, as a supplier of service, being able to prove that they are entitled to the money. So voting the money is only an exercise that you indulge in to satisfy the accounting rules. The actual payment out and the actual amount will only be made against the background of provable vouchers.

*Asides*

Hon. H. B. St. JOHN: Authentic information about what? There was a back pay in any event. There is another problem that you have; you are always in arrears because the bills from the last quarter of travel from the Police Department, from the Transport Board and from the Ministry of Education do not come in before the first quarter of the next financial year. That happens all the time. I am not telling you that it is the most perfect system, but the point is we were advised if we wanted to find out.

Mr. Chairman, the honourable Member on the other side used to come in here and say that we had disguised subsidies. The former Minister of Finance took that allegation very seriously and he spent a considerable period of time in trying to devise a system of allocation of money in the Estimates to ensure that everybody who travelled on that bus either paid money or somebody else was responsible for it. That is how we arrived at the system. So we took out of the estimates the proportion.

The Transport Board used to say that so many old people, so many police and so many school children travelled on the bus. Well, being a person of so great precision, the former Minister of Finance said, "If that is so, we will have an accounting system where you will have to be able to prove to the particular departments and we are going to put the money into the departments." That is how it arose last year or the year before.

With respect to the school children, school children always had a special system in which they used to go and buy the school tickets. There used to be arguments about the school tickets, so we said the Ministry of Education will sell the school tickets and the Ministry of Education will have to pay for the school children to the Ministry of Transport. So every time a school child is carried, a count is made and a bill is submitted to the Ministry of Education. There is always an argument, so it is an attempt to bring precision in the accounting system to satisfy the demand made by the Opposition. Now we have introduced the attempt, the honourable Member says we should not do it. We can never win!

Mr. B. M. TAITT: On a point of order — he has given way: The school children have tickets. You are saying to me that you have a system on the buses where when an old person gets on the bus, he shows the ticket. What happens at that point? Somebody writes it down? They write it down on the waybill?

*Asides*

Mr. B. M. TAITT: Waybills have not been written on for the last 20 years. You are making sport! When old people get on the bus, they are accounted for by the inspector. When the inspector checks the bus, the conductor reports, I have 26 people on the bus and 3 — or some such. But there is no systematic count. In any event, what you are thereby suggesting is that between November and the end of the financial year, there was some unexplained increase in the number of trips taken by old age pensioners, because if there is one predictable group of people that we ought to be able, with certainty, to determine their movements in Barbados, it would be the old people, because you would know how many of them would become 65; you know what proportion of the population travels and you should be able to calculate with a certain amount of certainty.

I am saying that you, as Minister of Finance, should examine this \$420 000 in the context of the amount you voted last year for this Head. We are saying that at this stage, this particular Resolution does not make sense. If you feel that it is acceptable to you, all good and peace.

Hon. H. B. St. JOHN: All I would say to you is that you, as Leader of the Opposition and Chairman of the Public Accounts Committee, have full opportunity to ques-

tion the accounting officer, who is the Permanent Secretary, in the Ministry of Health and Social Security about the accounting system. My responsibility as Minister of Finance is discharged when my Ministry does an evaluation of the state of accounts between the two departments and does an evaluation of the reasonableness, or otherwise, of the amount that is asked to be put in the Estimates, and what they have said is that their estimate on what is required to settle all of the obligations of the Ministry of Labour and Community Development to the Transport Board in respect of old people's travel up to the end of this financial year is what was voted, plus a supplement of \$420 000.

I know from my experience this \$420 000 will not be paid out unless the Transport Board can document it to the satisfaction of the accounting officer. I know that. The Police do not pay out.  
5.50 p.m.

The Ministry of Education is more foolproof than others, because they have the ticketing system. But with respect to the Police and others, the mechanism has been devised, and you cannot ask the old people to sign. So therefore there is a daily, weekly and monthly report. That is the position. Maybe when we introduce the tokens in full, we are going to have to have some special tokens for the old people that the Ministry will buy the tokens and give the old people the tokens to walk about with. Maybe that is another system. But remember, it is because of your insistence and because we wanted to give the lie to your story about the Transport Board having indirect subsidies.

(*Aside:* Mr. B. M. TAITT: You are the only people who say that.)

Hon. H. B. St. JOHN: Yes. You all had said that we hide the subsidy. The Government does not hide anything.

