

THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1994 - 99

HOUSE OF ASSEMBLY

Friday, August 8, 1997

Pursuant to the adjournment, the House of Assembly met at 11.15 a.m. on Friday, August 8, 1997.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed. (Speaker)
His Honour R. D. MARSHALL (Deputy Speaker)
Rt. Hon. L. E. SANDIFORD, B.A., M.A., (Econ.),

J.P.

Hon. H. deB. FORDE, Q.C., M.A., LL.B.

Mr. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B.
(Hons.)

Rt. Hon. O. S. ARTHUR, M.Sc. (Econ.), (Prime Minister, Minister of Finance and Economic Affairs and Minister for the Civil Service)

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

Hon. D. J. H. THOMPSON, LL.B. (Hons.) (Leader of the Opposition)

Sir HAROLD St. JOHN, Q.C., LL.B.

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

Hon. Miss B. A. MILLER (Deputy Prime Minister, Minister of Foreign Affairs, Tourism and International Transport) (Leader of the House)

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

Mr. J. O. TUDOR, J.P.

Hon. G. W. PAYNE (Minister of Public Works, Transport and Housing)

Hon. R. C. EASTMOND, J.P., B.A. (Hons.), Dip. Ed., LL.B. (Hons.), L.E.C. (Minister of Agriculture and Rural Development)

Dr. R. C. HAYNES, M.B., Ch.B., F.R.C.P. (Edin.)

Mr. D. CARTER

Hon. R. N. GREENIDGE, B.A. LL.B., (Minister of Labour, Community Development and Sports)

Mr. G. A. CLARKE, B.Sc., Dip. Ed. (Parliamentary Secretary, Ministry of Public Works, Transport and Housing)

Mr. J. M. EDGHILL

Mr. F. J. STUART, B.A., LL.M.

Mr. W. C. C. CALLENDER, J.P., B.A., Dip. Ed., B.Sc. (Chairman of Committees)

Mr. H. F. LASHLEY

Hon. R. St. C. TOPPIN, LL.B. (Minister of State, Ministry of Foreign Affairs, Tourism and International Transport)

Mr. D. St. E. KELLMAN

Hon. Miss H. E. THOMPSON, LL.B. (Minister of Health and the Environment)

Hon. Miss M. A. MOTTLEY, LL.B. (Minister of Education, Youth Affairs and Culture)

Mr. C. A. MASCOLL, B.Sc. Econ. (Hons.), M.A. (Public Finance).

Prayers were led by HIS HONOUR the SPEAKER.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Friday, July 27, 1997.

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to move that the Minutes of the Honourable the House of Assembly of its meeting of Friday, July 27, 1997, which Minutes have been circulated, be taken as read.

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

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

I also include the Minutes for the 22nd because those Minutes had been postponed.

Hon. Miss B. A. MILLER: I am advised, Mr. Speaker, Sir, that the Minutes of the proceedings of the Honourable the House of Assembly of its meeting of July 22, 1997 have been circulated and I would move that they be taken as read.

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

PAPERS

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am commanded to lay:

The Duties, Taxes and Other Payments (Exemption) (No. 13) Order, 1997;

Annual Report and Financial Statement of Accounts for the Barbados National Bank for the year 1996.

Hon. G. W. PAYNE: Mr. Speaker, I am commanded to lay the Annual Report of the National Housing Corporation for the financial year 1996-97.

GOVERNMENT NOTICES

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to give notice of a Resolution to approve the compulsory acquisition of land at Lower Burney in the parish of St. Michael for housing development and further I beg to give notice of the Regional Security System Bill, 1997.

FIRST READING OF BELLS

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to move that the Regional Security System Bill, 1997 be read a first time.

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

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

SUSPENSION OF STANDING ORDERS

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the rest of this day's Sitting.

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

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

GOVERNMENT BUSINESS

ORDER NO. 3 - BILL TO AMEND THE COMPANIES ACT

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the matters before the House involving amendment to the Companies Act, Cap. 308 and the accompanying regulations to create procedures to govern takeovers made under section 195 of the Companies Act, are timely because of certain developments involving attempts to take over companies in Barbados; but they would have been necessary in any event because of important developments in the regional, the international and; dare I say, the national economy.

I believe that we have to set these important measures, not just within the context of the need to have clear rules governing takeovers of business in Barbados, but to understand them within the context of our efforts to participate in a regionalised economy and also to understand them within the context of our efforts to position Barbados within the context of a changing global economy.

