

THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1991 - 96

HOUSE OF ASSEMBLY

Tuesday, November 23, 1993

Pursuant to the adjournment, the House of Assembly met at 12.20 p.m.

PRESENT

His Honour L. A. WEEKES, G.C.M., J.P., (Speaker)

His Honour T. C. ESTWICK, B.Sc., LL.B., (Deputy Speaker)

Hon. B. M. TAUT, B.A. (Hons.), MP.A., LL.B. (Hons.), (Minister of Foreign Affairs and Deputy Leader of the House)

Hon. P. M. GREAVES, Q.C., B.A., (Deputy Prime Minister, Minister of Home Affairs and Leader of the House)

Hon. M. A. KING, Q.C., LL.B., (Attorney General, -Minister of Justice and Minister for CARICOM Affairs)

Hon. W. O. FRANKLIN, A.I.C., M.I.A.S., JJ>., (Minister of Trade, Industry and Commerce)

Hon. N. K. SIMMONS, (Minister of Education)

Mr. H. A. BLACKMAN, B.Sc. (Econ.)

Mr. O. S. ARTHUR, M.Sc. (Econ.), (Leader of the Opposition)

Mr. D. A. C. SIMMONS, Q.C., LL.M.

Hon. C. V. WALKER, J.P., (Minister of Health)

Mr. L. L. BRATHWATTE, J.P., (Chairman of Committees)

Hon. W. W. HALL, G.C.M., H.B.M., J.P., (Minister of Labour, Public Works, Community Development and Sports)

Mr. C. LeR. TROTMAN, M.A.

Mr. R. L. MORRIS, B.A., Cert. Ed.

Hon. D. J. H. THOMPSON, LL.B. (Hons.), (Minister of Finance)

Hon. H. B. St. JOHN, Q.C., LL.B.

Mr. L. R. TULL, Q.C., M.A.

.Mr. DeL. O. BRADSHAW, J.P.

Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc. (Econ.)

Mr. J. O. TUDOR, JJ>.

Hon. D. W. BOWEN, (Minister of Agriculture, Food and Fisheries)

Mr. G. W. PAYNE

Mr. R. C. EASTMOND, B.A., LL.B.

Prayers were led by Rev. Faiher Ivan Harewood.

Mr. SPEAKER: The House is in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, November 9, 1993.

Hon. P. M. GREAVES: Mr. Speaker, I move that the Minutes of the meeting of this Chamber held on November 9, 1993, which I understand have been circulated, be taken as read and confirmed.

Hon. B. M. TATTT: I beg to second that.

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

PAPERS

Mr. SPEAKER: The Honourable Minister of Finance.

Hon. D. J. H. THOMPSON: Mr. Speaker, I am commanded to lay the following:-

1. The Report of the Accountant General for the financial year 1992-1993; and

2. The Annual Report and Statement of Accounts of the Insurance Corporation of Barbados for the year 1992.

FIRST READINGS OF BILLS

On the motion of Hon. P. M. GREAVES, seconded by Hon. B. M. TAITT, the following Bills were read a first time:

1. A Bill to amend the Barbados National Bank Act, Cap. 322A; and
2. A Bill entitled the Mercenaries Convention Bill, 1993.

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES: Mr. Speaker, I am at this point moving that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of the day's sitting.

Hon. B. M. TAITT: I beg to second that.

GOVERNMENT BUSINESS

Mr. SPEAKER: Government Business is the order of the day.

ORDER NO. 4 - BILL TO PROVIDE FOR THE ESTABLISHMENT OF A FUND INTO WHICH REVENUES REALISED FROM THE DISPOSAL OF CERTAIN PUBLIC ASSETS ARE TO BE PAID AND FOR RELATED MATTERS

Hon. D. J. H. THOMPSON: Mr. Speaker, the matter before the Honourable House is a Bill which provides for the establishment of a fund into which revenues realised from the disposal of certain public assets are to be paid, which sets out the terms for the management of the fund, the investment of monies to be paid into the fund, and for related matters.

This is the first opportunity, Sir, that the Government itself has had the chance to discuss fully, not by way of reply, aspects of the privatisation programme and to enter, in respect of the debates, into the House of Assembly to put the case in relation to privatisation. There were opportunities which arose before, during the Estimates debate, and those related to specific questions or queries about aspects of the ongoing privatisation programme and for which responses were given.

I think it very important, Sir, to ensure that the record of the House is very clear on the Government's policy in

relation to privatisation and, in that regard, history will show that privatisation was, in fact, one of the policies which the Democratic Labour Party indicated in its 1991 Manifesto that it would adopt were it to win the Government. Therefore, the concept of a privatisation programme is not simply the result of any conditionalities imposed from any source other than from that well-spring of knowledge and wisdom which normally informs the Manifestos of the Democratic Labour Party.

I am going to quote extensively from the Manifesto, Sir, which I believe is already a document of the House, a document entitled "Into the 90s and Beyond Manifesto, 1991, of the Democratic Labour Party". In that document, at page 10, we said:

"The Democratic Labour Party is fundamentally committed to a mixed economy in which both public and private institutions participate to provide the goods and services required by the economy and society. The private sector is larger by far than the public or Government sector. Agriculture, including fishing, is substantially a private sector activity, so too are the manufacturing, tourism, commerce, finance and service sectors. But the Government sector carries out the inescapable important economic functions of regulating the economy and society, correcting failures in the free market mechanisms, promoting equity through its taxing and spending powers to redistribute income and wealth, and promoting economic stability through moderating the fluctuations in the business cycle, and through controlling unemployment and inflation.

The Democratic Labour Party believes that the Government must intervene in the economy in the public interest in order, among other things, to alleviate poverty, to help the weak, disadvantaged and disabled, to supply goods and services which the private sector either would not supply at all or in inadequate amounts. The Party is aware that in the United States many cities run their own public transport services. The Party is also aware that there have been business failures and financial difficulties in the private sector. The Party therefore adopts a pragmatic stance on the question of privatisation, with each case being treated on its merits."

I want to repeat that particular statement, Mr. Speaker. "The Party therefore adopts a pragmatic stance on the question of privatisation, with each case being treated on its merits."

I will go on:

"Successive administrations have seen the wisdom in initiating directly productive economic activities, such as the Pine Hill Dairy, Barbados Feeds, the Hilton and Heywoods Hotels. The rationale for Government participation in directly productive activities in countries such as Barbados is an awareness that there is a shortage of entrepreneurship and risk capital. At another level services such as TRANSPORT, if left entirely to private initiative, are likely to result in inadequate provision on long haul and sparsely populated routes, consequently impacting adversely upon the development of a balanced residential and industrial landscape.

The DLP recognises that there is no sense in clinging to a justification of yesteryear, long after objective reality has changed. The DLP is aware of the strengths and weaknesses of private sector exclusive control of activities vital to the social and economic development of Barbados." 12.30 p.m.

"The DLP is equally conscious of the merits and demerits of public sector control of directly productive activities and even some areas of indirectly productive activities. Because the DLP is committed to the tenets of social and economic democracy, the Party is unswervingly committed to widening the ownership base of our real productive assets. Accordingly a DLP Government policy on divestment will seek to avoid a further concentration of the society's wealth, and seek to promote the wider public interest. A DLP Government proposes to divest itself of specified directly productive assets along the following lines:

Eighty percent of all divested assets will be offered to the following agencies and organisations:

1. Twenty percent to the National Insurance Board.
2. Twenty percent to the Cooperative sector.
3. Twenty percent to Workers' organisations.
4. Twenty percent to specified established social organisations.
5. Twenty percent to the public.
6. Any resale of shares by a preferred organisation must be offered to one of the listed institutions and, in the last resort, to the Government.
7. A DLP Government will continue to function as a catalyst in promoting critical areas of directly productive activities.

8. The preferred method of investment is "joint venture" between the Government and local or foreign capital."

I am going to read the last part of it, Sir, to make sure that it is clear what the policy of the Party was when it was re-elected by this substantial majority in 1991. I would go on:

"The next Democratic Labour Party Government will:

- * actively encourage the growth and development of the private sector paying particular attention to small businesses;
- * welcome foreign capital in the productive sectors but not at the expense of local enterprise;
- * continue to offer fiscal and other supports to industry and provide the necessary infrastructure;
- * give special consideration to industries that earn foreign currency. Special facilities will be set up at the ports to expedite transactions of an export nature."

That ends the section, except for 4 additional paragraphs in unrelated areas in relation of the role of the public and private sectors.

There was always a contemplation by this Government that there would have been a programme of divestment. There may be issues, Mr. Speaker, that may arise as to how the initial divestment programme was carried out and it would be quite right for anybody to ask whether the way in which the initial assets were divested was entirely in keeping with the manner in which the Government or the governing party indicated it would have done so in the Manifesto. But these are valid concerns which can be addressed and explanations which any wise person, particularly one who has a background in business, who understands the way the market is functioning, who understands how investment in Barbados was declining in a very difficult period of stabilisation and is now only making some rebound, would appreciate, Mr. Speaker, that there would have been tremendous difficulties in carrying out a divestment programme in exactly the way that was envisaged by the Manifesto. But there is a commitment to a divestment programme.

I want to spend this afternoon's introduction of this Bill in pointing out the way and then, hopefully, to what viewpoints are expressed on its successes or inures. The question is why privatisation? It is not that the Government has avoided putting its case on this issue. In fact, on several occasions, the Government has indicated the reason for its privatisation programme.

There was a statement which I made in the House on November 10, 1993 which spoke to the privatisation programme, to the objectives of the privatisation programme and also to the specific assets which were being divested.

1. At that time we indicated that the privatisation programme followed part of the overall objectives of Government to reduce the fiscal deficit to around 1% of GDP by curbing the growth of public expenditure and, in some cases, by reducing transfers to statutory corporations and other public institutions or companies in which Government has shares.
2. To transfer ownership and control of certain state-owned enterprises in whole or in part from the public to the private sector.
3. To modify undue public sector involvement in economic activities and curtail the drain on scarce public resources.
4. To improve efficiency, competitiveness and output in the economy by cutting out waste wherever possible and by encouraging the private sector to play a leading role in helping to expand the economy.
5. To concentrate public sector expenditures generally in the areas of infrastructure and human resource development and on social services for equity and a just society but targeting specific areas for economic development in the national interests though incentives or by other means.
6. To reduce foreign and domestic debt by raising cash through the sale of public assets thereby improving the public finances.
7. To promote modernization through the attraction of new investment to stimulate growth.
8. To restructure and upgrade the services offered by the retained state-owned enterprises with greater emphasis on profitability.
9. To improve access to international capital markets.

And then we went on to say that we would be using a number of modalities to achieve the privatisation programme. In some cases there would be partial divestment of state-owned enterprises; in other cases total divestment of state-owned enterprises. In some cases the leasing of certain facilities to the private sector will take place. In some cases the management of state-owned

installations would be put out to private sector management contract. In some cases construction of new projects through innovative build-operate arrangements will take place. In some cases full or partial, management or staff buy out of the state-owned enterprises or facilities would be encouraged wherever possible and that we would also look at incorporation of selected Government departmental operations in the privatisation programme.

We have already privatised - and I should point out that the definition of privatisation that we are using does not mean 100% divestment. Where a company is a statutory corporation and we even convert it into a public company that process in itself we view as privatisation and the sale of any fraction of shares falls within internationally accepted definitions of privatisation, although in some cases, it makes sense to sell majority control and people then view that as the full effect of privatisation taking place.

We sold shares in Barbados External Telecommunications Limited, in the Barbados Telephone Company Limited and in the Barbados Mills group. There is a buy-back option in the contract which, if it has not already been laid in the House, I would undertake to lay it And that gives Barbadians an opportunity at a later date to repurchase those shares either on the stock exchange or by other arrangements to be negotiated between the Government and the present owners of those shares. 12.40 p.m.

Then we identified some other assets for privatisation, Arawak Cement Company Limited, Barbados National Oil Company, Barbados Transport Board, Heywoods Holiday Resort, the National Petroleum Corporation and we sold shares also in Pine Hill Dairy... that was a more recent announcement Government had made and attempts were made except in respect of the Transport Board to market these properties... they were marketed. And we are presently in negotiation with buyers for Arawak, Heywoods, the Barbados National Oil Company and National Petroleum Corporation.

Subsequent to that and more in keeping with the thrust which is announced in the Manifesto, that is, to target workers and credit unions and cooperatives, we agreed to make available 20% shares in the Insurance Corporation of Barbados and those shares should be available early next year - 20% shares in the Caribbean Broadcasting Corporation and 20% shareholding in the Caribbean Aircraft Handling Company of which the majority shareholder is Caribbean Airways. Therefore work has been taking place to convert, in respect of the Caribbean Broadcasting Corporation and the Insurance Corporation of Barbados, those entities into public companies, which should be listed on the Stock

Exchange so that we can facilitate the sale of shares in those enterprises.

In answer to a Parliamentary Question, Mr. Speaker, the Government also made it very clear that the process of privatisation would involve private sector agencies, for example, accounting firms and other management firms which would be involved in preparing the assets for sale and in that particular reply I set out the amounts paid to those accounting firms and the terms under which they were retained by the Government to provide those services, in each case, in respect of Arawak Cement Plant, Barbados Dairy Industries Limited, the National Petroleum Corporation and Barbados National Company Limited and I believe also Heywoods Hotel. We used a number of local accounting firms together with the Commonwealth Fund for Technical Cooperation to advise us on the way in which those shares should be marketed.

In respect of Arawak ...

Aside.

Hon. D. J. H. THOMPSON: No, they also prepared the information memorandum and did other work with us on the negotiation of the sale so it was not only the evaluation but they did a lot of work - you are quite correct - on the evaluation of the shares for Arawak.

They have also worked with us on the negotiations in respect of the oil companies and continue to be paid - well not paid because I believe grant funds are being used - continue to offer those services to the Government of Barbados for its privatisation programme.

The real point is that the privatisation programme has continued at a much slower pace than was anticipated and there are a number of reasons for this, Mr. Speaker. First, that when we initially started it is quite true that we did not have the requisite infrastructure or administrative arrangements to carry out a privatisation programme for the sale of those major properties like Heywoods Hotel, the National Oil Company which in marketing them, valuing the shares and so on, there was inadequate expertise within the Government of Barbados. We therefore had to go through a process of tendering and seeking the services of private sector accounting firms and other consultants to assist us. That process took time because it was a transparent process, one in which we put it out to all of the accounting firms and gave them the opportunity to tender in respect of each of the assets for which they may be interested in advising us.

In addition to that I do not think we have done enough work in explaining to Barbadians why a privatisation programme is desirable and therefore have not

be able to garner enough public support, either by way of investment or by way of advocacy for the privatisation programme.

Now that has changed somewhat, Mr. Speaker, because in respect of all of the assets that we have sold, major Barbadian corporations and/or the staff, and/or joint ventures with the staff and major Barbadian corporations and/or regional or international corporations have made offers in respect of those assets. And I believe there is certainly a lot more understanding as time has passed about privatisation.

There is also another reason, Mr. Speaker, and that is because Barbados has never, in my view, had a major philosophical debate other than the issues which I said arose in the Manifesto of the Democratic Labour Party in 1991 on privatisation and people often view privatisation as an attempt to take that whole range of services which they would otherwise be accustomed to and the norms and practices which quasi public-sector employment provides for them, the shelter, the umbrella of inefficiency, in many cases but not in all, which public sector employment may provide and they feel that their rights are going to be taken away in a process of opening up the assets to the private sector.

Of course they do not realise that the Barbadian Private Sector has no claims to greater levels of efficiency than the Government and there is a lot of evidence of that. Perhaps if we did have the opportunity to have this dispassionate debate on privatisation as I sought to do once with the professional engineers - much to the chagrin of the gentleman who packages every argument in a bow tie, regurgitates some of what you have said and some of what others have said and then does not conclude - and set out the differences between public sector performance and how the privatisation programme is in the interest of both sectors and not just in the interest of Government.

Privatisation, I am going to say up front, is a revenue raising exercise. Unless the Government gets no money for it, it has to be a revenue raising exercise and those who go out of their way to say it is merely a revenue raising exercise are not making, in my view, a point that can be rebutted because it is a revenue raising exercise.

It is what is done with that revenue when it is raised that is the critical issue. It is the issue which I assume persons who make a dispassionate or objective contribution on privatisation seek to make, that when you realise the proceeds of privatisation, and what happens to it? That is what this Public Enterprise Investment Fund Bill seeks to address, that once we have realised the proceeds of privatisation and that revenue is available to Government what happens to that revenue next. It is very important

that we make it clear, the objectives for which the revenue will be applied.

On a previous occasion we had an exceedingly tight financial situation both externally and internally and the Government sold shares in Barbados External Telecommunications and Barbados Mills to meet obligations. They were not obligations which one could afford, with any kind of flash in the pan decision, to avoid. Some of them were foreign debt obligations for which the Government did not have time either to make alternative arrangements, assuming that they could have been made, and had no other solution but to call on those resources which were available. Now that money was borrowed sometime in the history of Barbados it was applied, I would assume, to projects which were in the interest of Barbadians. It is true that a lot of it was used for balance of payments support and nobody denies that. That debate was dead in 1978 and it is being resurrected now. But Governments like Barbados it is well known, regardless of what we may try to say, have to borrow on the international capital markets for balance of payments support. The funds which are then available to the private sector and Government are used to develop the Barbados economy, to invest in the Barbados economy, to create jobs and to make those consumer durables and other services which Barbadians clamour for available readily, and also the foreign exchange which they need to travel available readily. 12.50 p.ni.