*Aside.*

Hon. H. B. St. JOHN: The honourable Member, the Leader of the Opposition, just said that we had given a subsidy only a week ago and that this was another hidden subsidy. I remember that. Hidden subsidy?

(*Aside:* Mr. B. M. TAITT: He did not say so.)

*Aside.*

Hon. H. B. St. JOHN: You mean the Right Honourable Leader of the Opposition does not remember what he said? That is not surprising.

*The question that Head 39 stand part was put and resolved in the affirmative without division.*

#### SUPPLEMENTARY ESTIMATES 1985-86 NO. 30

#### HEAD 74 - MINISTRY OF AGRICULTURE AND NATURAL RESOURCES - \$12 000

*Item (c) was called.*

(*Aside:* Mr. B. M. TAITT: We are sending Vic to the Ministry of Cows.)

Hon. Dr. R. L. CHELTENHAM (Christ Church East): Mr. Chairman, Sir, I beg to move that Head 74, subhead 4 stand part of the Resolution.

(*Aside:* Mr. B. M. TAITT: That has been said with authority.)

Hon. Dr. R. L. CHELTENHAM: That is for the sum of \$12 000 under the Head "Crop Research and Extension". Specifically, Mr. Chairman, it is to meet the cost of trying to rid the island of the problem of wild cotton. As you know, in the last three years, we have returned to the planting of cotton. This year, in the current reaping season, we are reaping about 800 acres, and next year we are hoping to realize the target of 2 000 acres.

One of the constraints to cotton growing is the pink boll-weevil which thrives in circumstances of wild cotton.

*Aside.*

Hon. Dr. R. L. CHELTENHAM: So that in our effort to return to a successful cotton crop we have to rid the island of wild cotton. Currently, we are enjoying the help of the Defence Force. They are busy helping us to rid the island of wild cotton. The whole exercise is an expensive one and we are budgeting for another \$12 000 under the Head, "Crop Research and Extension" as we set about ridding the island of wild cotton.

I beg to move, Sir, that Head 74 stand part.

Hon. B. A. MILLER: I beg to second that, Sir.

*The question that Head 74 stand part was put and resolved in the affirmative without division.*

#### SUPPLEMENTARY ESTIMATES 1985-86, NO. 31

#### HEAD 36 - MINISTRY OF HEALTH AND SOCIAL SECURITY - \$74 200

*Item (e) was called.*

Hon. L. S. CRAIG: I beg to move that Head 36 do now stand part, Sir.

Hon. L. R. TULL: I beg to second that, Sir.

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

*On the motion of Hon. L. S. CRAIG, seconded by Hon. L. R. TULL, Mr. CHAIRMAN reported the passing of 5 money Resolutions in Committee of Supply and Mr. SPEAKER resumed the Chair and reported accordingly.*

*On the separate motions of Hon. L. S. CRAIG, seconded by Hon. L. R. TULL, the Resolutions were read a first time, and second time and agreed to.*

#### ADJOURNMENT

Hon. L. S. CRAIG: Mr. Speaker, this brings us to the end of Government Business for today, Sir.

I beg to move that this House be now adjourned until March 17, 1986 at 10.00 a.m.

We are coming to debate the Estimates. I would just like to give honourable Members early notice.

(*Aside:* Mr. B. M. TAITT: When are you going to lay the Estimates?)  
6.00 p.m.

Hon. L. S. CRAIG: We will be laying the Estimates under 22(1)(b) – I think that is the appropriate Standing Order, Sir – and debate the Estimates on Monday, the 17th at 10 o'clock.

I beg to move that this House do now stand adjourned until the 17th day of March, 1986 at 10 o'clock, Sir.

Hon. B. A. MILLER: I beg to second that.

Mr. B. M. TAITT (St. Michael West): Sir, one is not saying that obviously the Rules of the House permit that, but one anticipates that the Estimates would, in fact, be distributed in sufficient time so that one would be able to follow that particular procedure. One assumes that this will be the case. But, Sir, you know from time to time, through no fault of the Government or anybody else, these things have a way of turning up very late, Sir, and I would hate to think that we would receive the Estimates on a Friday evening, or the subsequent Saturday, with a view to debating them the Monday morning. I am just saying that we expect the Government to use its machinery to allow the process to give us at least a week's notice of the Estimates, as would be normally the case, Sir.

*The question that the House do now adjourn until Monday, March 17, 1986 at 10 o'clock was put and resolved in the affirmative without division, and Mr. SPEAKER adjourned the House accordingly.*  
6.05 p.m.

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