Even as I speak to you, Mr. Speaker, a determined and irreversible effort is being made to create a single market and a single economy in the Caribbean and to have the major elements of that single market and single economy in place by the year 1999. I say irreversible, because unless we build a single economy in the Caribbean where rules governing the movement of capital are known we will not have the basis for participation in the wider international economy where we will have to enter agreements governing the international movement of capital free of restrictions. So we cannot turn back.

As I speak to you, the effort to create a single market and single economy has already taken the form of the creation of a Protocol 1 which substantially changed, for the first time, the organs of CARICOM to make a single market possible. We changed the voting powers but, more importantly, we have changed the organs of CARICOM by creating a Council of Ministers of Finance and Planning so that integration can have less of a trade focus and more of the focus involving capital market transactions and the like. In that respect, the first meeting of the new CARICOM Council of Ministers of Finance and Planning, which will try to give some direction to regional economic policies, is scheduled to take place in Barbados on September 5 of this year.

Beyond that, Mr. Speaker, the House will be aware that the Heads of Government recently agreed to a

Protocol 2 which for the very first time created the conditions under which rules governing the movement of capital in the region were known and that the region committed itself to a new set of arrangements whereby rules governing the provision of services and the rights of establishment of companies were laid out.

We are therefore working in CARICOM to create an environment within which capital can move freely in the region, where the rights of establishment of enterprise should be well defined, where there should be non-discrimination by respective territories as regards to capital originating from the region operating in their respective companies and the like.

To add to that, Mr. Speaker, there is an ongoing project in the nature of a harmonisation project to harmonise the development and the operation of regional markets and, more particularly, there is a project to harmonise the standards pertaining to the operation of Stock Exchanges so that there is no possibility; and I want to make this point clear, of our reversing these developments.

The development of a regional capital market, the harmonised functioning of a regional stock exchange, are crucial to the evolution of a regional economy because we must allow capital to move freely in this region and we must, through capital market development, allow companies of a critical mass capable of competing regionally and globally, to evolve. Those persons who wish the Government of Barbados to put protectionist fingers in the dykes to hold back the waters of progress are going to be seriously disappointed. I start this address to this House by making that point.

This debate also has to be set in the context of what we can expect globally. The Caribbean is going to have, beginning 1998, to participate in important international negotiations to enter important trade pacts that will restructure its economies and restructure its relationship with the global economy well into the 21st century.

The new, multilateral, economic negotiations are not only in the nature of trade arrangements. All of the negotiations will include the negotiations of arrangements for the movement of capital, for negotiations like environmental standards, labour standards and the like. We simply have to understand that we will come to operate soon in a new world where provision for the unrestricted movement of capital is made and where countries will be expected to accord foreign capital similar treatment to that accorded to companies operating in the domestic economies.

It behoves us, Mr. Speaker, to look to the functioning of our own capital market and stock exchange and to make such changes as are deemed necessary to bring us in line with these regional and international developments. I may also say, Sir, that Barbados has recently benefitted from 2 sets of restructuring: restructuring engineered by Government in the nature of macro-economic adjustments, trade reforms and the like and the country has also experienced a lot of restructuring of its corporate sector.

Many of our major companies have re-engineered themselves and have come out of this experience as stronger companies, more profitable companies, capable of becoming more competitive, and by that reason, companies that become attractive to those who may want to use the expedient of takeovers to diversify or otherwise to strengthen their own corporate systems.

This matter is relevant not only because of a few cases of a controversial nature before the securities and Stock Exchange. These provisions are necessary for us to bring order to a Stock Exchange where trade transactions in the nature of takeover bids are likely to become a feature of the future.

I must say that the measures are urgent because they are intended to correct deficiencies. Takeovers are a common practice in the affairs of the corporate world. In some respects, they are prompted by the determination of companies to diversify and a take-over of an existing company can be a popular and effective way of enabling a company to diversify the goods and services that it will want to sell.

Takeovers can also be used beneficially to establish synergies to the benefit of the economy between different parts of the corporate economy. For example, a company that has strength in distribution may find it desirable to take over the assets of a company that has strengths in production with the resulting benefit being that the strength of the distributive part of the company is added to the strength of the production company. As a result, a stronger company evolves which is greater than the sum of the two.