Sir, if we had a choice between selling the shares of Barbados External Telecommunications and the Barbados Flour Mills and defaulting on our obligations and making Barbadians suffer even more pressure at that critical time than in fact occurred, then I believe the choice would have been to pursue the sale of those shares. Because the Government at that time had been making attempts to secure financing from the Japanese market. It is well known the turmoil that was in the Japanese market at that time and the Government was unable to roll-over its foreign loan - ^f "bullet loan" or whatever it was called. So what other alternatives were available? I do not know them and, with a choice of alternatives, I think that the one which the Government of Barbados at that time exercised was the correct one,

New it is not an issue of where we were at that point. That debate has already passed. It is that the Government simply chose to use those assets to make sure that the integrity of Barbados in relation to its foreign obligations was met and that Barbadians could still have access to foreign exchange at a critical time. If you put all of that on paper before any decision-maker, I believe that he would say that was the right decision. There are those who say that the question of the value of the shares is critical and

that we are selling family silver. There is no time when it is going to be propitious for Barbados to put all of these assets on the market at the same time. We do not in Barbados have that nor do we have the funds to acquire the expertise which would tell us when to privatise "X"¹¹ asset over "Y" asset. Cement plants are being sold a dime a dozen in Poland, Russia and all parts of the world. The interest by the private sector and international companies in the purchase of hotel properties is simply not there. Even those who own them in Barbados right now would like to get rid of them and have management contracts instead in respect of the properties they presently own. The Honourable Member knows that and I know it. Because many of them prefer to put their resources into developing the tourist product and the management skills and excellence in the delivery of those services over the ownership of the hotel which is a major burden to them. Of course, we know that the rate of return on an investment like a hotel in Barbados is so low that there is no doubt that it is not profitable. It has not been low just yesterday nor since 1986. In addition to that, does one think that it would have cost so much to build Heywoods Hotel in the first place? And who could ever think, and I have heard it said on that side before, that you could ever sell Heywoods for what you paid for it or what the cost of building it was? Those are sunk costs. We must come to understand these kinds of issues in a privatisation programme and how much we built the cement plant for is now irrelevant and how much we built Heywoods for is also now irrelevant. Those are sunk costs and the reality of valuation of those shares and the properties are not such as to bear any correlation whatsoever to the initial investment.

Aside.

Hon. D. J. H. THOMPSON: Well, if you can find a better way to put things that I say... people only listen to part of what I say most of the time anyway... but if you can find a better way to put it when you get up, I will accept a wise correction from you. So let us not look at the cost of the initial investment in respect of those properties. I said that it is a revenue raising exercise and what is done with the revenue is critical

There is a lamentable lack of domestic investment in Barbados and it has been lamented and the persons who lament it are right to do so. We do not deny it. We would like it to be much more and we believe that it is going to be much more. Certainly from the kinds of interests that are being shown by Barbadian companies in new initiatives either by way of joint ventures with Government or on their own indicates to me that in the coming years that there will be an increase. One hopes that there will be substantial investments in Barbados and the confidence which the private sector said has been restored to it... the private sector itself publicly said so... that the relation-

ship between Government and the private sector has never been better. It does not mean anything to me for the private sector to say that it has confidence. It is what that confidence is translated into. We spent a lot of time with the Foreign Exchange Committee. The Honourable Attorney General did a Herculean job in developing the relationship between the Government and the private sector to which the people of Barbados should be eternally thankful. The Foreign Exchange Committee and other initiatives including those which the trade union movement and the social partners have heralded by a new understanding which one hopes will be entered into and concluded in due course in good faith. Those initiatives have meant a lot in terms of confidence and I hope that it will translate itself into new investment. So it is not just a matter of anybody going on television and saying that they like the relationship between Government and the private sector. We want that translated into investment, action, joint ventures, more jobs, better pay and all of the range of benefits which should accrue to the citizens of Barbados. That is critical.

Sir, what I was trying to say is that the Public Enterprise Investment Fund... I think that in this Act we call it the "Public Enterprise Investment Fund"¹¹... should be another pool of resources which could be used for a multiplicity of new investments. In particular, if we are selling Heywoods Hotel, I think that we need to ensure that some of those resources from the sale of that hotel are available for refurbishment of small hotel properties and for an active programme of investment with the Barbados Development Bank in respect of those hotel properties which are now crumbling under a burden of debt and also other taxation and other impositions which they clearly cannot find a way out of. This will provide an opportunity for some funds to be available for hotel refurbishment and we have to find a mechanism either through the BDB, but that is not a matter for me now, or through other private sector agencies ' to channel those resources to hotel refurbishment.

Sir, we need funds for the development of other tourism facilities. We have had a very successful public/private sector arrangement in terms of the cruise terminal. That in a sense is also privatisation, That is the spirit of that kind of cooperation taking place. I believe that we need to develop other areas in which funds like this, together with matching funds from the private sector, could be available for the development of tourism facilities which certainly are very important in terms of development of the tourist sector. 1.00p.m.

There is an absence of finance for small businesses in Barbados, and I know that the Honourable Minister of Trade would like also to know that there is a pool of funds

which the new Enterprise Administration and the Barbados Investment and Development Corporation can call on to be available for the development of new small businesses in Barbados in a number of sectors.

There is also the issue of repayment of public debt and we made it very clear in the legislation, we are not hiding from that issue, that, if necessary, the funds from the Public Enterprise Investment Fund would be used for repayment of public debt. But even more significantly, there is a large number of public enterprises which Government does not presently have the intention of privatising, but even if we were going to do it, or if they are to have a viable future, they need rehabilitation now, and the funds from the Public Enterprise Investment Fund should be used for the rehabilitation of those public enterprises to ensure either their viability under Government, or if we choose to privatise them at some point in the future, that they are in a fit, proper and desirable state for privatisation.

We are willing to accept other ideas from the public and private sector and from Honourable Members on ways in which this Fund could be used. The purpose of the Fund is to receive revenue from the sale of public enterprises either derived from the sale of shares or other interests by Government in an enterprise, or revenue which arises from the return on any investment undertaken by the Government out of the resources of the Fund. That would be, for example, if Government uses those funds to purchase shares or for some kind of investment on which there is going to be a return, as distinct from other kinds of investment in capital formation which may take place because of a critical need.

Resources will also be used to defray the cost associated with the sale of the enterprise or the interests in that enterprise, to finance specific investment projects, some of which I have pointed out to finance the repayment of any public debt and to defray the costs associated with the administration of this Act. The resources in the Fund will come from the proceeds of the disposal of the public asset, such money as Parliament may provide from time to time, assuming that the Fund is serving a useful purpose and maybe a more flexible and sensible arrangement for the disbursement of investment funds, and some representing the payment of debts or discharge of any liability to the Government by an enterprise. There are some debts which we converted, for example, the Arawak Cement Plant overdraft of about \$13 million, and there are other companies - regrettably CARICARGO is not one of them - where one hopes that those debts will be repaid to the Government and those funds will be available for the Public Investment Fund. For example, the people we are falling to about the purchase of Arawak will at some point iuvs s:o start servicing the interest on the bonds and

also the principal, repayment of the bonds, which then could go into the Public Investment Fund for the purpose which has been set out, and then, any sums made available to the Fund by way of gift, grant or otherwise.

On the question of accountability, Mr. Speaker, it is true that the funds which are realised from the sale of Government property should be paid to the Consolidated Fund. The Accountant General reports on a monthly basis on items of expenditure and revenue. In this case a report would be given on a quarterly basis to the Minister of Finance, not later than 21 days following the end of each quarter, and that as soon as practicable, that should be laid on the Tables of both Houses. That is the basis of the recommendation.

Now, Mr. Speaker, I have dealt with most of the aspects of the establishment of the Fund. I want to say that in most countries in which privatisation programmes are taking place, the establishment of a fund is a *sine qua non* of the privatisation programme, so that those who feel that it is dictated to us, either externally or comes from some flippant suggestion made by somebody, a commentator publicly or an Honourable Member or otherwise, I am saying that there was always the intention by Government to establish the Public Investment Fund as part of the privatisation programme. Legislation take time to come to the House, and that is not something for which I have any comment, except to say that in legislation of this sort one should seek to keep it as simple and straightforward as possible, because in terms of investments that Government undertakes one assumes that the object of having a fund like this is to have some sensible flexibility in the allocation of the resources to wise investments which should be undertaken in Barbados, and that those investments should contribute to the objectives of economic policy which the Government has.

I do not think there are any other major issues, Mr. Speaker, which arise out of this particular debate and I should be happy to answer any questions which Honourable Members may have about the Fund or aspects of the privatisation programme.

Thank you, Sir.

Hon. D. W. BOWEN: I beg to second that, Sir, and reserve my right to speak.

Mr. O. S. ARTHUR: Mr. Speaker, this House has been from time to time regaled by contributions from the Member for St. John which, if not sound, Sir, have at least been high-spirited. Today we have been exposed to an unusual treat to have one which is both unsound and lacking in spirit. 1.10 p.m.

The legislation before the House, which ought to exercise the full attention of the House, is in many respects certainly the sloppiest piece of legislation that has been brought to this House in my time. I believe that before the House moves to approve it, we ought to give the most searching and careful consideration of what we are being asked to approve.

I begin, however, by observing that it was useful that the Minister of Finance directed us to the Manifesto of the Democratic Labour Party in 1991. What that has served to reinforce is the tremendous departure which has taken place between the practice of privatisation in this country and the concept of privatisation as envisaged by the present Government. When one reads the Manifesto of the Democratic Labour Party, as expressed on page 10, and read to this House just a few minutes ago, it is obvious that privatisation in Barbados was not conceived of as merely a revenue-raising measure, nor largely a revenue-raising measure, but largely as a means by which sections of the Barbadian society which are not now empowered or economically enfranchised could be empowered and economically enfranchised.

The Democratic Labour Party Manifesto, as the Minister said, was very clear in stating that in every instance, 80% of all of the divested assets of enterprises to be sold by the Government would have to be sold in accordance with the following proportions:

20% to the NIS Board;

20% to the cooperative societies;

20% to workers' organisations; and

20% to specified established social organisations.

Clearly, Mr. Speaker, that is an expression of an intent to use the sale of public assets to bring persons in Barbados who do not now enjoy shareholding in enterprises into the act of ownership. By contrast, Mr. Speaker, what has happened in this country is that privatisation has taken the form of a bargain basement sale where assets have been sold by Government under pressure purely to raise revenue, in contradiction of the mandate sought by Government to dispose of assets as a means of empowering people in this country. So philosophically we cannot support Government's approach to privatisation so long as there is not that element of economic empowerment and economic enfranchisement built into the action.

Throughout the Minister's entire speech you would have heard him advert to proposals to divest Government of ownership of assets like Hey woods Hotel, the Arawak Cement Company and other enterprises; but you would

not have heard at any stage any commitment given by Government through the Minister of Finance to ensure that the pledge made to the people of Barbados in the manifesto of the Democratic Labour Party will be carried into action and fruition in the future.

We know, Mr. Speaker, that the pledge has not been honoured in the recent past and it now stands to the Minister of Finance to tell us whether the Government of Barbados has any intention in the divestment of any of its other assets to give effect to the pledge to make sure that the largest proportion of the shares to be divested are sold to the organisations that are mentioned in the Manifesto.

This piece of legislation raises a number of fundamental issues, some having to do with the Constitution, some having to do with the administration of public accounts and some having to do as well, Mr. Speaker, Sir, with the future direction of the economy in general. When I initially spoke about privatisation as a strategy that could be pursued by this country I made the point then that as far as I am concerned in circumstances where there is a requirement to rebuild this economy there could be nothing wrong with a Government of Barbados selling assets if the proceeds from the sale of those assets were used for the purposes of creating other productive assets to benefit this country in the future.

I do recall, Mr. Speaker, that I mentioned as well that the best possible use that could be put to the proceeds accruing from the sale of Government's shares in enterprises would be the establishment of a capital development fund so that the proceeds realised from the sale of assets of one generation could be used to create assets for other generations and for the benefit of other generations. This, however, does not mean that in the process of creating any such fund we do not have to comply with what the Constitution provides for.

The Constitution of Barbados provides at Section 107 that:

"There shall be in and for Barbados a Consolidated Fund, into which, subject to the provisions of any law for the time being in force in Barbados, shall be paid all revenues of Barbados."

Now, Mr. Speaker, Sir, our Consolidated Fund has a number of special funds, the Sugar Industry Research Fund, the Welfare Fund. And you can contemplate the establishment of a Capital Development Fund as a special account or a special fund of the Consolidated Fund, keeping within the context of the Constitution. But there has to be something fundamentally wrong with assets of the Consolidated Fund being sold and the proceeds realised from that sale not being passed through the Consolidated Fund as required by the Constitution.

If we were to agree to the establishment of a special fund as here envisaged, without the legislation reflecting that it must pass through the Consolidated Fund, we would not only be in breach of the Consolidated Fund but we would be in breach in spirit of a number of very important arguments which were raised by the Democratic Labour Party in 1986 on a number of important commitments that were made by the Democratic Labour Party in 1986; that all of Government's revenue whether levies, imposts or whatever else must go through the Consolidated Fund.

I am saying, Sir, that in this particular instance where the House is being called upon to envision the establishment of a private investment fund from the sale of public enterprises that the legislation ought to reflect that such a fund should be a special account of a special fund within the Consolidated Fund so that what we are doing is kept within the limits of the Constitution of Barbados.

Mr. Speaker, I still believe that the proceeds from the sale of assets should be earmarked for capital development purposes. I support that concept. But we have to do it in a manner that conforms with the Constitution of Barbados. The way in which this legislation is drafted does not in point of fact address that fundamental issue as far as I am concerned. Secondly, Mr. Speaker, the Constitution of Barbados at section 111 stipulates that the public debt of Barbados, including the interest on that debt, the Sinking Fund payments, redemption monies in respect of that debt, costs, charges and so on are hereby a charge on the Consolidated Fund.

It is therefore contrary to the provisions of the Constitution for the Government of Barbados to set up a separate fund out of which is to be paid the public debt, whether in whole or in part. I would make this point in this context; that section 49 of the Constitution of Barbados makes the establishment of a Consolidated Fund and the payment of the public debt from the Consolidated Fund entrenched clauses in the Constitution requiring a two-thirds majority in this House in order to be altered

We are therefore dealing with fundamental principles that are protected by the Constitution and I am saying therefore that there is no circumstance under which the Opposition is going to agree to legislation of this character which is so directly in conflict with the spirit and the letter of the Constitution of this country. We would urge Government to go back and rethink this legislation to make sure that those aspects of it that are repugnant to the spirit of the Constitution are amended for the benefit of good government in this country.

The manner in which the Fund is intended to be administered raises even more disturbing issues and I want to draw a contrast between this legislation and previous

legislation such as legislation pertaining to the Health Levies, the Transport Levies and so on. As I understand this legislation, a special fund called the Public Enterprise Investment Fund is to be set up and is to be administered by the Accountant General. That is all the legislation says. The proceeds of the Fund will be used to finance special investment projects with the reallocation of enterprises in the public sector and a range of other activities which the Minister of Finance just hinted at.

In other previous pieces of legislation when funds were being established, great care was taken to ensure that the administration of those funds would be subject to policies set out by the relevant Ministers and that the funds themselves would be administered by a board which would be established for the purpose of advising the Minister on policy and other matters pertaining to the operation of these funds.

Now, in what precise sense is the Accountant General of Barbados in a position to administer, himself, through his office, funds which have to be spent on specific investment projects? Are we to understand that it would be left to the responsibility of the Accountant General to conceive of the investment projects which will make a claim on these resources deposited in the Fund? To whom will he report? From whom will he take guidance in relation to his priorities, Mr. Speaker?

These were issues that were clarified in law when the levies so maligned by the Democratic Labour Party were being conceived. The Barbados Labour Party made sure on that occasion that the legislation clearly prescribed the way in which the funds were to be administered; and it clearly prescribed the powers of the Minister in relation to giving general policy directions in relation to the use of funds. The legislation clearly set up institutional arrangements that would allow all observing the operation of the funds to appreciate that a sensible framework for their management was being put in place. 1.20p.m.

Now, I ask this House, Mr. Speaker, in what precise sense can the Accountant General be solely responsible for the administration of a special fund, the purpose of which will be to finance specific investment projects in the public and private sector? Is he to conceive of the project? Is he to function in a manner independent of the Ministry of Finance in relation to this matter? It is therefore quite clear that this House would be derelict in its responsibility if it were to pass a piece of legislation having to do with the establishment of a fund into which it will be committing millions of dollars of public money and that all we are told is that the funds will be administered by the Accountant General. Where will be the checks and balances? Who will be responsible for the conception of the policies that will

govern how the funds will be used? It is clearly, therefore, a dangerous deficiency in the manner in which this fund has been conceived and the Barbados Labour Party, under those circumstances, could not agree to the establishment of a fund where the system for its administration is as slack and sloppy as is contained in this legislation.

If, Mr. Speaker, we go on to section 9 of this legislation, it provides for reports to be laid in this House on a quarterly basis; but there is no provision in this legislation for the accounts of this fund to be audited. This is a serious matter. Sir, if you were to go back to the transport levy fund, the health levy fund, or any set of accounts administered by the Government of Barbados, there is always the specific provision in law that funds being spent must be subject to an audit and this House is being asked to agree to the establishment of a fund but there is no provision whatsoever in the legislation for audited statements to be laid before this Parliament. This is the sloppiest piece of legislation on a financial matter that I have ever seen brought to this House during my period in this House. It is offensive to the spirit of the Constitution. The setting up of the Accountant General as the sole authority for the fund is offensive, in my view, to the spirit of good administration, and the notion of accountability breaks down to the extent that this House is being asked to approve a fund without provision being written into the law that the accounts of the fund be subject to an audit and that this House must be treated with the respect of audited accounts.

The Government simply, Sir, is not ready where this legislation is concerned. When I said earlier that the work is sloppy, I believe, as I said earlier, in the need for a capital development fund. I share the Minister's view that the proceeds from the sale of some of our enterprises should be used for purposes such as refurbishment of our tourism industry, for small business development, for export development and the like, but it should be clear to the Minister, as it should be clear to the Members on the other side, that if you are going to have a fund of such scope, it cannot be administered only by the Accountant General. There has to be something missing there.

The Government would do well to withdraw this legislation, rethink it from the point of view of its congruity with the Constitution, rethink it from the point of view of administrative practice, and rethink it from the point of view of the extent of accountability that is built into it, and then bring it back to the House.

There is also, Sir, the question of the timing of this legislation. This fund is to be established, unfortunately after most of the Government's most lucrative assets have already been sold and in a way where the Government is now down to....

Aside.

Mr. O. S. ARTHUR: Some \$63 million in assets have already been sold. The easiest assets to be sold have already been sold and this fund now is being set up to receive the proceeds from the sale of the Arawak Cement Plant, Heywoods and similar such corporations.

Now, I want to make it extraordinary clear this afternoon that the Barbados Labour Party will not agree to any piece of legislation which includes within the Schedule of that legislation, and hence within the scope of that legislation, provision of the sale of the Barbados National Oil Company Ltd. or the Barbados National Petroleum Corporation. We are fundamentally opposed to the sale of those two Corporations by the Government of Barbados.

I want again, Sir, to clarify our position on these. In the early 1980s, as you will recall, these Corporations were in the private sector. They were being administered by a large international corporation, Mobil, which did not have the inclination to want to spend any money whatsoever on the development of Barbados' energy resources. And it was left to the Government of Barbados of the day, Sir, to raise loans on the international capital market to purchase our energy resources from that large transnational corporation, to borrow money to go out and search for oil and gas reserves. In the course of the last 10 years, Mr. Speaker, the actions by the Government of Barbados in making a substantial investment in the development of our energy resources through our investments in the National Petroleum Corporation and the National Oil Company has put Barbados in a position where our natural gas industry has taken off and where we have been in a position, Mr. Speaker, to establish larger reserves of oil that would have been the case if this sector had been left in private hands. 1.30 p.m.

We have known in Barbados a situation in which our energy sector languished when it was in private hands and it was left to the Government of Barbados of the day to rescue the energy sector and to develop it in a structured and systematic fashion. The energy sector of this country therefore, Mr. Speaker, under Government ownership is being operated along commercial lines profitably and efficiently. There can be absolutely no justification, in our view, for a Government of Barbados to sell back to the private sector an efficient, profitable and commercially run public owned enterprise which failed when it was in the private sector in the first instance.

I believe that it would be giving away our birthright for the Government of Barbados to put into the sole ownership of our energy resources some foreign entrepreneur who would not have been part and parcel of the struggle that we had to endure in the 1980s to expand

our oil reserves, to expand our gas reserves and to bring our energy sector to a state where we can say today that the energy sector is efficient. It is also in conflict with the precepts of privatisation. We understand the need for privatisation as arising when there is an enterprise operating in the public sector, it is not being run profitably or efficiently in the public sector and that a case can be shown to exist for that enterprise to be transferred to the private sector in the hope that by placing it in the private sector efficiency and profitability of a kind not associated with public sector operations could be brought to it.

But in the case of the Barbados National Oil Company and the National Petroleum Corporation of Barbados we are talking about something different altogether. We are talking about an enterprise that the Government of Barbados has had to struggle to make viable after it had failed in private hands and it would be a travesty of economic justice, Sir, at this time for these two enterprises to be now sold to some foreign entrepreneur for him to benefit from the sacrifice of the people of Barbados and the investment by the state.

We have already taken a position on this. We are not going to support any privatisation effort, on the part of Government, which has the National Petroleum Corporation and the Barbados National Oil Company as assets to be divested given the peculiar history of those organizations. We are fundamentally opposed to it.

I would want to say, Mr. Speaker, Sir, that a Barbados Labour Party Administration will make sure that those enterprises have to come back, into the public hands again. They have done better under public sector management than they ever did when they were in private hands. Our energy resources are too strategic as well for the purposes of our national development for us to treat them in this fashion.

But more to the point, go to the point we only knew what resources we had underground when a Government of Barbados was prepared for the matter from a national point of view, as distinct from the manner in which MOBIL treated it, a casual matter to be ignored because their worldwide operations did not make them feel that exploring for oil and gas in Barbados were important to their corporate development.

I believe it is fundamentally important for Barbados' development for us to retain control of our energy resources. There is no argument from the other side that has, as yet, been advanced that would satisfy me that we now have to reverse a successful process of public sector operations as has been evident in these two particular instances.

Mr. Speaker, Sir, I do not and I will not support the privatisation of the Transport Board either. This is a policy statement contained in our 1991 Manifesto. We are already beginning to see the damage that the existing transport policy and the partial privatisation is causing to those parts of Barbados like St. Joseph, St. Andrew, St. Lucy, St. Thomas and St. Peter. We, quite frankly, do not believe that in this matter of the provision of a transport service that the Government should leave the provision of such a critical service to only private enterprises.

There is an element of disorder, in point of fact, also creeping into the private operations which need the guidance of a serious transport authority. We feel, on this side, that rather than the Government telling us about the privatisation of the Transport Board, it should be telling us of the setting up of the National transport authority which could draft and execute plans and programmes to make sure that the public and private sector transport systems work in tandem at this stage for the provision of the kind of transportation service that the people of this country need.

But the Barbados Labour Party will not be supporting a privatisation programme that has, within it, the sale of the Transport Board in its entirety and, to that extent, we will not be supporting this legislation.

In relation to the hotel industry, there are 2 Government owned hotels Heywoods and the Hilton. One is to be kept and the other is to be privatised. We clearly would need to hear the Minister speak in a more forthcoming manner as to why that situation obtains.

Not enough has been said also, in this debate, about Government plans in relation to the Insurance Corporation of Barbados. This is an enterprise again that was set up by Government, run by the private sector and run in a commercial way, in an efficient way and in a profitable way despite the fact that it was located in the public sector of this country.

We need to hear from the Government precisely what are its intentions in relation to the Insurance Corporation of Barbados. If the intention is to involve Barbadians in part ownership, a minority shareholding in this Corporation, that approach is one that may illicit support. But if it is the Government's intention to divest itself entirely of the assets of the Insurance Corporation of Barbados merely to raise revenue then the House can be sure that the Barbados Labour Party will not be in support of any such initiatives.

We have heard the Minister of Finance speak but he has not adverted to any of the fundamental issues concerning the present and future role of the Insurance Corporation of Barbados and we will not agree, as I said to

a schedule in which the Insurance Corporation of Barbados is shown as an enterprise to be divested.

This legislation is totally inadequate and in its present form, it cannot attract the support of the Opposition. It cannot attract the support of the Opposition despite the fact that there are aspects of the privatisation programme that might be worthwhile. That aspect of the programme that is worthwhile is that the proceeds from the sale of assets should be used to finance the creation of other assets in this country and I have no difficulty with that. But even if the precept is worthy, the manner of carrying it into practise must conform with the law and must be above board and above reproach and this legislation as it presently stands, Sir, is not above board, it is not above reproach and we will not support it in its present form. 1.40 p.m.

I would like to see taken out of the legislation, Mr. Speaker, any reference to the fact that the public debt should be repaid out of a public enterprise investment Fund. It is unnecessary in any event since the Constitution of the country and the Financial Administration and Audit Act already make it clear from whence the public debt must be paid. The public debt must be paid in accordance with an entrenched section of our constitution out of the Consolidated Fund. If we are going to do other than that, Sir ...'

That is what it says here. Section 111 of the Constitution of Barbados says that the public debt must be paid out of the Consolidated Fund. To that extent, Mr. Speaker, that there is already a constitutional provision surrounding the payment of the debt there is no need now to have it replicated in something that has to do with the financing of public enterprises.

We are also, Mr. Speaker, very concerned as the Minister said with the lamentable lack of investment in Barbados. We are very concerned at this time, Mr. Speaker, that this lamentable lack of investment of which the Minister spoke and in fact to which he confessed, has put the Barbados economy today in a position that has been characterised by extraordinary volatility. The effort, Sir, to try to boost this economy by getting private consumption going without reference to productive investment and investment particularly in the export sectors has been showing itself to be a short term policy that is doomed to failure. To the extent that the Minister of Finance referred to the lamentable lack of investment taking place in Barbados, one has to respond by saying that the *ad hoc* policies that now seem to be at the core of Government's economic policies in this country are much to be deplored. The Government is now into an economic mind set where there is no semblance of long term strategic planning for any of the major productive sectors of this economy.

There would seem to be some plan, Mr. Speaker, for development of duty-free shopping in Barbados and we hear outlandish claims being made about the prospects of duty-free shopping being able to generate 4 000 new jobs and \$300 million of new economic activity, Sir, a lot of which is in the nature of pipe dreaming.

The fundamental problems pertaining to our productive sectors have yet, Mr. Speaker, Sir, to be seriously addressed. The fundamental problems, Sir, pertaining to the future of agriculture have yet to be seriously addressed. The fundamental problems pertaining to the future of manufacturing in this country have yet to be seriously addressed. The fundamental problems pertaining to the present and the future of tourism have yet to be fundamentally addressed. It should come as no surprise to the House therefore that the volatility of the economy is being represented in the fact that the balance of payments which were supposed to be the area of stability is no longer proving to be an area of stability and the Government and the Central Bank are having to back off from the execution of policies which were intended to unleash a new bout of private consumption in the economy. The Minister has spoken about a lamentable lack of investment in Barbados, Sir, but he was not good enough in his debate to tell us the way in which the Government proposes, through good policies, to change the investment climate that faces agriculture, tourism and manufacturing so that the lamentable lack of investment of which he speaks that is now so much accountable for the high levels of unemployment in the country and the low standards of living can be put behind us once and for all.

There is nothing else that this legislation raises that is worthy of comment. The House knows where I stand on the question of privatisation. I believe, Sir, that where enterprises are making substantial losses and they are a drain on the public treasury and where those enterprises can, by their nature, do better in the ...

Mr. SPEAKER: One moment. *The Honourable Member* is having difficulty with the increased noise in the Chamber. I will ask Honourable Members just to tone their voices down while I hear the Honourable Member for St. Peter. Continue.

Mr. O. S. ARTHUR: I was concluding, Sir, by making the point that my position on privatisation is very clear. That where there are commercially operated enterprises in the public sector operating unprofitably, requiring large annual subsidies from the Treasury and where there is a clear case that such enterprises could be more profitably and efficiently operated in the private sector with an attendant relief of the Treasury from having to meet the annual subsidies for the operation, Sir, then I truly feel that such enterprises should be privatised.

I also believe, Mr. Speaker, that privatisation should be conceived of, not only as a way of raising Government's revenue and earning foreign exchange, but it should also be conceived of, Mr. Speaker, as a means of bringing people who hitherto have not been part of our shareholding class into the realms of the shareholders in this society.

I also believe, Mr. Speaker, that Government has to be circumspect in any privatisation programme of replacing public monopolies with private monopolies.

I also fundamentally believe, Mr. Speaker, that before we can speak in terms of leaving everything to the market place, we have to make sure that there are laws that create a market in the first instance. It is very often a dangerous thing to leave consumers to the mercy of a so-called market place when there are no adequate provisions in law or in convention to protect the consumers of a society from unscrupulous private monopolies.

I believe, Mr. Speaker, Sir, as well that Government in the process of privatisation must look to protect the national interest in the first and final analysis and that in so doing, Mr. Speaker, Sir, Government should not find itself as part of any agreement for the sale of its assets to enter into any unreasonably attractive arrangement with private interest that would more benefit the private interest than the national economy. To that extent, Sir, one wonders sometimes about the true purpose surrounding the arrangements for the sale of the BET shares which gave BET an extraordinarily generous framework within which to operate in Barbados.

There are other instances in other countries, Mr. Speaker, where the national interest has been safeguarded by Government exercising, in the process of selling its shares or its enterprises, Sir, its option to create what is called a golden share which enables it to sell its enterprises or its shares in its enterprises subject to terms and conditions that would allow the Government to re-intervene in the affairs of such enterprises in circumstances where the subsequent operations of the enterprises which are privatized are not in conformity with the public interest. 1.50p.m.

I think that it is unfortunate, Mr. Speaker, that the Government of Barbados today has not sought to protect the public interest in the manner in which it has divested itself of its shares in enterprises. This legislation, Sir, is now asking this House to compound that by asking us to agree to a piece of legislation that conflicts with the Constitution and that is in conflict with sound administrative practice which will leave this Fund not in a position to be accountable to this House in a proper way. For those reasons, Sir, the Opposition will not be supporting this legislation.

I am obliged to you, Sir.

SUSPENSION

Hon. P. M. GREAVES: Mr. Speaker, I think that at this point since it is so close to lunch we should suspend for that purpose. I, therefore, move that this sitting be now suspended until 3.00 p.m.

Hon. B. M. TATTT: I beg to second that, Sir.

The question that the sitting be suspended until 3.00 p.m. was put and resolved in the affirmative without division.

RESUMPTION Mr.

SPEAKER: This sitting is resumed.

Hon. H. B. St. JOHN: Mr. Speaker, it is not an easy task in this House to try to bring reason to those who intend to be unreasonable. The creation of a Public Enterprise Fund is the creature of, in our opinion, the desires of international institutions that now govern and make the financial policy of Barbados to a large extent. When one looks at the content of the legislation, one is immediately struck by the fact that we are here providing machinery for the Government to deal with public money in a manner which this House will no longer have any kind of control other than by Parliamentary Questions asked of a relevant Minister. That in itself, Sir, is an exceedingly dangerous act and it would be most irresponsible in this House for any Opposition to accede to that. If there was one thing that Barbados was known for from time immemorial, it was the fact that its House of Assembly always prided itself that public money could not be disposed of without specific authorization of the House of Assembly.

Mr. Speaker, Sir, this Bill does not provide any safeguards for reporting to Parliament. When we look at the reporting mechanisms in Sections 9 and 10, we see the nominal provisions of the reporting mechanism. Now I want to know this. Suppose the Accountant General, heaven forbids, or someone in his office at sometime in the future carries away the Fund. What will happen? When will the report be given to the Minister and what will be in the report? The position is, Sir, that our scheme of Government establishes quite clearly that in respect of the management of the finances of public money there is a dual situation in which there is an Accountant General who has one function. He is a collector and he is a disburser. He does not have the responsibility of auditing himself. That function is either performed by the Auditor General or that function is performed from specific legislation by independent auditors in the form of well recognised members of the Institute of Chartered Accountants in

Barbados. Why is the Government not insisting that such a provision is included in this Bill? Why are they not doing it? That is an important point.

We have our function over here, Sir. Our function is to ensure that we see that proper mechanisms are put in place. That is our function. We created in here a St. Joseph Hospital Act. We created that in here. This Parliament passed it. It had reporting mechanisms and all of us know that the reporting mechanisms are such that, if the Board does not file a report to the Minister, the Minister c&n come into Parliament and say, "I cannot give you what I do not have". That is what happens, Sir. We know from the late Prime Minister and Honourable Member for St. John who used to say that what you have to watch is the people who watch the policemen. He always used to say that. Do not think that the police is all good. You want to know who is watching the police. He used to say that, Sir. No doubt that wisdom came from long years of experience. If he were in here, Sir, he would have had in here broken up a long time over anything of this type.

Now the Bahamas used to have it too you know, Sir. Before the Pindling Government in the Bahamas, the Bahamas used to have special warrants. They used to have special funds and they used to have Ministers who used to act - "The Bay Street Boys". They seem to have new Bay Street Boys in this part of the world, the new boys on the block, and they used to administer these funds in a manner in which the whole of Freeport was created. We know what that led to, Sir. I am not saying that there are any present occupants in Bay Street in Barbados or the Bahamas who would do that. I am saying that we should learn from the experience of others. We should see that we are going to be voting money because the initial expenditure incurred in Section 8 in establishing and administering the Fund should be defrayed out of such monies as Parliament may provide for the purpose and its efficiency is to be met by Parliament money. I heard it said that the assets in this Fund are assets which are shares, they are already in existence. That is not the point, Sir. It is true they are already in existence, but they come from monies voted by Parliament through the Consolidated Fund. 3.10 p.m.

Aside.

Hon. H. B. St. JOHN: I am quite ready and willing to follow this through, Sir, because the asset representing the money that was voted from Parliament is still a public asset. If it is disposed of, the proceeds arising from the disposition will still be public money.

Aside.

Hon. H. B. St. JOHN: It is going to be very interesting to see what those who receive that money

are going to do with it. I would like to know under what section of the Act they are going to lodge it in this Public Investment Fund. That is a very important point, because when you sell a public asset there is no way that a public asset can be sold without either the physical property being sold, or the shares in the corporation. In the case of the Arawak Cement Company, the Government must be holding paper representing share certificates, and when they are sold, the Directors of the Arawak Cement Company and the Government as shareholder, if the shares are in the Ministry of Finance, or better still, the Crown in right of the Government of Barbados, when they sell that, the Solicitor General of Barbados is responsible for that money. He is the principal legal adviser, and anybody who is buying it is going to get some kind of legal advice to find out whether that money, before it is handed over, is handed to the right person so they can get title to their shares.