Takeovers are also profiting when, because of conservative business practices or other practices, companies which are valuable find their shares undervalued and people have an incentive to buy the assets of very profitable and well organised companies at bargain basement prices.

I will come back to that matter because the House would be aware of the recent CANA Business Report in the most recent issue of CANA which has in part established that the companies listed on the Barbados Stock Exchange are severely undervalued and that

the undervaluation of the stocks in Barbados is in fact going to drive a desire on people who have wealth to want to take them over.

Mr. Speaker, takeovers are an ordinary part of normal business practices. Some are prompted by quite proper considerations to build strong corporate systems; others are prompted by predatory and mercenary motives and it is left to the companies that are threatened with these hostile takeovers to find sensible ways of defending themselves.

What must be done, Mr. Speaker, Sir, is that the persons responsible for the administration of stock exchanges must ensure that efforts to effect takeovers are conducted in accordance with certain well known and desirable practices and principles. For example, in the process of a takeover taking place it is a basic principle that the best practice is that all shareholders should be given sufficient evidence, all the pertinent facts and opinions upon which they can make an adequate judgment and reach a decision as to whether they should allow their shares to be sold or not. All shareholders should also be given sufficient time to make an assessment of the information provided to them and to reach a decision.

It is equally important that for takeovers to be legitimately exercised every endeavour should be made to prevent takeovers taking place within the context of a false market where the information about the value of the shares is not free, full and appropriate to the circumstances. 11.40a.m.

Another very important principle, Mr. Speaker, in the determination of the best practices for takeover, is that all shareholders of the same class should be treated equally by persons offering to buy the shares; a consideration that some people who have recently been involved in attempts to take over companies in Barbados seem not to have been aware of.

Persons responsible for the administration of the affairs of the companies which are to be taken over, and for the companies which want to take over, have a responsibility to furnish information, not to some shareholders but to all, and equally, Sir, to offer the same price offered to any one shareholder to all shareholders.

If those kinds of practices are obtained, then we have nothing to fear from takeovers but if takeovers are to take place in the context of limited disclosure of information, if it is to take place in camera, and in a vacuum, if some shareholders are to be provided with some information and not others, if a price is being offered to one set of shareholders and not others, if shareholders of the same

class are treated in a discriminatory fashion, then there is something wrong with those practices and we will obviously have to change them.

Recent practice in Barbados, Mr. Speaker, suggests that those who have tried to become involved in shareholdings have followed, not the best practices, but the worst possible practices. This legislation before the House is intended to correct this matter.

Sir, let me come to the specific matter before the House. We are attempting to deal with amendments to the Companies Act. The Companies Act between sections 185 and 196 has existing provisions in law to deal with takeover bids, but it is obvious, Sir, that those provisions established in existing law are totally deficient.

A take-over does not only occur, Mr. Speaker, when an entity seeks to acquire all of the shares in another company. It occurs, in effect, when an entity seeks to acquire a controlling interest in another company. Our existing legislation is so drafted that under section 185 of our Companies Act, a takeover is said to take place only when an entity seeks to take over all the shares in an existing company. What happened recently when a company was interested in taking over a controlling interest in an existing company, but not all of the shares, in essence was a bid to take over. Under our existing law we would have been powerless to use the existing Companies Act to regulate that transaction.

The existing amendment to the Companies Act is intended to fundamentally reform that situation by changing the very concept of takeover from one where it pertains to a situation where an effort is being made to take over all the shares of a company to one, in essence, where an effort is being made to take over a controlling interest in a company.

As a result, Sir, the specific amendment to section 185, the first amendment, is amending the definition of a take-over so that a take-over bid can be deemed to have taken place where an offer is made to one or more shareholders to enable the person making the offer to acquire shares amounting to more than 25 per cent of any class of issued shares of the offering company.

Essentially, Mr. Speaker, what the legislation is saying in simple language is that if an offer is* made to acquire more than 25 per cent of the shares of any class of issue of shares of a company that a takeover bid should be said to be in effect.

The definition of the take-over in this respect required a consequential adjustment in the existing section 186 of the Act. As I said, Sir, the existing legislation states that

a take-over bid takes place where somebody tries to buy all the shares in an existing company. Section 186, as it presently stands says that if a take-over bid is accepted by not less than 90 per cent of the shareholders of any class, then the owners of the remaining 10 per cent have 120 days within which they have the option to sell their shares.