I know about the Barbados National Oil Company and I want to endorse what the Honourable Member for St. Peter said about that. The Government of Barbados at the time was forced into the position, in the national interest, of having to buy Mobil's lease in order to ensure that oil prospecting would still take place in Barbados. And so too was this Labour Party here in the 1950's when the Natural Gas Corporation was created. Nobody wanted to exploit such natural gas resources as Barbados had at that time. The Government of the Barbados Labour Party had to take a decision in the national interest, so we all must recognise that whatever our views are on privatisation, whatever is put into the Manifestos of political parties, the reality of the situation will arise periodically in which the choice will be whether the Government decides in its mind that it is going to go forward in the national interest and make the investment, or whether it is going to allow no investment to be made and an end come to an activity or no activity takes place. Even the great capitalist countries, like the United States of America, had to make that decision years ago with the Tennessee Valley Authority, I believe it is, in which they had to trap the waters to create a hydro electric scheme. These are realities, these are matters you have to face.

People may be interested in the National Oil Company now, but the Natural Gas Corporation, the Barbados National Oil Company and the National Petroleum Corporation were integrated because of the fact that the utilisation of the gas, which is a by-product of oil, was found to be an important part of our assets.

Heywoods Hotel is an interesting one. The draughtsmen are quite clever, because the draughtsmen say "Heywoods Hotel" is in the Schedule. Heywoods Hotel is not an entity. There is no such entity as Heywoods Hotel.

The Government does not own such an entity as Heywoods Hotel. This is a very serious point. The Barbados Tourism Investment Corporation owns a parcel of land which has been vested by Schedule in this legislation. This Parliament vested a parcel of land in the Barbados Tourism Investment Corporation on which subsequently, as a result of monies borrowed as a charge on the Consolidated Fund, a hotel was built. Now there is no man in Barbados who can say that he has legal authority to dispose of Heywoods Hotel other than the Corporation. The Corporation that has been created will have to dispose of that. When the Corporation disposes of it the funds have to go into the funds of the Corporation.

Aside.

Hon. H. B. St. JOHN: Well, we will see if they can pay it to the Government, if they so wish, without an amendment to the law of the Barbados Tourism Investment Corporation Act to allow the Government to give away public money.

Mr. SPEAKER: May I have some order, please?

Hon. H. B. St. JOHN: The Tourism Investment Corporation Act has a Schedule. That is the law of Barbados. It has a Schedule. That is a law of Barbados and if you wish to amend the Act, you have to bring it back before Parliament and if the Tourism Investment Corporation intends to take receipts of money which it receives from a disposition of a property which is theirs and gives it to anybody it is a very serious thing. It is precisely because of the statements we hear that if they can give it to the Government they can give it to themselves or to their friends. It is said from that side that it is perfectly legal to take the money and give it to the Government. If it is perfectly legal to take the money and give it to the Government, it is perfectly legal to take the money and give it to their friends. If they can give it legally to the Government, they can give it to themselves and if they can give it to themselves they can give it to any Tom, Dick and Harry. It is a very serious thing. 3.20 p.m.

It is our duty to bring this matter to the attention of the House. This has very serious implications from the point of view of public accountability. This is a very serious matter. The Bay Street Boys in the Bahamas ...

Mr. SPEAKER: One moment, please.

Hon. H. B. St. JOHN: I say that it is a dangerous thing having regard to the experience of the Bay Street Boys in the Bahamas to pass such laws that would facilitate similar operations in the Bay Street Boys in Barbados. Having regard to the experience of what happened in the Bahamas with the Bay Street Boys, I

think it would be a very dangerous thing. There is a feeling here that they have a God-given right to permanent occupancy of Bay Street That is a very serious thing. There is no such thing as a permanent occupancy.

Mr. SPEAKER: I think there is too much noise. I am not hearing the Honourable Member too well.

Hon. H. B. St. JOHN: They cannot heckle me, Sir.

Mr. SPEAKER: No. That would not happen in here.

Hon. H. B. St. JOHN: I am not going to move from my point. I dealt with Heywoods Hotel.

The Insurance Corporation of Barbados. This is a very serious point They are saying that they are only going to dispose of 20%. Now we have been endeavouring to point out here for some period of time that in order to facilitate the disposition of the privatisation programme of Government it would be necessary to restructure some of these corporations and create them by way either of a shareholding company or by way of a bond holding company or some instrument in which the interests of the Government Corporations, in particular, would be represented by units of ownership, as opposed to the situation with regard to the Insurance Corporation of Barbados and the Caribbean Broadcasting Corporation in which your public policy is that you are only going to dispose of part yet you have nothing which represents a part ownership because you own all. There is nothing that you can separate.

In the case of Heywoods Hotel, you go further. This is an important point of principle. Why is it necessary to deal with this in this manner? Now I want to know it is said that the funds will be used to repay public debt, the rehabilitation of enterprises in the public sector and specifically investment projects. 3.30 p.m.

Parliament, in that respect, will, by virtue of the individual at Estimates time, have some control over the expenditure of that money because we would know what the public debt is and, presumably, at some period of time, we will know in what way any money that is spent in rehabilitation through some vote, presumably, will take place. But, Sir, may I ask this? Why is it so necessary to create this fundamental departure from the pattern of legislation dealing with our finance? No good reason has been given. No reason has been advanced at all by the other side.

The position is that Section 12 of the Laws of Barbados, the Transport Levy Act. Cap. 92A, makes it very clear that:

"(1) the Board shall

- (a) at quarterly intervals, cause to be prepared a report containing an account of all transactions relating to the Fund during the preceding quarter; and
- (b) not later than 3 months from the end of each year, cause to be prepared a statement of the accounts relating to the Fund audited by the Auditor-General or by an auditor appointed for the purpose by the Minister after consultation with the Board."

Our position is that if they really are intent on making it abundantly clear that they are taking their responsibilities seriously, there was nothing wrong in repeating similar provisions in this Bill as that which is contained in Cap. 92A of the Laws of Barbados.

Now, I am not going to go through the debate on the merits or demerits of privatisation. I have already gone on record as saying that whatever the IMF thinks, whatever the World Bank thinks, whatever the Inter-American Development Bank thinks, the position in small countries such as Barbados is, that periodically Government will have to take investment decisions in the national interest. One of the problems we have now is that we do not have enough public investment. We are not having enough sensible public investment in Barbados at the present moment on essential services.

We have reached the stage where we cannot have an investment to clean up our back door. This country has never been stinker. Public health has never been at the lowest ebb that we have it today in which this country is riddled with Dengue Fever.

Aside.

Hon. H. B. St. JOHN: You know the Honourable Member - when people were telling you that they were gangs you denied they had gangs. That is your problem. I know the Honourable Member. I am saying that this country is a country that today there are a large number of diagnosed and undiagnosed cases of Dengue Fever. That means that you have not invested enough money in the equipment for moving garbage and things of that kind. You have not invested enough money in expenditure necessary to ensure that you have...

Aside.

Hon. H. B. St. JOHN: That is the problem. They are not ignoring me. They are biting me. They knocked me out for 2 weeks.

Mr. SPEAKER: Hie Honourable Member has one minute to wind up.

Hon. H. B. St. JOHN: There are other areas too, Sir, that are crumbling. Do not let us think that because we have passed this Bill that there will never be any more serious public investment in Barbados.

I agree with one thing the other side said. I am deeply disappointed in the fact that the noble intentions of many a government in this country to create assets and enterprises to be run for the benefit of the country have been perverted by a lot of political touts and pimps. A lot of political touts and pimps have been placed in serious areas of responsibility in running these corporations and it seems that what they get is promotion instead of getting a trip to Glendairy forever.

Mr. D. A. C. SIMMONS: Mr, Speaker, I have some difficulties with the legislation. There seems to me that there are very important points of legal and juridical principle that have to be dealt with before we can come to the question of whether we are voting for or against.

Starting first with the Title of the Bill, it says it is ^{fi}An Act to provide for the establishment of a Fund into which revenues realised from the disposal of certain public assets are to be paid,¹¹

Clause 2 says'

^{Sf}(1) The purposes of this Act are

- (a) to a *fund* to be known as the "Public Enterprise Investment Fund"¹¹ into which revenue representing the proceeds of the disposal of an enterprise or shares or other interests in an enterprise owned by the Government shall be paid;..."

My first question, of course, is what is meant by "the proceeds of the disposal of an enterprise or shares or other interests"¹. It would to me that those would be proceeds of If they are shares or interests which have realisable value then they would be assets,

Clause 5 says that the purposes of the Fund are to receive *all* revenue representing the proceeds from the disposal of an enterprise, or derived from the sale of shares or other interests in an enterprise owned by the Government and then we are told that the various enterprises owned by the Government are those listed in the Schedule, the 9 of them.

Now, in the Financial Administration and Audit Act, Cap. 5, the Definition section 2 says "revenue" - and this

Act, of course, is an act which controls and manages public finances of Barbados and regulates the receipt, control and issue of public monies, provides for the audit of public and other accounts and for matters connected therewith or incidental thereto - means all levies, taxes, rates, duties, fees, penalties, forfeitures, rents and dues, proceeds of sale and all other receipts of the Crown from whatever sources arising, over which Parliament has the power of appropriation including the proceeds of all loans raised.

Now, Sir, there is no doubt that each of these enterprises started life with funds provided from the Crown. They were statutory boards but they were all funded initially by monies appropriated out of Parliament. When these assets are now to be sold, the issue is what happens to the proceeds of sale from these things that are called assets of the Government of Barbados in the Bill. When these are sold, however they are sold, how many of them are sold, there will be proceeds of sale which will become revenue to whoever receives the proceeds of sale.

Now, Section 107 of the Constitution says that "there shall be in and for Barbados a Consolidated Fund into which, subject to the provisions of any law for the time being in force in Barbados, shall be paid all revenues of Barbados." 3.40 p,m.

If the proceeds of sale of these assets are revenues properly belonging to the Crown in right of its Government of Barbados then these revenues under Section 107 of the Constitution should be paid into the Consolidated Fund.

Aside.

Mr. D. A. C. SIMMONS: I read it. It says:

"subject to any law for the time being in force"⁵

Aside.

Mr. D, A. C, SIMMONS: Which law? Not this. This is not in force yet.

Aside.

Mr. D. A. C. SIMMONS: No. It has to be. It has to relate to a different law, not this.

Asides.

Mr. D. A. C. SIMMONS: If that is the interpretation on the other side, I disagree with it. You may be right. I disagree with it. This refers to a provision of an existing law.

Aside.

Mr. D. A. C. SIMMONS: If that is your view, that is the way that it is saved. That is the way it is exempted. That would have to be the point of difference between the two of us, Sir, and I would like to see it tested one day. It will probably be tested one day because if my friends are right then it is not caught by Section 49. If they are not right it is caught by Section 49 of the Constitution and you have to have a V₃ majority to pass it in any event because that is an entrench clause, Section 107. It is an entrenched provision. You need a V₃ majority. That is what I mean by entrenched, Sir.

Aside.

Mr. D. A. C. SIMMONS: You could not get it in here, not with these numbers.

Asides.

Mr. D. A. C. SIMMONS: That is what I see is the jurisprudential problem raised by this Bill and that is whether these revenues must be paid into the Consolidated Fund, albeit to a special account, sure. You can have a special account in the Consolidated Fund.

Aside.

Mr. D. A. C. SIMMONS: No, no, no, no. The National Training Fund, The Higher Education Loan Fund, all of those, if you look at the accounts. If you look into the Accountant General's monthly Report you will see below the Consolidated Fund - you will see in the white one that comes out every month that we get every month the statement of the Accountant General under Consolidated Fund he has, below the line as you all call it, a number of special funds Higher Education Loan Fund, Training Fund, Labour Welfare fund, those sorts of things which are all provided for as part of the Consolidated Fund. But they have their own legislation.

Aside.

Mr. D. A. C. SIMMONS: If I said all, Sir, I had better say most.

Aside.

Mr. D. A. C. SIMMONS: I looked up Cap. 35 Training. This is shown in the Accountant General's Report as a special fund of the Consolidated Fund. There is legislation here in Cap. 35 which deals with the administration of that fund. Similarly the Labour Welfare Fund and all these other funds. You can create with this same legislation here today, in the same Bill, a fund - call it whatever you like public enterprise investment fund. This would then be shown as a special fund of the Consolidated Fund.

Asides.

Mr. D. A. C. SIMMONS: No, no. You would have to amend this though because even if you do that we are not buying the idea that the Accountant General shall administer the fund. The Minister of Finance must administer the fund. He must set the policy.

Asides.

Mr. D. A. C. SIMMONS: You cannot say it shall be administered by the Accountant General.

It seems to me that we have complicated this Bill when we could have followed so many of the other forms that you had, take the Training, any of the levy legislation, the Training Fund, the Health Levy, any of them. They could have used any of them. That is all it is. You are creating a special fund. The argument that we are using is what you used in the days when you were arguing that the levies should be paid into the Consolidated Fund.

Aside.

Mr. D. A. C. SIMMONS: Do not tell me I am wrong. It is the same argument you all used in the days when you were saying that the levies should be paid into the Consolidated Fund. Do not forget that you all changed the law in 1986 to make all the levies payable into the Fuftd.

Aside.

Mr. D. A. C. SIMMONS: Yes, but I think you have really complicated and created a beast here because you did not have to do this. You could let it be shown as a special fund and let the Minister of Finance be responsible for it. Since it is an accounting matter, the Accountant General, in the normal course of events under the Financial Administration and Audit Act would be responsible for the administration of the Fund in any event. You do not have to say that. The point is who is to deal with the policy of the Fund.

The Minister said for example that one of the things he would want to see is from the sale of, let us say, hotel property a fund be established out of which hoteliers could be given some assisting with refurbishing their hotels and so on. You cannot ask the Accountant General to establish that as a matter of policy. In fact there is no provision in this Act for anybody including the Minister to give any directions of any nature, specific or general, to the Accountant General. He is to act of his own motion. But if there are policy considerations such as the Minister told us today he had in mind that we are going to take some of the money from the sale of, let us say, Heywoods and turn over in the tourism sector by giving the hoteliers

an opportunity to refurbish their property, only the Minister can establish that as a guideline as a policy. He cannot write and tell the Accountant General to do that because the Accountant General says there is no provision in the law for you to give him any directives,

Asides.

3.50 p.m.

Section 4 of the Training Act provides:

4 (1) There is established under the control and management of the Minister a Training Loan Fund into which shall be paid -

- (a) all moneys provided by Parliament for payment into the Loan Fund;
- (b) all moneys which represent the repayment of a loan including interest thereon repaid by an person to whom a loan is made under subsection (2)

(2) The Minister may, subject to such terms and conditions as may be prescribed, make loans from the Loan Fund ..

So that the Minister here has specific responsibilities in the Act itself in relation to the Fund and what we are submitting is that in relation to this Enterprise Investment Fund the Minister should have similar responsibilities enshrined in the law.

First of all there are two things. We are saying that the type of fund should be shown as a separate account of the Consolidated Fund and that in relation to its creativity and operation the Minister of Finance should have responsibility for administration rather than the Accountant General. You said the Fund shall be administered by the Accountant General, That is all We are saying it should read "the Fund shall be established under the control and management of the Minister responsible for Finance"¹¹. It should not be administered by the Accountant General, it should be administered by a Minister. The same things we had, Sir, with all those bits and pieces of legislation - the Tourist Authority Act when you withdrew Ministerial responsibility and then we had to come back in here and put it in.

The point is made more obtuse because in section 10 it says the Minister of Finance may amend the Schedule. The Act is to be administered by the Accountant General and the Minister may amend the Schedule. Let us decide who is to be responsible for the administration of the Act and put one person and it should be the Minister where their policy concern is such as the Minister outlined in here today.

Aside.

Mr. D. A. C. SIMMONS: I know you could do any thing. Our point is whether this is satisfactory, whether it is clean and tidy legislation, having a clear concept as to what we are accustomed to in our type of Parliamentary democracy where a Minister is accountable to Parliament or not and we are asking whether this legislation achieves those objectives to which we have been accustomed or you all might be breaking new ground.

Sir, I am not getting into the details of the legislation. I am not in a position to vote in favour of this. I think we have complicated a simple piece of legislation. We are now finding a Government retreating from a position which it took as recently as 1986 that all revenues received ought to be paid into the Consolidated Fund. There is a sudden retreat from that principle ...

Mr. SPEAKER: Lower your tones, please.

Mr. D. A. C. SIMMONS: And what we are establishing, I fear, is legislation whose effect, and I will put it this way, may well be unconstitutional. What the Government is attempting to pass in here today may well be in breach of section 107 of the Constitution and for those reasons I am not going to be party to anything which I feel could possibly be unconstitutional. I may be wrong but it is my feeling at the moment and I am not going to support it. I am not going to vote for anything that I suspect to be unconstitutional.

Hon. M. A. KING: Mr. Speaker, I have been trying valiantly to understand the arguments of the Opposition on this matter. As I understand it, the point of departure seems to be Section 107 of the Constitution which says that there shall be in and for Barbados a Consolidated Fund into which, subject to the provisions of any law for the time being in force in Barbados shall be paid all revenues of Barbados. So it is talking about a Consolidated Fund into which, subject - I think these words are important - subject to the provisions of any law for the time being in force there shall be paid all revenues of Barbados. So that it seems to me, and this is my view, that the Constitution contemplates that legislation may be passed from time to time providing for the payment of revenues into particular funds but in the absence of any such laws, revenues are paid into the Consolidated Fund.

Now, it seems to me that during the course of time in this Parliament legislation has from time to time been passed establishing Funds into which revenue has been paid - which revenues have not been paid into the Consolidated Fund - funds like the Transport Board Levy Fund for instance, and I do not think anybody argued that that was unconstitutional.

We were using the argument and if this argument is advanced I can understand it. We were saying that all revenues collected - we used to say it was a tax any how - should be paid into the Consolidated Fund. We were saying that the Transport Levy, the Health Levy - they were impositions on the working people of Barbados. You can call them what you like, they were taxes and we are saying that when you tax people you should put those taxes, as part of the revenue, into the Consolidated Fund. I am saying that if you are advancing the argument that all taxes should be placed in the Consolidated Fund, I can understand that argument.

Now, I have dealt with what my understanding of section 107 was. I am making the point that there has clearly been precedent for laws to be passed by this Parliament providing for revenues to be paid other than into the Consolidated Fund. If you are arguing that that is an unconstitutional position then we have to deal with all the previous instances where this has been done and where we argue the constitutionality as well. I think now, Mr. Speaker, we need to look at the point and deal with the point of the argument that there will be no control. I think this argument was advanced by the Honourable Member for Christ Church South that there were no safeguards for reporting to Parliament. There are a number of provisions of the law that we need to look at. For instance, Mr. Speaker, Section 113 of the Constitution which deals with the establishment of the office and functions of the Auditor General:

"There shall be an Auditor General whose office shall be a public office. The accounts of the Supreme Court, the Senate, House of Assembly and all Departments and offices of the Government, including the offices of the Cabinet, Privy Council, Judicial and Legal Service Commission, Public Service Commission and the Police Service Commission including the Department of the Auditor General shall at least once in every year be audited and reported on by the Auditor General who with his subordinate staff shall at all times be entitled to have access to all books, records, and reports relating to his accounts.¹¹ 4.00 p.m.

The Fund shall be administered by the Accountant General. So this is a Fund which is being administered by the Accountant General and the Accountant General's Department is a Department of Government.

When you look now at the Financial Administration and Audit Act in Section 18, we are dealing with the duties of the Accountant General. Section 18(2) says:

"During each month the Accountant General should prepare:

- (a) a statement of the revenue paid into and the expenditure met from the Consolidated Fund showing under the several Heads the totals of the receipts and payments during the preceding month,
- (b) a statement of the other accounts maintained by him showing the balances at the end of each preceding month, and this must be accounts other than the Consolidated Fund.

So that the Act itself contemplates that the Accountant General shall deal with accounts of the Government other than accounts in the Consolidated Fund. We are talking about a requirement for the Accountant General to prepare among other things a statement for other accounts maintained by him showing the balances at the end of the preceding month. The monthly accounts prepared by the Auditor General, pursuant to Subsection 2 of what I have just read, shall before the last day of the month next following the month in respect of the statement prepared be sent to the Clerk of the House of Assembly to be laid in the House of Assembly. What does that mean? The accounts are required to be laid in the House. Certainly, the argument about no control by Parliament and no accountability cannot stand.

Aside.

Hon. M. A. KING: The problems will always be problems for some people. If you do not do what the law says, you are going to have problems. The question was raised, "Suppose the Accountant General runs away with the money?" The Police should deal with that. I say that if any public officer runs away with the money, the Police should be called in to deal with the issue. I say so. That goes for anybody.

The point I am making, Mr. Speaker, is that the legislation is not unusual. The question again asked by the Honourable Member for St. Thomas dealt with the issue of the policy of the Fund. We are talking about a Fund under Clause 6 being required to be administered by the Accountant General.

Section 5 of the Act, Mr. Speaker, sets out the purposes of the Fund as follows:

- "(a) to receive all revenue;
- (b) to defray the costs associated with the sale of an enterprise or any interest in an enterprise;
- (c) to finance specific investment projects;

- (d) to finance the repayment of any public debt; and
- (e) to defray the costs incurred in the administration of this Act.

Now there are certain elements which clearly are not open to any argument such as to defray the costs, for instance, incurred in the administration of the Act and to defray the costs associated with the sale of an enterprise or any interest in the enterprise. To finance investment projects is perhaps the area in which you clearly need political direction. I agree with that. You need political direction when you wish to determine the specific projects. There may be a variety of projects but there comes a time when you need to make some determination as to the particular project in which an investment will be made. The Minister of Finance is the authority who will determine the policy issues as to which project should be financed.

Sir, I do not know if there are any other issues which were raised. But questions have been raised about the enterprises in the Schedule. I do not know if I need to spend anytime on that because these are all assets which are held by statutory corporations. I do not know really what the issue is in relation to that, so I cannot really deal with it.

Aside.

Hon. M. A. KING: But it is an asset owned by a legal entity. To whom does the Barbados Tourism Investment Corporation belong? Are they republics unto themselves and they can do as they like? If you are saying that is so, all statutory corporations can do as they like with the corporation's funds. The point that I am making is that there is no substance in relation to the arguments on the assets to which the legislation refers and I see no real problem with this Bill in this form.

Mr. DeL. O. BRADSHAW: Mr. Speaker, I am not going to journey into any legal matters on this occasion. I want to speak on matters that affect Barbadians and what this whole question of privatisation mean's to them. Coming in here today with a Bill seeking to establish a fund to put money into, money realised from the sale of enterprises now owned by Government, does not find favour with me. It is a subject, Mr. Speaker, which I believe has not been well canvassed in Barbados and Barbadians as a whole do not understand the full implication of privatisation. 4.10 p.m.

I listened to the Minister of Finance in his introduction and he said he is going to seek to have a debate, the first of its kind, on this question. He said that from time to time we have touched on certain aspects of

privatisation but today he was expecting a full debate on the subject. To that end he quoted from the Democratic Labour Party's Manifesto.

Let me say something, Mr. Speaker. It is not the setting up of a fund into which you are going to pay money. We want to know why it is that the public of Barbados were told that it should get involved in ownership of some of the enterprises in Barbados and they would have a share in these enterprises, and as a result Governments have gone ahead and acquired some of these assets and made them public. What has happened is that now we are seeing a situation where Government is reversing that policy. The main purpose was to give Barbadians a share and a say in the national assets.

There are some enterprises which Government has entered into which have been successful. Some have not been too successful, and I want to look at that. Those which are successful are finding it very difficult to find out why Government wishes to dispose of them, when I believe that the profits from those enterprises could go a long way in helping the economy of this country. If we were to look at those which have not been very successful, I am going to respectfully suggest that it is a fault of the Government, because we know the reasons why some of these enterprises failed. Either political interference, bad management, the Government failing to have qualified Accountants, Engineers and Advisers to these Corporations, and as a result there was bad management. One can only put the blame fairly and squarely on the directorship of any business that fails year after year. The mission was not accomplished, and I am not going to apologise for that.

What the Government should be concentrating on, Mr. Speaker, is to find ways and means of correcting these inefficiencies, so that these public enterprises could at least make a profit, but that is not being done. I am hearing that because an enterprise does not make money for a year or two, Government is willing to get rid of it and take the money to put into a fund. What foolishness am I hearing? When they put the money into the fund, they are going to take it out and spend it on other business which is going to fail in the same way and then the country would have nothing at all to which to turn.

Aside.

Mr. DeL. O. BRADSHAW: I am saying that. I am not worried about who wants a fund on this occasion. I am saying there should be no cause for any fund at all. I know what my colleague has said. Since you are going ahead and you are determined as a Government to sell off, he is right in saying that there should be a fund. That is the argument, but I am saying you should never have reached that stage at all, talking about any fund, any legal matter at all in here today.

It disturbs me, because since last year this Government came in here and indicated its intention to privatise Transport Board, which is a mad, crazy policy. You are asking people to put people in jobs and calling on the business people to provide jobs, but at the same time you are making it difficult for the workers to get to and from work. What sort of policy is that? You are telling me you are going to sell the Transport Board. I do not believe the Government on this. They are not serious. Let us get serious. I have seen the Transport Board mentioned as one of those enterprises that will be up for sale. I have brought Questions in here on more than one occasion asking the Government what is its intention as far as the Transport Board is concerned, whether it is going to privatise it. The replies came back, they did not know. They cannot decide on it.

When I heard the Minister talk about 20% going to workers and giving them shares, the workers of Barbados deserve better. If the Government is going to dispose of assets or any enterprise the workers have contributed through their sweat and toil to build, I expect them in turn to be treated with common courtesy and decency. Make provisions for them to participate in the shares. The Minister of Finance must understand what he said. He alluded to a particular enterprise, the one at the Port, but that is not a good example. I am not happy with that arrangement. If that is the direction in which public enterprise is going, may God help us, because we have seen rich people benefitting from what is going on at the Port, at the expense of the poor man. The taxi drivers cannot get jobs at the Port, because it is all hogged up by the people who now own it. Do you think I could live in this country with that situation developing? I say no. I want to raise my voice. I am unhappy about what has transpired at the Port. Daily the people there are calling me and asking me to do something to help them. They have got a monopoly on everything, the best of shops, the best of duty free concessions, and not one poor Barbadian can go out there and say he is setting up. He has to take the crumbs from the table off the floor. Is that the Government's perception of the disposal of people's assets?

Mr. Speaker, we are seeing an untenable situation where, as soon as these enterprises have been sold, you find applications for work permits and Barbadians who are qualified are sidelined. That is what I am seeing in my country. I really cannot take it, because a condition under which the sales take place allows for people to come from abroad and apply for work permits and occupy the best or well paid jobs. That redounds to the detriment of Barbadians.

What you see also is that under the guise of being efficient we see lots of Barbadians being sent home. I am saying some of these layoffs are uncalled for. What is then

put in place to prevent further layoffs in Barbados? What is being put in place to guarantee Barbadians who are qualified and have worked at the place to occupy those jobs? Nothing has been done by this Government. I am going to fight with every breath in my body to make sure that something is done to correct this situation. I cannot see it and allow it to go on day after day. It is unfair to the poor people. They are complaining. 4.20 p.m.

Can this Government be really serious? You have the Insurance Corporation separate and it is a valuable profit-making enterprise. This Government is contemplating selling it and putting the money somewhere. Why can it not take the profits derived from that profit-making enterprise and create some jobs for Barbadians?

People are living in fear at these corporations. As soon as they hear about sales and privatisation they tremble every day they go into their offices. This is absolutely true. We are sitting in here ... I want to tell the Government this. You can sit down and feel comfortable and relaxed about this policy but I know that it is affecting Barbadians. I want the Government to understand that we are sitting down and watching these things. That is why I got up and I said I am not interested in the legal side of this.

This has a human side. I am worried about that human side. Lawyers can make money on unravelling the ramifications of law but I am saying that what worries me is how the man in the street out there is affected. Do you think he is interested in any fund? Do you know what they will say? When they don't have any fund a lot of money is used by Ministers and cannot be accounted for. They are not interested in funds.

Mr. Speaker* I will advise the Honourable Members to keep quiet.

Mr. SPEAKER: No. You cannot advise them that.

Mr. DeL. O. BRADSHAW: Through you, Sir. Don't let me turn my hand.

Mr. SPEAKER: I will do that effectively. You don't worry about it.

Mr. DeL. O. BRADSHAW: I am going to appeal to Government on behalf of the people of Barbados not to sell the Transport Board. What I am going to put to you is reduce the political interference. Get proper engineers, proper accounts and train your staff and ask management to provide a regular and efficient bus service. I would also recommend that you realise that it is top-heavy at the moment and you must learn to deploy properly. Deployment is what you need and that will take the

Transport Board out of the public domain for the time being. I have given you a solution.

It is a pity. 120 buses: 624 workers. Now, that is more than what obtains in North America. It is top-heavy, as I said, and there are a lot of things needed to be done as far as scheduling. It is more than that. I am telling you what it is. I am saying proper deployment. I am not saying send home anybody but there are other related services you can have where people can be deployed.

Asides.

Mr. DeL. O. BRADSHAW: If you don't understand anything about management, it is a matter for you.

Asides.

Mr. DeL. O. BRADSHAW: What I am saying is that nobody is going to send home... The Government knows how to send home. The DLP Government sent home 1 200 already. So I am not advocating sending home anybody. I have been out there asking to protect the jobs for the same people. So this Government cannot convince anybody that I am asking to lay off anybody. I have been in the vanguard of fighting for the workers.

Mr. Speaker, what I am saying is that this Barbados Labour Party in Opposition and in Government believes that a government run transport system is essential and we are not prepared to abandon that policy for the whole question of privatisation, especially when it is not clearly set out.

Now, I want to ask 1 or 2 questions. Why is it that this whole rush about privatisation has come on so rapidly during the last couple months? Why? I would have thought that... Mr, Speaker, you see the kind of problems we have. I have heard the Minister of Finance reading from the Manifesto but you know the thing that alarms me? I thought one of the first things you would do when you realise the money is to know where you would put it. If you are going to sell you ought to know where you are going to put the money. He waited until now, after selling off the most viable and most lucrative asset of Government, and then he comes in here saying he wants to have a fund. This makes it look like a joke.

I thought they would have established the fund higher up if they were serious but, no. I hear in the asides that they are not serious about the Transport Board. So who are you really fooling? If you say to me that you only put it in here but you are not serious, what are you telling the public? What are you saying?

I am saying that this fund, once it is set up, may be used to complete - and I agree with the Minister of

Finance that much money is needed to complete the polyclinic in St. John. That is where this fund can be used.

Asides.

Mr. DeL. O. BRADSHAW: The Government does not want to take this recommendation to put the money in the Consolidated Fund because it would involve coming here for debate; but with this fund you can take it out like a slush fund. You know, the former Honourable Member for St. John when he was demonstrating how someone was going into the cookie jar... This is what it is. An attempt by the Government to go into the cookie jar. No accountability at all. I am not throwing aspersions on anybody's character. I am saying this fund could be used as a cookie jar and if something goes wrong with the fund it would not be the first time that Government funds have been tampered with or something went wrong with it. It would not be the first time.

I am saying I am concerned that funds are set up and 1 or 2 people have access to it while I, as representative for St. Michael South East, do not have a say in knowing when the money is removed and for what purpose it has been used. I have a right to know because the people in St. Michael South East are paying taxes. It was their money that helped set up these enterprises and I am speaking for them. The money was taken out of the Consolidated Fund and invested in these enterprises. I want to know why it is you are taking their money and putting it in a fund and I cannot have a say in what is taking place with those funds. I have a right to know.

I hope the Government will understand it is not going down well with me. I know the Government is strapped for cash and this might be a way of having the funds and they want short cuts to spend it. Coming through Parliament causes revolution and this Opposition has been delaying them in some of the things. They are afraid of the kind of debate coming from this side. But that does not prevent us from asking the question, why are you selling off everything? When you sell off all, and all the money which you realised is gone, I want to know what you will do.

I want the Government to hear this. Some people have sold their properties and got money and within the short space of 6 months all the money is gone and they are flat broke. They have nothing else to sell. The Government is like people. They own these enterprises and when they sell them off there is absolutely nothing for the Government to turn to.

We are lucky in Barbados that when the World Bank and the IMF people are not finding it possible to lend us money other than money under their own terms we can

have some assets to sell. You had better praise the Barbados Labour Party for its foresight because if we did not invest in BNOC, and places like the Insurance Corporation of Barbados, or the Arawak Cement Plant that you want to sell, Heywoods, BET, and all this argument, you would not have anything to set up so I do not know what the Government is arguing for. What fund? This is your fund? Really this is our fund, if there is any fund at all. We set up these enterprises and you are there talking about administering a fund. 4.30 p.m.

Mr. Speaker, I am worried about this and the direction in which this Government is taking this country. I am saying that a subject like this, the Government must understand that this whole thing about privatisation has not been properly canvassed. I am worried that these hasty decisions will only serve to land us in some more serious problems. If lending institutions, or if this is an IMF measure, then I am hoping that the Government wakes up and understands that it is not finding favour with most Barbadians.

The Minister of Finance in introducing this Bill sought to tell us that this policy of privatisation was informed by knowledgeable persons. I will go on to say this that privatisation in England has failed. Privatisation in England has been unsuccessful. All indications reviewed of fee policy is that it has failed. I have no reason to believe that it is going to succeed in Barbados. The Government could well admit that it finds itself in a financial bind. It needs money and this is what they will be doing. It is like auctioneering. That is what it is. You are auctioning off now because I am going to say this. I doubt very much that the Government has realised the true worth of some of the assets it has sold. I am afraid of this because I feel that some of these assets have not realised their real worth and that is something Barbadians must be told because all of us are the poorer for this policy.

I will say to the Government, because you are strapped for money, or you are in need of money, does not mean that you should put these enterprises on the market and accept the bids because you want the money at a particular time. The market right now for properties and business is very bad. Those who have money will be willing to get involved in buying anything, any business, but at their price. You know what is the price? It has to be a bargain.

I want to be satisfied that whenever we sell these off that it reflects a true and fair market value because we are going to see a situation where we will sell off some of these enterprises, bought by other people and within a year or 2 they turn them around and put them back for maybe

100%, 200% or 300% more. If you are going to devise a policy, there are certain conditions you can put to prevent this sort of thing. You can do this but if we are going to sell at all cost, I only want to tell the Government that these assets do not only belong to the Democratic Labour Party. I have a stake in them. I have an interest. I have to know exactly that we are getting what is fair for our assets.

I am only going to warn the Government that as far as CBC is concerned, I hear all this thing about selling CBC. It is taking so long. You know they have to come in here and amend the Act. I heard the Government say that. The Government admitted that but all like now, all since January last year they were talking about giving CBC workers a share. The Government has not even come in here with the legislation to amend the law to allow workers to buy shares, so I really do not understand.

CBC, Mr. Speaker, is one of these enterprises listed in the Schedule. I am saying if I am hearing from the Minister as an aside that they are not serious about CBC, why include it in the Act? It would be best not to put it in. We have to learn to be frank with people, If you are not going to sell CBC and the Transport Board tell the public of Barbados now.