The new provision is made necessary because, with the new definition of the take-over bid, we now have to re-define section 186. What the new section 186 is saying is that if within 120 days after an offer is made to take over all of the shares, not just a takeover bid but a takeover bid involving the takeover of all of the shares and the bid is accepted by not less than 90 per cent of the shares of any class of shareholder, the person taking over 90 per cent of the shares may acquire the shares held by the dissenting offerees.

It is, in a sense, Sir, in the nature of a forced out provision. It is recognising that you can have two sets of arrangements now, a takeover involving in excess of 25 per cent of the shares, but it is also making provision for the circumstance where somebody tries to take over all of the shares of a company and to say that if 90 per cent of the shares are taken over, then the persons holding the other 10 per cent have within a specified time to agree to their shares being sold.

The other aspects of the amendments before the House make provision for application to be made to the court in the event that those persons whose shares are the subject of the take-over bids feel aggrieved or disadvantaged by the regulations. The additional amendment to the Bill makes provision for the Minister after consultation with the Securities Exchange to make regulations pertaining to the take-over bids provision.

Mr. Speaker, I have said that the amendment to the Companies Act in respect of sections 185 and 186 have to be read in conjunction with the regulations that are being made under section 185. The two go hand in hand. As I said, we are re-defining the notion of take-over but simultaneously we are introducing new regulations to bring clarity, to bring new rules governing the procedures that must obtain in circumstances where a take-over bid is to be effected in Barbados.

I would urge all Members, Mr. Speaker, and all persons interested in becoming involved in take-over transactions, to become fully conversant with the Regulations under section 195B of the Companies Act because they are as crucial as the amendment in the legislation itself.

I would like, Mr. Speaker, to briefly take the House through some of the most important aspects of the Regulations to the Act. The Regulations to the Act first of all make a distinction between a formal offer take-over bid and a market purchase take-over bid. It is recognising, Mr. Speaker, that a takeover of a company can be made by way of purchases through the market and it sets restricted definitions to ensure that if a take over is to be effected by purchases through the market that once the 25% limit is reached that the take-over bid regulation is going to be triggered. It also recognises that a formal offer take-over bid can be made by means of the purchase of shares of any company which is the subject of a take-over bid, not by purchase through the market, but by the issue of circulars to shareholders for the purpose. The regulation therefore goes on, Mr. Speaker, to establish very precise set of rules that would ensure full disclosure of information, total transparency, and that would enable the principles governing takeovers to apply, namely, that all shareholders should have access to full comprehensive information, that all persons in the same class of shareholders should be treated in a similar way and that the company seeking to purchase as well as the directors who are involved in the administration of the affairs of the company will have the onus to make very pertinent information available to the shareholders themselves. 11.50a.m.

Part 2 of Regulations, Mr. Speaker, set out very clearly that a company making an offer to take over the shares in another company must send out a take-over bid circular to every shareholder and that this take-over bid circular must contain a comprehensive set of information about all aspects of the structure and functioning of the offering company. More to the point, Mr. Speaker, I want to read this for the benefit of the House - 'Item L' of that section dealing with what must be contained in the take-over circular. It is clearly stipulated that "if a purchaser of a take-over bid is to acquire effective control of the business of the offering company, it must disclose to the shareholders any plans or proposals that the offerer has to liquidate the offering company, to sell, lease or to exchange all or substantially all of its assets or to amalgamate it with any other company or to make any other major changes in its business, its corporate structure, its management or its personnel."

Mr. Speaker, I will come back to that because it is going to have a bearing on some comments that I will have to be making but I want to establish that if a company is seeking to take over a controlling interest in another company in Barbados listed on the Stock Exchange, it is required, not just to furnish information about itself but it is required under Section L to state very clearly the plans and proposals that it has for the use of the assets of the company being taken over and to indicate whether

it intends to sell, lease or exchange the assets or amalgamate it with another company, or the precise ways in which it will make changes in the business' corporate structure, the management and the personnel of the company. 'The shareholders are not only going to be provided with information about the *borta fides* of the purchasing company and its financial conditions are to be given but the basis for making a decision about the future of the company that they would have helped to build by disclosure by the purchasing company of its own plans for the operation of that company or plans for changes in its structure, staffing and its operations.

The regulations, Mr. Speaker, Sir, also make provisions to govern instances where a takeover is effected by a company purchasing its own shares. I will speak to that matter later but just to say that in the purchase by a company of its own shares that the legal procedures that should follow when that happens are established in part in Section 46 of the Companies Act. That section has not changed, it is very precise. It requires that a Company purchasing its shares has to cancel those shares but just cannot simply offer those shares to the public.

There are some people in Barbados who unfortunately believe that a company can purchase its share and offer its shares to the public or seek to exchange those shares for shares in another company but any such transaction collides with the existing Companies Act and are deemed to be illegal under existing law. These regulations also go into the procedures that should take place when a company seeks to re-purchase its shares and the purchase of its shares by an existing company.

Part 3 of the regulation compels directors of the company to be taken over to issue a circular to the shareholders and also pertinently, Mr. Speaker, not only to provide the shareholders with a range of information but to provide a specific recommendation for the shareholders concerning the question of whether they should accept the bid or not. This is as I said, Mr. Speaker, to ensure that the shareholders in a company intended to be purchased by some entity receives information not only from a potential purchaser but also receives the benefit of a sound judgement from the persons responsible for the current management of the affairs.

Part 4 of the regulations, Mr. Speaker, requires that a formal take-over bid must not be made with condition. Or shall I put it otherwise, Mr. Speaker, that a formal take-over bid must be made without conditions except the condition that it may be withdrawn in specific circumstances. It would be invalid for the take-over bid to be made with a price being offered, let us say, of \$4.50 but

for that price to be constrained by a consideration that this price will hold if the Minister of Finance removes the Property Transfer Tax. That would collide with the provision of Part 4 and Section 13 of the Regulations.

Part 5 of the Regulations at Section 14 are very precise. They say that all shareholders must receive exactly the same consideration or choices of consideration. That is to say that if you are going to offer one price for one set of shareholders, you must offer the same price to all other persons in a similar category. If you are not offering cash and you want to offer some other consideration for people's shares, you must offer each person in the same class the same set of considerations.

Mr. Speaker, Section 14(2) says "that a currently controlling shareholder may not sell out without all the shareholders having the same opportunities at the same time and the same price..."

That is critical, Sir, that once these Regulations come into practice, a current controlling shareholder seeking to sell out must be given the same opportunity, at the same time and at the same price given to all other shareholders. It cannot then be possible for any insider secret deals to take place where certain people will be given the information in advance or that some people be given one price and others not given the same price. The principle of takeovers requires that equals be treated as equals and that each shareholder's interest be protected by his having the opportunity to exercise his discretion to sell.

A current controlling shareholder may not sell out without all the shareholders having the same opportunity, at the same time and at the same price.

Mr. Speaker, there are other regulations, one that is of particular interest is Regulation 18. This says that a formal offer take-over bid for the shares of a listed company shall be deemed to have been made through the Exchange. I would like, Sir, to make some comments on this and I will start by recognising that the proposed take-over bid regulations distinguish between a takeover bid made through through-puts, through the market so the company can be taken over by entities seeking to buy its shares through the market, or it can be taken over by people making a formal offer take-over bid by issuing appropriate shares to the relevant shareholders and what section 18 is saying is that if a takeover bid transaction complies with all of the provisions of the regulations as set out in the first 17 sections that that formal takeover bid transaction would be deemed to have taken place on the market admitting the possibility obviously therefore, Mr. Speaker, of a private company not trading ordinarily on the exchange taking over a controlling interest in a

company listed on the exchange by following all of the regulations and conforming to all of the procedures set out in the first 17 sections of the Act. 12.00 noon

Now, Mr. Speaker, Sir, it raises many interesting issues. The first issue it raises of course is that when the Securities Exchange of Barbados was established, as you know, Sir, in order to encourage people to trade through the exchange transactions involving the trading in the shares of companies listed on the Exchange were exempted from the payment of Property Transfer Tax. I want to repeat that point, Sir. In order to facilitate the trading on the exchange transactions involving the trading in shares of listed companies on the exchange are free of Property Transfer Tax.

We now have in Barbados a situation, Sir, where a publicly owned company that is listed on the Exchange will have transactions involving the buying and selling of their shares free of Property Transfer Tax. However a company that is privately owned, whose shares are not listed on the Exchange, will find that transactions involving its shares will be the subject for Property Transfer Tax. This particular section, Mr. Speaker, will now suggest that a company that is not a publicly owned company that acquires a controlling interest in a publicly owned company would be deemed to have had that transaction effected on the Exchange if the transaction complies in every material respect with the provisions of the Regulations.