Aside.

Mr, DeL. O. BRADSHAW: How can you be serious when you have it in a Schedule? You have them listed in the Schedule. What did you put it in there for? This means you are contemplating at some stage to sell them. You are not worrying about selling them. I ¥/ant¥the Minister in his reply to get up and say we are not going to sell these assets, and let me hold him to his word. This tells me that you do not have a clear policy. I am worried about it. Why take so long?

You say you were going to give the workers at the Arawak Cement Plant an opportunity to buy shares. You have the Barbados Workers* Union and other unions that represent workers, why do you not invite them to buy shares on behalf of their workers? Are you going to treat them the way how you treated the workers at the Transport Board when they sought to buy the Transport Board and up to this day they did not have the decency to reply to them and tell them "yes" or "no"? You can tell me that is an example of what you are talking about? Yet you are talking about worker participation but the workers are not given an opportunity, nor are their organisations given an opportunity to buy into these enterprises and I am worried about that.

We have to be more serious about how we go about our business. The public out there is asking these questions. Why are we talking and using the workers, talking

about worker participation, workers' involvement at management level and all of these sorts of things but yet when it comes to reality you are leaving them out. That is why workers in Barbados have that attitude because sometimes they go to work a morning and do not know whether they are going to be sent home.

I am going to say this. I heard the Minister just now talking and I had forgotten. He talked about sending home workers? The Transport Board sent home some of them a couple days ago. Up to yesterday they sent home people. The Transport Board fired people yesterday and you have the gall to come in here and tell me about sending home people? You are sending them home every day. Only Saturday I saw a young lady who was working at the Transport Board. Yesterday morning she called and told me that she has gone home.

Aside.

Mr. DeL. O. BRADSHAW: Yes, the Board and top - management there are political appointees who are misfits. That is the top heavy we are talking about. They are too heavy up there. They are political misfits. I say that. Neither one of them can • run the Transport Board efficiently. Some of them around there are political lackeys, in management positions. That is why we have this and we are paying the price for it because you would not get proper, trained managers, people who understand what is management and how to deal with people. Every time you go out there they talk about your being a BLP and you are fired. But I will say, those who live by the sword die by the sword. That is what is going on, a witch hunt for people of different political complexion. But I am saying the days are numbered on that I am saying the political victimization continues, Mr. Speaker. The Government continues to do it. You had better listen to it. I am not saying that some of the Ministers are involved but I am saying that there are people at some of these Boards who are taking pleasure in taking this course of action.

Mr. Speaker, I see that you are indicating to me that my time is about to run out. I am serious about the concerns which I have expressed on this matter. I hope the Government will take a word of advice. That to me is enough for them on this occasion.

Mr. H. A. BLACKMAN: Mr. Speaker, I rise to make a contribution on this matter of privatisation. As I have stated in here on more than one occasion before I am not against privatisation.

Earlier this year, Mr. Speaker, or last year I think it was, in the first presentation of the Government with

regards to privatisation, the beginning of the speech made then by the now Minister of Finance gave about 8 or 10 reasons for the Government of Barbados privatising. I said, at that time, that to mention the 10 reasons for privatisation is not to say that all of those 10 reasons would be related to the privatisation of any particular entity in Barbados because obviously you cannot be privatising a particular entity in Barbados because of all 10 of those reasons. There must be some reasons why you are privatising some and other reasons why you are privatising others. With that in mind, Mr. Speaker, I just want to start by saying I would have to have believed in privatisation because as a member of the Democratic Labour Party in 1991 privatisation was in its Manifesto - and this document was liberally quoted today by the Honourable Member who introduced this Bill. Mr. Speaker, when I look right through what the Democratic Labour Party Manifesto said on privatisation, when it got to the end of its written matter here on privatisation the Democratic Labour Party was at pains to point out and it says:

"Accordingly, a Democratic Labour Party Government policy on DIVESTMENT will seek to avoid a further concentration of the society's wealth and seek to promote the wider public interest."

In that regard, Mr. Speaker, the Manifesto went on to explain the things the Democratic Labour Party would have done to widen the ownership:

"Eighty percent of all divested assets will be offered to the following agencies and organisations:

1. Twenty percent to the National Insurance Board.
2. Twenty percent to the Co-operatives sector.
3. Twenty percent to Workers' organisations.
4. Twenty percent to specified established social organisations.
5. Twenty percent to the public."

I am not going to read the rest of it.

Mr. Speaker, I want to say this. I understand that a Government has to govern and there are times when a Government will have to probably shift from its designed course or its desired course. I cannot understand how you can shift from measures that you have said were to help you to widen the ownership, move away from those measures completely which were to help you to widen the ownership, and still say that you are widening the ownership. That is what I find fairly difficult because you have moved away from all the measures that say you

are going to widen the ownership, abandoned those, divest the entities in a completely different manner and then you still say that this will help to broaden the ownership. The two things cannot be true, otherwise we would have been writing nonsense in the first place.

Mr. Speaker, let me just say this. Let me state my position, up front, with the shares of BET and BARTEL. Because I know that there are persons who are given a job to look back at all the speeches I have made to see if they can find any place at all where I have said one thing at one time and another thing at another time. They will look from now until the cows come home and they will never find it because they have been looking now for 3 years. They have been looking to find any place where I have said one thing and then another. They will never find it, Mr. Speaker, because any time I get up in this Honourable Chamber to speak I will speak because I have a gut feeling about certain things. I am not going to get up in here and speak as to what people believe is politically advantageous or not.

I want to say this first about the BET and the BARTEL shares. I agreed with Government when they sold those shares. I agreed with Government for the simple reason that Barbados was in a very difficult situation at that time where we needed money, we needed to be able to borrow money on the financial markets at that time. But we also, at that time, had money to repay. If we did not repay the money it was likely that we would not have been able to borrow or people would not be willing to lend us if we had reneged on paying back that money. Therefore because of the urgency of the situation and not wanting or wishing to see Barbados default on any of its payments I agreed with the selling of those shares at the BET and BARTEL. I just want to make my position clear.

But I do not believe and I do not agree with the Government selling - and I had them ticked before I left home today because I went through this 3 times - The Barbados National Oil Company, The National Petroleum Corporation and I have stated that in here before. I find it a bit strange for the Government to sell the only piece of natural resource that we can say we have...I do not agree with selling the Transport Board and I do not agree with selling ICB nor Heywoods Hotel. I am going to explain my position on these first.

I have already said that the Barbados National Oil Company, as far as I am concerned, and the National Petroleum Corporation, the two of those together represent, in my view, the only little natural resource that we have, the oil and the little natural gas. That is my reason. I do not believe that those two things should be sold.

Let us look at the Insurance Corporation of Barbados and the Heywoods Hotel. In all of this exercise I believe

that one has to look for the reason why Government, in the first place, got involved in the tourism sector and why it got involved in the insurance sector. I have always heard the late Right Honourable Member for St. John state that the reason for Government to get involved in the tourism sector was to all intents and purposes to regulate or to help regulate that sector. He made the same statement with regard to the Insurance Corporation of Barbados that the idea of getting involved in that sector was to help to regulate the insurance sector. All of us know, whether people want to admit it or not, that you used to hear, throughout Barbados, people telling you if you want insurance go to ICB that their rates are lower than other people's. Whether it was true or not, Mr. Speaker, I do not know. That is what the public out there believed. So therefore if the public out there believed that was so and if indeed the rates there were low, that acted as a regulator in the insurance industry of Barbados - similarly the tourism sector. The statement was always made by the Honourable Member for St. John that the reason why the Government got involved in Hilton Hotel and then Heywoods and those areas was to act as a regulator, to influence what was happening. 4.50 p.m.

Mr. Speaker, you either believe that or you don't believe it. You either believe that that was true or you do not believe it. If it were true at that time, you have to tell us if those views are not true at this time any longer. If there is no longer any need to regulate the insurance market or if there is no longer any need to influence the tourist market then the Government should come out and tell us so. And that is what I would like the Government to explain to us, Mr. Speaker. I would like the Honourable Minister of Finance to tell us the reasons why the Government has decided to sell Heywoods. Then tell us the reason why the Government has decided to sell the shares in ICB. The Minister of Finance owes it to this Honourable Chamber to tell us why the Government has decided to sell these institutions or organisations or whatever you want to call them, these entities, that the Government is planning to sell.

I will tell you why I say this, Mr. Speaker, All through the years right up until the death of the late Honourable representative for St. John, the Democratic Labour Party had been speaking about privatisation. At no time during the life of that Honourable Member did I hear him speak of privatising Barbados National Oil Company, National Petroleum Corporation, Transport Board, Insurance Corporation of Barbados. What the discussion was always on, Mr. Speaker, regardless of what people may say, was that those entities which constituted a burden to Government should be privatised. Those entities which became inefficient under Government's administration should be privatised but not in the case of some of the best run companies in Barbados.

At no time did the Honourable Member for St. John even contemplate selling off some of these. Some of these are the best run companies in Barbados although they were public companies. Therefore we need to understand in here what is the reason to sell off Barbados National Oil Company, Insurance Corporation of Barbados, National Petroleum Corporation. We have not been told yet and this debate has been going on, off and on for nearly a year. We have not been told why the Government has decided to sell those institutions.

Mr. Speaker, I do not mind what any person says. I am persuaded, Mr. Speaker, that the main reason is revenue and I defy anyone to contradict me because in the Estimates of this year a figure was put as to the amount of funds you would expect to get from privatisation to bridge your gap between revenue and expenditure. So, no one can tell me that revenue raising was not the main reason for privatising these companies. That is the main reason, revenue raising.

Mr. Speaker, let me say this. I am not going to get into the legal parts of this document because I do not understand anything legal. They will have to explain it. I do not get involved in things that are too high for me. I speak according to what I see and what I understand. I will wait until the lawyers from that side get together with the lawyers on this side and they will come to a common ground and put it in a way that the citizens outside can understand. That is what I would like to see.

Let me go on, Mr. Speaker. It appears to me that privatisation is *sine qua non* of the World Bank. The World Bank seems to believe that you have to privatise regardless, just like the IMF believes that you have to put on VAT regardless. I do not understand I still believe that the Government is in a position where the Government can decide what to privatise and what not to privatise. The problem is, Mr. Speaker, as I have stated before is that they will have to get revenue from somewhere else. Because as I have said before, in the Estimates of this financial year a figure has been put for the revenue from privatisation so the Government finds itself in a position that even if it wanted to back off from privatising some of these it cannot because that is what the institutions have said you have to do and furthermore the Government has already put in the Estimates that it needs to raise a certain amount of money by privatisation. If you back off, you will have to find revenue somewhere else and there is nowhere else to find it. That is my view. So this is the position where the Government finds itself.

Mr. Speaker, I heard a lot today about the good relationship between the private sector and the Government and all that is needed now is for that to be transformed into investment. Mr. Speaker, I am not going to listen to a lot

of talk because I believe that even if the relationship between the Government and the private sector today is better than it was before, I still believe that any investor looks at what is happening in an economy before he makes a decision to invest.

Mr. Speaker, the confidence that is being spoken about today may be confidence that at least the relationship between you and me is a little better than it was yesterday but when I look at the bottom line, when I look at the economy, when I look and see that 4 or 5 months ago credit restrictions were removed and within 4 months they are back on, never mind that they have to be put back on by the private sector, because the Government finds itself in a position where it cannot put it back on because it is against the IMF policy.

Aside.

Mr. H. A. BLACKMAN: What is opposite, Mr. Speaker? Let me just say this, Mr. Speaker, because there are people who do not believe or who do not recall that I was involved in this matter before. 5.00 p.m.

There are people who have come into this matter yesterday and believe that they know all about it. The point is this, Mr. Speaker. Regarding the IMF policies, the first thing is that they want you to free up your economy. They want you to free up everything. Free up everything. Throw out your dollar. Do all sorts of things. Let me say this, Mr. Speaker. If the Government could have re-imposed the credit restrictions, why would the Government get the Central Bank to hold a meeting with the private sector and begged those fellows saying, "Listen, that no-deposit thing that you have, do something about it and put back on the 5 per cent and next year January put on the other 5 per cent"? The Government did not do it. They relieved the credit restrictions four months ago and within four months put it back on. Now if you are telling me that any investor who for the past two or three years was not investing because he had no confidence in the economy and in decisions that were being made, do you honestly believe that that investor... and I am going to mention that \$71 million too... when he saw the credit restrictions removed and decided that okay, now we are going to get some relief, let me do certain things and in four months time the fellows have their goods in the bond and are now crying out, "How are we going to get these things sold now?" Do you expect him to invest?

Mr. Speaker, what bothers me about the \$71 million and people who are saying they are not going to lose any sleep over it, is the effect when you get that statement being heard in the financial markets where a Minister of Finance can say that he is not going to lose any sleep about

\$71 million in reserves. I am only quoting what I have heard. In fact, I could not believe certain statements. I am telling you this, Mr. Speaker, and I have said this before. I have supported this party from the time I was a little boy. But I have seen, Mr. Speaker, certain developments of late that could only be calculated to destroy this party.

Mr. Speaker, I will get up in here and I will speak because I believe that I have to stand up and say what I have to say in here. I would like some answers. I want to hear the reasons for selling Heywoods and, after you have given me that, I want to hear the reasons for selling the Barbados National Oil Company. After that, I want to hear the reason for selling the other 3 or 4 things. I do not want any person at all to give me ten reasons for privatisation and tell me that those are the 10 reasons why you privatizing any particular entity because each entity is different. You may privatise one because you believe that it was inefficient when it was run by Government. You may privatise another one because you may believe that you can get a fair amount of money for it. You may privatise another one for another reason. Do not give me all ten of the reasons and tell me that those are the reasons why you are privatising all five of them, because there have to be different reasons why you are privatising different things. You could not be privatizing ICB because it was not efficiently run, because it was. Therefore, you cannot put all the reasons together and tell me those are the reasons why you are privatising.

Mr. Speaker, I am saying this, I do not mind privatizing if you are privatising because you believe that the entity would be more efficiently run by the private sector. I am not against privatizing if you believe that you have to free up certain management positions because you need them in Government. Therefore, you allow the private sector to do the managing and things like that. I want to hear the reasons why these particular entities here that have been mentioned are being privatized.

Mr. Speaker, I just want to say finally that I have no problems with privatization as such if the reasons are right, I believe that if we are to support this measure as long as the legal parts of it are okay, and I just want to make one statement, I am not going to get into whether it should be put in a fund or anything else. I personally believe that all money should be put into the Consolidated Fund so that at least those of us who are in here will have some say in the matter when it is being brought out. That is my view. I am not getting into any technicalities of whether it should be in a fund, here, there or anywhere. I believe that any money that Government collects should go into the Consolidated Fund so that those of us who have been elected to represent people should have a say when you are taking it out. That was the view of the late Honourable

Member for St. John all between 1976 and 1986. He did not distinguish between what were taxes or anything. He said to put the money into the Consolidated Fund. I believe that we should put the money into the Consolidated Fund so that we will have a say when it is taken out and we can debate it and vote on it.

Thank you, Mr. Speaker.

Hon. D. J. H. THOMPSON: I am proposing to wind up this debate. Mr. Speaker, I entered this House in 1987 and sat on the back bench just under four years. The Honourable Member for St. Philip South was the Minister of Housing. I sat with him in the Cabinet when he was Minister of State for Finance. I gave full support to him in all of the policies that he brought to this Chamber as Minister of Housing except one, which I did not support at his request, the acquisition of Buttals House. I supported him as a Cabinet colleague as Minister of Community Development at a most difficult time in the economic history of this country when very difficult measures had to be imposed that he was a party to. I only wish to say, Mr. Speaker, that in circumstances such as this in politics I believe that we deserve every single thing that we get as politicians. So I am not surprised by the presentation which *ve have just received from the Honourable Member for St. Philip South. He was so exuberant in his presentation reminding members that I succeeded him and I have only been a very recent acolyte to whichever temple or whatever he worshipped at before, Maybe that *h* not the word. He was so keen to remind this Chamber of that. When I entered his office one of the first documents that was presented to me was a Samuel Montague Report on the issue of privatisation of Heywoods Hotel. The 1986 Democratic Labour Party Government of which he was a Member - the Honourable Member for St. Philip South was a Cabinet Member - contracted with Samuel Montague for the sale of Heywoods. Well, I cannot ask the former Honourable Member for St. John, my predecessor, why he was selling Heywoods because he has passed on, So those who are in communication with him can ask him why he was selling Heywoods. 5.10 p.m.

Apparently, this statement about Heywoods and its existence in terms of regulating and influencing the course of tourism are gospel. I cannot imagine that he would say that and also, at the same time, seek to sell Heywoods. I was also amused and surprised, as I am sure the Honourable Member for Christ Church South, to hear that the former Honourable Member for St. John supported the establishment of the Insurance Corporation of Barbados. It was not established under the Democratic Labour Party Government. I am really shocked to discover... In fact, when I read the former debates on ICB I got the impression that many of those financial reforms, particularly the establishment of the BNB...

Mr. H. A. BLACKMAN: I have never said that the Honourable Member for St. John supported ICB. I said he gave the reason why ICB was established was to regulate the insurance market in Barbados. It does not mean he would not criticise the establishment. I am saying he stated that it was established to regulate the insurance market. So don't talk nonsense. Quote what I said.

Hon. D. J. H. THOMPSON: The Honourable Member for... does not read the debates. I read them, Mr. Speaker. There were major institutional reforms in the financial sector for which the Honourable Member for Christ Church South must know the story on all of them. The BNB, the ICB, Barbados Mortgage Finance. He knows what position we took - I can say we, but I was not a Member of the House - the Democratic Labour Party took at that time.

You say he supported it? You had better check the record carefully. Check it. I am going to give... Everybody who says that they are so committed and wedded to the truth, that they have such perfect memories, go back and check the records. Don't let me have to do it in a situation like this.

The reason why I say that, Mr. Speaker, is because in addition to that the Caribbean Broadcasting Corporation of which I was a board member... I served under 2 Ministers. The first one bitterly opposed to any efforts to privatise CBC. The second Minister, the then Rt. Honourable Member for St. John, was willing and ready to sell it overnight, shut down STV, bring in investors from Atlanta, let them put in the cable television network and privatise the Caribbean Broadcasting Corporation.

Aside.

Hon. D. J. H. THOMPSON: Those are public records. I am not telling out any story, The Board minutes of CBC would indicate that The issue of privatisation is only an issue of confusion in the public's mind because we as politicians will not go to the public and tell them what role we think each statutory corporation can or cannot play in national development. Everyone of us seems to have a different idea. I have said in here already that anybody who establishes a statutory corporation in Barbados feels that it is his baby and would be upset to see it dismantled and would be upset to see it sold.

However, I want to make the point very clearly, Mr. Speaker, that at this time there is a vital necessity for us to rationalise the public sector as a whole. We have to reduce transfers to statutory corporations. This is inescapable. We are not proposing from this safe distance to shift policies week to week, increase taxation, reduce it, change from this and change to the other. That is one of the important reasons why it would be totally undesirable for the

Government to put back in place credit restrictions at this time.

One of the things that the private sector would tell you, Mr. Speaker, if one had an opportunity to listen to them, instead of listening to gossip on the streets, and I know you do not listen to that, is that one of the reasons why in Barbados there is a no-downpayment policy is not necessarily because they want to have a no-downpayment policy. But if one of them offers no-downpayment terms for a range of goods, then all of them feel they must do it for the simple reason that competition demands it. In fact, the way in which people take out hire purchase goods, take them home and sometimes cannot pay for them, the private sector itself would prefer if there were some kind of credit policy where they could get some of the money for the purchases up front. I think it makes sense.

However, the Government has opted not to intervene in the marketplace and I must say, Mr. Speaker, that I do not give directives to the Governor of the Central Bank. The Governor of the Central Bank has his job to do and I have said so already and I have my job to do. I do not compare myself to other Ministers of Finance or other Ministers of State. That is their job, not mine.

The point is that I do not intend now or at any time in the future to be giving the Central Bank's Governor directions in relation to issues like that, so long as our policies...

Asides.

Hon. D. J. H. THOMPSON: ... as our policy objectives converge and if he can find a solution to a problem, particularly by using moral suasion, without requiring us to adjust policies that we have agreed on, then as far as I am concerned, Mr. Speaker, that is the best way for the Government to carry out its domestic economic policies.

The fact that the private sector agreed under moral suasion to an arrangement which is in the best interest of the country is the most important fact because they would not have done that in 1991. There was no attempt then, and I, myself, was not in the vanguard of any attempt, to seek to build those bridges that were so necessary with the private sector. The fact that there has been an improvement in the relationship is as a result, as I have indicated in here, of Government's overall thrust towards consensus government.

Starting with the Foreign Exchange Committee established by the Prime Minister and chaired by the Minister of Foreign Affairs and continued by a policy in each area: in the area of trade, regular collaboration

on a quarterly basis with the manufacturers; in the area of tourism enhanced discussions with the tourism sector through the establishment of the Tourism Authority; in the financial service sector by the establishment of the International Business and Financial Services Unit to facilitate that co-operation. And it has been working.

Now, Mr. Speaker, let me go on to the more important point. Anybody who says that the establishment of the fund is as a result of the prompting of the financial institutions is in fact missing the point. There is no country in the world today that is going to undertake a privatisation programme without giving attention to the very important concept of establishing some kind of capital development fund, as the Honourable Member for St. Peter has called it, or public investment fund.

In fact, it is as I have said a *sine qua non* of a privatisation programme. Now, it may be true that the original idea... Barbados is not the first country to privatise and sometimes we get on as though we are the first and only. There are many countries in the region that have privatised before and through a process, norms have developed and this is one of the norms.

One of the reasons why Government has not accepted the World Bank funds is because we do not agree with them on a number of policy areas. So it does not make sense, Mr. Speaker, for any Honourable Member to continue to make that point that the World Bank wants this. We know what they want. We know what we want and our views do not coincide and we will not be accepting World Bank Funds until our views coincide. Mind you, I do not think our views will coincide at this stage. Certainly, they have not done so in the recent past. That fact needs to be said because there is this constant repetition of this point which as I have said, Mr. Speaker, is essentially a non point. 5.20 p.m.

The Bartel, BET and Flour Mill shares were not sold in accordance with what the Democratic Labour Party had promised in its Manifesto. The only thing that has been sold since then is some shares in the Pine Hill Dairy and yet we hear people saying that we have sold things without adhering to the policy. The only thing we sold since then was Pine Hill Dairy shares and, in fact, in respect of Pine Hill Dairy, we earmarked shares for the workers, 80% of which they took up, for Barbadians living overseas, which were not well subscribed, for nationals living in Barbados, I do not myself remember the makeup but I know that the workers in particular were facilitated by the company in the purchase of shares in the Pine Hill Dairy. That was an example of the policy working to the extent that was feasible.

In respect of CBC we have said the workers first in respect of the 20%. ICB - we are not selling 100% in ICB. It is just 20% and we have said we would give priority to certain areas, credit unions, the workers, I do not even remember the categories, but the kinds of categories that would put assets in the hands of a new class of Barbadians. That is the critical point that even if we were to sell to Barbados Shipping and Trading, there are thousands of Barbadians who own shares in those companies. If we sold them to any of the publicly listed companies in Barbados, we would be selling to Barbadians. It is true that enough Barbadians are not in major positions or major shareholders in those companies and that is something that we need to change but the point is, it is nevertheless true that thousands of Barbadians own shares in Cave Shepherd, Barbados Shipping and Trading, and in a number of those publicly listed companies in Barbados so when you sell them you are, in fact, selling to a wide class of Barbadians.

It is quite true to say, Mr. Speaker, that not each asset that would be sold is going to fall within all 8 categories because some of them are exclusive. One has to identify, with respect to each asset, but I have done that already and I do not propose to do it again. If you read the statement that was done on privatisation and the two Estimates debates, I went through them in detail. I remember making the point in here about why the Government was selling the Barbados National Oil Company and I said that we should not go about with this attitude that because a corporation is successful that it should not be sold because if it is successful that is one of the important reasons why a larger number of Barbadians should share in that success. You cannot sell corporations that are not successful so at what point do you determine how to sell a statutory corporation?

If the Barbados National Oil Company had no exploration possibilities, was losing money, etc. could you sell it for a reasonable price? That is the whole problem with this exercise. I think people just need to say that they are either in favour of the privatisation programme or against it and not fool us that we need to have any discussion about each of the areas that we are selling.

I participated in Cabinet in the sale of 4 assets along with the Honourable Member for St. Philip South and all other Members on this Front Bench, Barbados Mills, BET and BARTEL.

Aside.

Hon. D. J. H. THOMPSON: I have not said what. The Cabinet decision was publicly known in Barbados. You must be mad. We agreed to the sale of those assets. Those assets were not sold and the public has a right to know. Those assets were not sold by any fiat. They

were sold on the basis of determined Government policy which we pursued. None of those sales conformed to the prescriptions which the Manifesto had set out and that is well-known and one hopes that it will be corrected in respect of future sales.

Let me issue the caveat here, Mr. Speaker, that it is not going to be possible to sell all of the assets to either the workers, or to the National Insurance Fund. The National Insurance Fund cannot take up its money and just apply it to the purchase of privatised assets unless the Investment Committee feels that those purchases are in keeping with prudent investment and I do not intend to intervene in that policy by telling them that they must buy shares in any former statutory corporation. They have a right to determine what is a good investment and what is not and it is for them to determine. We would be very happy if they took up some of those assets because I believe National Insurance Funds should be invested in real estate myself, particularly in housing, even major hotel properties but the point is that I am not sure that is the direction the fund has yet been going in but time will tell. The stage of privatisation is a young process for us here in Barbados.

I want to deal now, Mr. Speaker, with the legal aspects of this matter. Honourable Members have treated this legislation as though this is a substitute for the Constitution of Barbados and the Financial Administration and Audit Act but this legislation is to be read in conjunction. Honourable Members on that side do not seem to be aware that there are below the line accounts established in Barbados, some of them which have been established without statutory approval. Not all of them require statutory approval and if I knew that if all that was wanted was a flip of the wrist and a signature approving the establishment of a below the line account and we would have saved ourselves this debate, well that could have been done. But I thought that it made sense, particularly in relation to the kinds of comments that the Honourable Member for St. Peter made in a debate in this House on January 12 about the establishment of this capital development fund to do all of these things that he said should be done, that we should not use the assets to pay debt, that they should be put into a capital development fund. The people of Barbados must have evidence to show that they once owned these assets. All of that was said, that it should be used to help retraining of displaced workers, that it should be used for capital investment in the country and if the Government had a conscience...

Mr. SPEAKER: I think you had better state the page you are reading from.

Hon. D. J. H. THOMPSON: Well, I cannot read from this debate because it is in this session, Mr. Speaker, so I

am just referring to the points he made. He said that it would have been better, certainly, to put Parliament at the centre of events which he always calls for, for us to bring legislation setting out what we propose to do rather than surreptitiously establish a below the line account, put money in it and the only time that he would ever see it is when the Accounts and Statements from the Accountant General come up, as is the case. So we go to this trouble to prepare legislation to set out the objects of the fund, what it is to be used for, the system of accountability which is not in conflict with anything that exists now, Mr. Speaker, and Honourable Members say that it is sloppy, that this is not the way to do it, and so on.

I can only say, Mr. Speaker, that the way it has been done in the past, which they complained about so much, is obviously the best way. That is the only conclusion that I can come to because, as I say, a below the line account could have been established, the funds could be paid into that account. It could be used for the purposes for which the account was established and the Accountant General would make his disbursements according to whatever directions.

Let me make the point, Mr. Speaker, that the Honourable Member for Christ Church South asked about the money from Heywoods. Would you believe, Mr. Speaker, that the law relating to the Barbados Tourism Investment Corporation, section 15, sets up a tourism investment fund? I have not seen any of the rules, and all this accountability that he indicated was so important. None of that I do not see. I just see that the retained earnings would be paid into a fund known as the Tourism Investment Fund. Where is the accountability for that? Where are all these rules that you want that you said people in Bay Street do not have slush funds...

Hon. H. B. St. JOHN: On a point of order, Sir. The Tourism Investment Corporation Act itself sets up a scheme of accountability.

Hon. D. J. H. THOMPSON: Mr. Speaker, let me tell you what the scheme is. Clause 16:

"The Corporation shall keep proper accounts and records in accordance with the principles of accounting generally applied in commercial practice, and shall do all things necessary to ensure that all payments out of its monies are correctly made and properly authorised and to ensure that adequate control is maintained over the assets of the Corporation and over the incurring of liabilities of the Corporation."

How many lines that is? Seven lines.
530 p.rr.

And then it goes on Section 17(1):

"Audit" "The accounts of the corporation must be audited at least once in every financial year by an independent auditor appointed by the Board.

- (2) The auditor shall report to the Minister at least once in each year, on the results of the audit carried out under sub-section (1)."

What is so different about that and about the present Constitution and Financial Rules...

Hon. H. B. St. JOHN: On a point of order, Sir, the Honourable Member has left out a very important point:

"20. The Corporation shall, within 4 months after the end of each financial year, or within such longer period as the Minister allows, submit to the Minister

- (a) a copy of its annual statement of accounts duly certified by the auditor, and
 - (b) a report of its operations during the preceding year.
- (2) The Minister must, as soon as practicable after receiving a certified copy of the annual statement of accounts of the Corporation and the report referred to in subsection (1), lay a copy thereof before Parliament, and a copy thereof must in each case be published in the *Official Gazette*."

Hon. D. J. H. THOMPSON: Mr. Speaker, what does this Bill say? Let us read it because he obviously has not read it.

- (1) "The Accountant-General shall prepare quarterly reports of the accounts and economic activity of the Fund and shall deliver the Reports to the Minister of Finance not later than twenty one days following the end of each quarter.
- (2) The Minister of Finance shall, as soon as practicable after receiving a report referred to in subsection (1), cause a copy to be laid on the table of both Houses."

That, together with the Financial Administration and Audit Act and the Constitution, puts a greater obligation on the administrators of this fund than exists in relation to funds which are normally established. It is the height of legal ignorance, Mr. Speaker, for anybody to come in here quoting liberally from the Constitution as if that person is

an expert talking about people bringing - let me get the words - "sloppy legislation, departure from concept by Government, Constitutional issues arise, public accounts issues and issues relating to the economy, as a whole." All of that was said.

We have not altered, in any respect, any of the existing legislation that applies in relation to the establishment and operations of this fund. Section 107 makes it clear that revenues should be paid into the Consolidated Fund, subject to the provisions of any law for the time being enforced in Barbados. We have made a separate law.

It also goes on, Mr. Speaker, Section 113 that there is an Auditor-General, the job of the Auditor-General is to audit the accounts of the Supreme Court, the Senate, the House of Assembly, all departments and offices of the Government. I read the same English language as the Honourable Member for St. Peter, I am putting the average man's interpretation on that language. I am putting what the man on the Rendezvous bus...

Aside,

'Hon. D. J. H. THOMPSON: That interpretation. Not the Clapham omnibus, the man on the Rendezvous bus.

Aside.

Hon. D. J. H. THOMPSON: The man on the Society bus or the Grazettes bus. I am applying the standard of the man on the Grazettes or the Society bus. I am certain that if he read that he could not come to the conclusion that the Honourable Member for St Peter carae to. It does not require any legal interpretation. It is simple, that Members of the Opposition are seeking, as usual, to try to create an impression in this country that this Government is seeking to establish an underhand fund, mind you a fund that they called to be established, to secrete monies, develop some kind of slush programme where the Minister can say how money is to be spent and that the boys in Bay Street, Mr. Speaker, are about to rape the Treasury of this country in one form or another.

As I have said, Mr. Speaker, they can say that on the platforms too. Let them carry it out there. I know the Honourable Member for Christ Church South. I want him to repeat all that he said in here. He can do that out there. This is an unbelievable debate in that regard.

The Honourable Member for Christ Church South said the House will no longer have control other than by Parliamentary Questions. That we have set up a fund and the House has no control, even though I read to him what is required, that the Reports must be laid. He said the

only control that we have is by Parliamentary Questions, that it provides no safeguards for reporting to Parliament. That is what the Honourable Member for Christ Church South said. Then he said suppose the Accountant-General carries away the funds?

Mr. Speaker, I am going to refer him to Section¹³, 18 and 26 of the Financial Administration and Audit Act. The Director of Finance in Barbados has power to surcharge people who carry away money, even before they go to court he has that power, when there are criminal penalties which apply. The Honourable Member for Christ Church South said when would the Minister know that the money got carried away. I would like to know when they found out that the BMC money got carried away, the Transport Board, all the money that got carried from all of these Government departments over the years? When does the Minister find out normally? I do not know because they never carried away any under my responsibility. I know some people believe that the \$71 million in reserves got carried away. I want to let them know that no money is missing. There has been a decline in the reserves. No money has been stolen. But there are people out there who believe that somebody went in the Central Bank vault and took up \$71 million and walked away with it and that, as a result, I said I am not going to lose any sleep over that. Do you know that, Mr. Speaker?

I am saying to you that the Laws of Barbados apply in respect of this fund, even more rigorously than they would apply in respect of a below the line account. I do not understand the kind of criticism that I have heard in this debate. Because I thought that it made sense to have not a flexible arrangement for accountability but certainly a flexible arrangement for how we determine what investments this fund should make on behalf of the people of Barbados. But I want to say that if Honourable Members feel...

Aside.

Hon. D. J. H. THOMPSON: I feel so. I did say it has more flexibility. If Honourable Members feel that Parliament should approve every investment, I am not going to quarrel with that. I do not think it would be workable. But if in the interest of accountability that is the direction that we may have to take well maybe. But it does not make sense to me. We have to understand that there are only so many kinds of investments that a sensible Minister of Finance would make this money available for, and the Honourable Member for St. Peter has pointed them out. He knows what they are.

We are not going to invest in the duty free sector. They have sufficient money for that. The investments that we need are in the small hotels refurbishing, small

business, enhance tourism facilities and other kinds of capital development which would increase capital formation and wherever possible joint ventures with the private sector where they can match the resources of Government. This is no surrender to market forces.

Aside.

Hon. D. J. H. THOMPSON: The Honourable Member for Christ Church South seems to feel that we have surrendered. We have not surrendered. The privatisation programme is on track. The sale of the assets has taken longer than I would have liked. I would have liked to have the revenue in much earlier. It certainly would have eased the strain which Government faces particularly in relation to its normal financing operations and it would also ease the requirements for transfers to statutory corporations. All of those are compatible with the exercise in stabilisation and restructuring.

I believe that this fund will make an appreciable difference. I think we need to have a time horizon for it where we agree that the assets that we sell and the investments that are made are made over a specific time period and there will be mobilized domestic resources in Barbados for more investment.

Contrary to what anybody says, the figures do show both in terms of inflows into Barbados in relation to foreign exchange - because we are only talking about the loss of reserves - I am certain that the Honourable Member for St. Peter has read those tables carefully and he knows that there have been major inflows from foreign sources, private inflows into Barbados for a range of developments in recent times in respect of golf courses and that kind of thing and there will be more domestic investment. But we are financing an adjustment programme without access to major foreign exchange resources. I keep making that point. Because of that it is anticipated that you are going to have a decline in relation to your reserves because as economic activity picks up in whatever sector, particularly in those which are major foreign exchange users you are going to have an increased call on those resources and there is no need to panic. 5.40 p.m.