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, on a point of order, I believe my patience has now reached its limit in this particular matter. The Right Honourable Member is quoting from Regulations. Those Regulations have neither been laid in this House nor have they been circulated to Members of the Opposition. There are members of the public who have had access to those Regulations. We are going to be expected to reply in this debate to what the Honourable Member has said without access to those Regulations.

First of all, Sir, I wish to ask that the Regulations from which he is quoting be made a document of the House or alternatively that basic courtesies be extended to Members on this Side who are Members of the House of Assembly by ensuring that if you are going to be quoting from proposed regulations and that is a breach of many rules including the rules in relation to anticipation of the House - that so as to get the cooperation of Members of the Opposition that the least that should be done is that we should be supplied with copies of the Regulations.

In my 10 years, Sir, this has never happened and I would like you to rule, Sir, that either the document be

made a document of the House or let us have some undertaking that that basic courtesy will be extended to Members on this Side.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the Leader of the Opposition is pushing a very open door. I presume, Sir, at the very outset that I said that the amendment to the Companies Act that I was dealing with had to be dealt with in conjunction with the amendments of the Regulations proposed under section 195A. I made the presumption in honest error that these had been circulated. I want to say in honest error, Mr. Speaker, because a lot of correspondence has come to me in my capacity as a designated member of the Stock Exchange indicating that these Regulations are in fact enjoying wide circulation.

Mr. Speaker, Sir, I want to make the point that the Regulations that we are here dealing with today have been under consideration since 1989, they are essentially the same that the last Cabinet sought. The only difference between what the last DLP Administration sought and what we are bringing here now is the case of section 185 to the effect that under the last Administration a take-over bid would have been triggered if one entity sought to acquire 10% of the interest in another company. We deemed that to be too low and changed the 10% to 25%. I apologise to the Members on the Other Side truly if they did not have, and I would be delighted because this is not a matter which I think is for partisan controversy and in fact, Sir, I would just say as contritely as I can that it was not our intention to have this matter addressed as if everybody was not in possession of the same information. In fact, Mr. Speaker, when last the House met, had the Leader then said that they did not have the Regulations, Sir, I would have been more than obliged to provide the Regulations, Sir.

Hon. D. J. H. THOMPSON: I must rise on a point of order. The Honourable Member may not be aware of what transpired on the last time we met because he was not in his seat when the matter of Regulations which were to be laid in relation to the Stock Exchange was raised. But, Mr. Speaker, Sir, on top of that I wish to say that the first thing I did when I came in here this morning was to solicit from the Clerks a copy of the Regulations and I was told that the Regulations are attached to some Civil Service file and are not for circulation.

Now, Mr. Speaker, I have to ask you to defend the rights of Members. 12.10 p.m.

Mr. SPEAKER: The Honourable Member, you made a request. The Honourable Member has said he is willing to make the document a document of the House. There is no need for us to proceed any further.

Hon. D. J. H. THOMPSON: No Sir.

Mr. SPEAKER: Please, please, please. Are you making the document a document of the House, Sir?

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I have more than said that it is not my intention not to have the Opposition participate in this matter, because I have no difficulty with that. In fact, had I known that the Opposition did not have them, I would have had them ensured.

Asides.

Mr. SPEAKER: The document will be made a document of the House.

Asides.

Mr. B. M. TAITT: On a point of order, Sir. I just wish for the records to be drawn to your Honour's attention that I have more than a passing interest in these matters. I am not merely here to be a spectator.

Asides.

Mr. SPEAKER: Order, please. What is your point of order?

Mr. B. M. TAITT: My point of order, Sir, is that based on your ruling and based on what is happening, it appears as though we are about to proceed and the Honourable Member is referring to a document which is not the same as a document of the House.

I cannot follow the changes to be made and the understanding of what is going to happen if I do not have the regulations in front of me. It is not merely a question of making it a document of the House. We cannot discuss this matter intelligently and it has to be assumed that there is somebody else in here interested in these matters than the few people who...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I just want to make one statement and it is a policy statement, Sir. When Cabinet approved this matter coming to the House, Cabinet approved both the amendment to the Companies Act as well as to the Regulations arising under Section 195.