We anticipate that we can carry out that programme in collaboration with the financial institutions both private and also the international financial institution and I would be happy if we can. But we have to be prudent and we have to call on people to be sensible in relation to investment in Barbados.

The Honourable Member for St. Peter raised the issue and I said the decline of reserves was normal at that time of year. I was not referring to the \$71 million. I was

making the point that it is normal for there to be a decline. We do not need to panic people into taking positions, Mr. Speaker, about this economy that are going to be subversive of our own long-term interest. And that is one of the problems that we have in the economic debate, whether it is privatisation or debate on the reserves, many of the debates that take place, there are knowledgeable people in Barbados who are not bringing to public debate the experience, the ability and the understanding that they have. Therefore what is happening is that people can draw all kinds of strange analogies from out of New York and elsewhere, splash them on the front of the newspapers in Barbados, analysing economic issues and the people in Barbados who have the expertise and the ability are those of course, and I do not listen to all of them, but there are those who one can safely listen to. In fact I believe if there is one thing that the Honourable Member for St. Peter and I are *ad idem* on is who to listen to at Cave Hill. He and I are *ad idem* on who you should listen to. I believe a lot of people listen to him and I do not fault him for any of the positions he has taken in respect to the issue of the reserves, but I fault some of the people out there who do not understand why moral suasion should be applied and why we are all in this boat together.

That is the point that needs to be made, that we need to have informed commentary about privatisation. We need to have informed commentary on all of the economic issues which are facing the public. However I do not ask for any quarter, Mr. Speaker, and will give none in relation to these issues. We also need to be frank with the public.

I anticipate that there will be support for the privatisation programme as long as it puts assets in the hands of a wider class of Barbadians. That is not going to be possible with every asset we divest. There are going to be some assets which we are simply not going to have the workers purchase them because they simply cannot raise the financing for the purchase nor can they get the equity. One would hope that as the programme accelerates that the credit unions, the workers organisations, the workers themselves, individuals, communities will take a share and an interest in the privatisation programme and this will enhance domestic investment and help the Barbadian economy grow and employ more people and take us into the 21st Century. Thank you, Mr. Speaker.

The question that the Bill be read a second time was put and resolved in the affirmative, the Opposition voting No.

On the motion of Hon. P. M. GREAVES, seconded by Hon. B. M. TAITT, Mr. SPEAKER left the Chair and the House went into Committee on the Bill, Mr. L. L. BRATHWAITE in the Chair.

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 to 4 were called and passed.

Clause 5 was called.

Hon. D. J. H. THOMPSON: I beg to move that Clause 5 stand part.

Hon. W. O. FRANKLIN: I beg to second that.

Mr. O. S. ARTHUR: Mr. Chairman, Sir, Clause 5 addresses the purposes of the Fund and I would like to propose an amendment in the nature of an addition to the purposes now presently stated in the Fund. It is true, Mr. Speaker, that one of the greatest problems arising from privatisation is the reabsorption of people laid off, back into the labour force. It does not happen naturally, Sir, and it can only happen if provision is made for those persons laid off from state enterprises to be retrained and ought to have access to some form of seed capital to assist themselves in establishing ventures. I really believe that if we are to avoid the mistakes of other countries that where we are designating the purposes to which the Funds should be put it ought to be made clear that some of these proceeds should be earmarked, not only to finance investment projects or rehabilitation of hotels, but that some of these funds should be earmarked

Aside.

Mr. O. S. ARTHUR: I want to see privatisation in Barbados, Sir, have a human face. People are being laid off from state enterprises, Sir, on the assumption that the private sector is going to absorb them without the recognition that they can only very often get absorbed in the labour force if they are retrained or if they have access to some kind of seed capital to allow them to start new businesses.

I believe that if there is going to be a fund issuing from the sale of public enterprises that it should be clearly stated that some of these funds should be used to retrain persons laid off from state enterprises as well as to function as seed for such persons, Sir. I do not think that is in conflict with any policy. It is consistent, Mr. Chairman, as far as I am concerned with the need for us to mitigate and minimise the cost to people ensuing from structural adjustment in the country and without it I believe, Mr. Chairman, this whole exercise is going to be sterile. Earmark some of these funds that if people are laid off they can have access to a source of funds for retraining and to start businesses of their own and I think the Fund will have a greater social, financial and economic purpose if it is so conceived and so structured. A suitable form of words, I am sure, Sir, could be devised to capture the point I am making.

Hon. D. J. H. THOMPSON: Mr. Chairman, I think that the Honourable Member for St. Peter would be familiar with modern definitions of the word investment which could include investment in human capital by way of retraining and that kind of thing. I do not think that you should seek to limit it. If you look at Clause 2 (2), you would see that the Act shall be given such fair, large and liberal construction and interpretation as would best ensure the attainment of its purposes. The point which the Honourable Member for St. Peter makes is a valid point not to be dismissed, but I believe that it can be adequately addressed by way of the purposes as set out at Clause 5 and will undertake that it will be addressed by that methodology. 5.50 p.m.

Clause 5 was passed.

Clause 6 was called.

Hon. D. J. H. THOMPSON: I beg to move that Clause 6 stand part.

Hon. H. B. St. JOHN: There was a lot of talk in here about the "below the line" accounts and the precedence in established funds that were created by previous legislation. I beg to move that Clause 6 be amended by the addition of the words after the word Accountant General, "under the control and direction of the Minister". Those words should be added.

Aside.

Hon. H. B. St. JOHN: Now you hear, Sir, that we cannot do this and we cannot do that. On December 20, 1972 the Training Fund was created in Barbados and the Act very clearly sets out the following words:

"There is established under the control and management of the Minister a Training Fund into which shall be paid all monies which at the commencement of this Act stand to the Training Fund, all monies which represent repayment after the commencement of this Act of any loan interest, all monies provided by Parliament for the payment into the Fund".

Secondly, Sir, Clause 4:

"There is establishment under the control and management of the Minister a Training Loan Fund."

Now Sir, it is very clear in Clause 6 as follows:

"The Minister may make regulations prescribing anything by this Act required to be prescribed and

generally for the purpose of carrying out the objects of this Act".

Therefore, Sir, all we are trying to do is to make it abundantly clear that in this Act they say the Fund is to be administered by the Accountant General in accordance with what. The only thing he could be directed to do under the terms of this Act would be to administer the Fund in accordance with Clause 5 and that is:

- (a) to defray the cost associated with the sale of an enterprise or an interest in an enterprise;
- (b) to finance specific investment projects;
- (c) to finance the repayment of any public debt; and
- (d) to defray the costs incurred in the administration of this Act.

The Accountant General, as the administrator, can only administer within the walls of the Act and that is the purpose. I particularly used that precedent in 1972 because there cannot be any doubt as to who passed that, Sir. As I looked at this Act, Sir, right down to Clause 10, there is not even reserved a power for the Minister to make regulations nor is there any power anywhere.

Aside.

Hon. H. B. St. JOHN: Well, all right I will finish then.

Hon. B. M. TAITT: Mr. Chairman, Sir, this is fascinating. The proposal he has made, Sir, is not one that will be resisted because it just enhances the position that in the view of the draftsman is already there. But if he wishes to put it in, we can put it in. Sir, it shows the inconsistency of the Opposition. That Opposition is constantly giving the public the impression as they operate that Ministers are not to have any say and that Ministers are looking for power. Now they come in here and they are now saying to put in some power for the Minister.

Mr. O. S. ARTHUR: On a point of order, Sir. The Member is misleading the House. All the Opposition has called attention to is Ministers arrogating to themselves powers that are not given to any legislation, Mr. Chairman, and that is all what this Opposition has spoken to.

Hon. B. M. TAITT: So the amendment has come from out of the blue, Sir. It does not apply to them. The Honourable Member now is saying that. The words are here. He wants the Minister to be specifically mentioned as having the power of management and he may very well

be right. I have no quarrel with that because the system of Government which we have is a Ministerial system. But I am not discussing this in the context of its being wrong. I am discussing it in the context of the inconsistency and, Mr. Chairman, I am not even sure if it is not hypocrisy of the Opposition.

Hon. H. B. St. JOHN: Sir, I spoke and I want to say that there is a vast difference.

Hon. B. M. TAITT: I withdraw that statement.

Hon. H. B. St. JOHN: No, I do not want you to withdraw anything. There is a vast difference between a piece of legislation specifically setting out what the Minister's powers are and what a Minister like the Honourable Minister does in giving specific directions and indulging in specific activities in relation to a Board which is a separate legal entity. These are two different things. One is the act of lawlessness and the other is acting within the law. They are two completely different things. There is nothing in the suggestion put forward other than to make it abundantly clear that in the reality of the situation the Minister is the person who is responsible for the matters of policy. There are three phraseologies you can use. You can use the phraseology subject to general directions like you have in the Barbados Development Bank Act, also like you have in the 1972 legislation of the Training Fund where you say that it is under the management and control, or like you have it in the Tourism Development Corporation or indeed the St. Joseph Hospital Act in which you specifically say that you create a statutory corporation which is a separate body corporate and you restrict the activities of the Minister. You say that you cannot delegate the functions.

Aside.

Hon. B. M. TAITT: Mr. Chairman, Sir, he made a speech which is all right. But one of the things that he left out was ignorance. The Honourable Member and a number of people who are like him go around this country parading and giving people the impression that they are the repository of the last ounce of knowledge on law and mislead the public constantly. The Honourable Member is guilty of bluffing constantly, Sir, on law. 6.00 p.m.

I say categorically that that Honourable Member for Christ Church South bluffs people on law constantly. He puts it in the record publicly and privately. He is a bluffer. He knows it is true. The Honourable Member for St. Peter does not understand "bluffer". He thinks it is abuse. It is not abuse. The Honourable Member as a lawyer understands bluffing. He does it all the time. So don't give the impression that he is some "gorillaphant" in law.

Now, let me show you what I mean, Sir. The Honourable Member...

Asides.

Hon. B. M. TAITT: Don't mind you jumping up and down. This is not something concerning you.

Mr. CHAIRMAN: Now, I think we will also recognise that we are in Committee and we need to have some order.

Hon. B. M. TAITT: Let me tell you, Sir, what I mean. The Honourable Member just got up and said...

Asides.

Hon. B. M. TAITT: The Honourable Member for Christ Church South talks about, comes in here and gives the impression...

Asides.

Hon. B. M. TAITT: Sir, this amendment talks of "the funds shall be administered by the Accountant General." But he says, "No, no, no. You have to put it under the control and direction of the Minister."

Now, Sir, it is tautologous in many respects. The Accountant General by definition falls under - he is different from the Auditor General - a Minister. There is ministerial direction of every civil service position in the Constitution of Barbados and those Honourable Members over there will not let the people know. Except for the Member for St. Joseph. In fairness to the Member for St. Joseph, he has always understood and articulated the Constitution in regard to the public position. But the others... The Honourable Member for St. Peter makes honest mistakes. He passionately believes even though he is ignorant of the issues. He passionately believes what he believes and I have no quarrel with the Honourable Member but the legally trained persons over there have been deliberately and with malice misleading the population.

Asides.

Hon. B. M. TAITT: I will withdraw "with malice", Sir. They have been giving the impression to the public.... Here is an Honourable Member who gets up and imports into an Act the ministerial power which already exists. In 1972 when they were drafting they would have drafted it because that was the level of knowledge, of their understanding. In 1993 you don't have to put in the words which import the power of a Minister in ministerial government.

Asides.

Mr. CHAIRMAN: Will the Honourable Member for St. Peter recognise that the Chair calls for order? The Honourable Member for St. Peter is ignoring the Chair.

Hon. B. M. TATTT: There are many levels of dishonesty and the Honourable Member for St. Peter knows them well. He can recognise them.

Mr. O. S. ARTHUR: I am now asking for those remarks to be withdrawn and struck from the record.

Mr. CHAIRMAN: Honourable Member for St. Peter. I have been asking you to...

Mr. O. S. ARTHUR: ... that I know levels of dishonesty well, Mr. Chairman.

Mr. CHAIRMAN: Will the Honourable Member give way? The Member is on a point of order.

Hon. B. M. TATTT: Mr. Chairman, Sir, Sorry, the Honourable Member for St. Michael South East is like the Honourable Member for St. Joseph. Legally trained as he is, he does not make these kinds of errors either.

Mr. CHAIRMAN: I have a little difficulty in recognising the discussion under Clause 6,

Asides.

Mr. CHAIRMAN: The point I am making is that an amendment was proposed to Clause 6 and it was not seconded as far as I recall.

Mr. O. S. ARTHUR: I seconded it.

Hon. B. M. TAITT: He seconded it, Sir, but it is a proposal and we can discuss it.

Asides.

Hon. B. M. TAITT: May I proceed? The only point I am making is that there is a level of inconsistency where on the one hand...

Mr. CHAIRMAN: I will hear the Honourable Member for St. Michael West alone.

Hon. B. M. TAITT: I am saying that the proposal here to put into an Act something that is obviously contrary to the attitude which has been taken in recent times by the Honourable Member for Christ Church South on this particular area of what he likes to call "accountability". It is -inherent in the system that we have that a Minister must

give direction on all policy matters and I will go on to say that with regard to the statutory boards that foolishness has been put abroad as well and has been taken up by a number of persons.

The Honourable Member for St. Thomas in a private conversation admitted to me that that principle...

Asides.

Hon. B. M. TAITT: Yes. It has to do with this. We are discussing Law. That is what we are discussing. Section 5 has been offered as a manner of drafting, that section 6 be changed in order to produce what for the Honourable Member is a pristine requirement for accountability in this piece of legislation because he says it does not exist. That is what we are discussing.

He says that if there is going to be a slush fund he wants to know that it is the Minister who is administering the slush fund. Maybe in anticipation, that is what he may be saying. But the point I am making is that in this context the Honourable Members must be clear as to what it is they want to put forward. I sit here and I listen. I don't always participate. I listen very carefully. I am saying that we could probably agree to the amendment.

Asides.

Hon. B. M. TAITT: Well, I am following in noble footsteps. You see, that is part of the problem. There are those who by keeping quiet give the impression of being deep. They keep quiet believing that somewhere along the way if you keep quiet people will believe you are deep. Some of us will utter what we think and from time to time may even be wrong.

Asides.

Hon. B. M. TAITT: But the times I am right I am very right. I am getting off because you have been giving people the impression in your innuendos even in this piece of legislation that there is some kind of slush fund that is being created and I say it is a travesty for anyone to be suggesting that a piece of legislation which calls for the Accountant General to administer can be a slush fund.

The question was put that clause 6 as amended stand part and agreed in the affirmative without division. 6.10 p.m.

Clauses 7-10 inclusive were called and passed.

The Schedule was called and passed.

On the motion of Hon. D. J. H. THOMPSON, seconded by Hon. M. A. KING, Mr. CHAIRMAN reported

His Honour, Mr. SPEAKER, the passing of one Bill with amendments in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. J. H. THOMPSON, seconded by Hon. M. A. KING, the Bill was read a third time and passed.

ADJOURNMENT

Hon. P. M. GREAVES: Mr. Speaker, that brings us to the end of Government Business for today. I am going

to move that this sitting be adjourned until Tuesday, December 7, 1993 at 12 o'clock noon.

Hon. B. M. TATTT: I beg to second that.

The question that the House do now adjourn until Tuesday, December 7, 1993 at 12 o'clock noon was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 6.15 p.m.

CONTENTS

MINUTES

Hon. P. M. GREAVES..... 4011

Confirmation of Minutes of the Meeting of Tuesday, 9th November, 1993.

PAPERS

Hon. D. J. H. THOMPSON..... 4011

1. Report of the Accountant General for the Financial Year 1992-93.
2. The Annual Report and Statement of Accounts of the Insurance Corporation of Barbados for the year 1992.

FIRST READING OF BILLS

Hon. P. M. GREAVES 4012

1. Bill to amend the Barbados National Bank Act, Cap. 322A.
2. The Mercenaries (Convention) Bill, 1993.

SUSPENSION OF STANDING ORDERS

Hon. P. M. GREAVES.. ;.. 4012

Suspension of Standing Orders 6, 16, 18, 20, 42(5), 43 and 44 for the remainder of the Sitting.

GOVERNMENT BUSINESS

ORDER NO, 4 - THE PUBLIC ENTERPRISE INVESTMENT FUNDS BILL, 1993

.4012

Hon. D. J. H. Thompson, 4012; Mr. O. S. Arthur, 4018, 4044; Hon. H. B. St. John, 4024; Mr. D. A. C. Simmons, 4027; Hon. M. A. King, 4029; Mr. DeL. O. Bradshaw, 4031; Mr. H. A. Blackman, 4035; Hon. B. M. Taitt, 4045.

SUSPENSION....., ...4024

ADJOURNMENT..... ,4048

Hon. P. M. Greaves, 4048.

SPEAKERS IN THIS ISSUE

ARTHUR, Mr. O. S. (St Peter) BLACKMAN, Mr. H. A. (St Philip South) BRADSHAW, Mr. DeL. O. (St. Michael South East) GREAVES, Hon. P. M. (St. Michael North) KING, Hon. M. A. (Christ Church West Central) St JOHN, Hon. H. B. (Christ Church South) SIMMONS, Mr. D. A. C. (St. Thomas) TAITT, Hon. B. M. (St. Michael West) THOMPSON, Hon. D. J. H. (St John)