Sir, I make that point because my understanding therefore that what was coming to the House was what Cabinet approved, namely, the amendment to the Companies Act and the making of Regulations under Section 195. I must say, Mr. Speaker, Sir, that I speak contritely because I presumed that once that had been determined that the two sets of documents agreed to by

Cabinet would have come here. I have been speaking therefore, as if there are here, because they are in my possession. They have been seen and they should be here.

I would wish the Other Side in good faith, because I have made the point that I see the two things as going together and there is no harm in a second reading speech to say what are in the proposed regulations, because they go hand in hand.

Asides.

Rt. Hon. O. S. ARTHUR: But, it was not the intention, certainly of the Government, to deprive anybody.

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am at the will of the House because in this matter I have not come to discuss the issue in circumstances where Members do not have access to what I am discussing. It is not my intention to try to discuss this matter in a vacuum. If you want to recess the House until Members have the documents, Sir, I have no difficulty with that.

Asides.

Mr. SPEAKER: Order, please. Could we proceed, please?

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am in support of everybody who has an interest in this matter in Barbados whether or not they are in this House, having access to as much information as possible of what the existing law provides for, what the proposed law provides for, and what the regulations provide for because it has never been more confusion than the confusion that has taken place recently by people who sought to involve themselves in transactions in shares in this country in defiance of the law, in ignorance of the law and the more information you can distribute on the issues I am happy with that. Mr. Speaker, will you please rule?

Mr. SPEAKER: Please, what is the decision of the House? I am here at the bidding of the House. What is it that the Honourable Members want to decide?

Sir HAROLD St. JOHN: Mr. Speaker, I beg to move that no further consideration on this matter take place for 15 minutes, Sir.

Rt. Hon. O. S. ARTHUR: I beg to second that.

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

ORDER NO. 4 - RESOLUTION TO APPROVE
THE SALE OF LAND TO CLARIBEL GUY
AT WALKES SPRING, ST. THOMAS

Hon. G. W. PAYNE: Mr. Speaker, this Resolution pertains to the sale of 230 square metres of land at Walkes Spring, St. Thomas to Claribel Guy. It relates to a public bath and is in keeping with an existing policy by this Administration to dispose of public baths not needed for community and other government purposes to interested parties.

The relevant tender notices were placed in the newspapers. It is a matter which preceded our time and Mr. Claribel Guy had indicated an interest and his bid was accepted.

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

Hon. Miss B. A. MILLER: I beg to second that.
12.20 p.m.

ORDER NO. 6 - RESOLUTION TO APPROVE THE
SALE OF LAND TO TROWEL PLASTICS
BARBADOS LIMITED

Hon. G. W. PAYNE: Mr. Speaker, this Resolution pertains to the sale of 34 280 square feet at Bagatelle, St. James, to Trowel Plastics Barbados Limited for the sum of \$125 200. It is land which was previously leased to Trowel Plastics Limited. They have indicated for some time an interest in purchasing the property. The relevant negotiations were completed in June of last year in accordance with the provisions of section 5 of the Crown Lands Vesting and Disposal Act, Cap. 225.

It is now proposed to seek the approval of Parliament to sell the land to Trowel Plastics Limited comprising 34 280 square feet at Bagatelle, St. James for \$125 200. That works out to \$3.65 per square foot.

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

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

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

ORDER NO. 10 - RESOLUTION FOR COMPULSORY
ACQUISITION OF LAND AT LOWER BURNEY,
ST. MICHAEL

Hon. G. W. PAYNE: Mr. Speaker, this Resolution seeks parliamentary approval for the acquisition of 12.60 hectares of land at Lower Burney in the parish of St. Michael for housing purposes.

In addition to the housing requirement, it is hoped that part of this land will also be utilised for community purposes as well. There is provision for part of the land to be utilised for the uses of a church which has been dislocated from an area nearby.

Mr. Speaker, as I indicated in this House on more than one occasion, there are a number of persons who were affected by the amendments to the Tenancies Freehold Purchase Act. It is hoped that this parcel of land will also be able to accommodate those persons. There were 1 000 persons who had been affected by that amendment but we are hoping that some of these persons within the St. Michael area who have been dislocated will be accommodated on this parcel of land. Due to the development which will be taking place in the St. Michael area under the urban renewal programme it may also be necessary to relocate persons from Murphy's Pasture. There are a number of residents at Murphy's Pasture whose houses are located in the area of a watercourse. It is anticipated that we will be able to move swiftly after the acquisition in order to relocate those persons who have been so affected.

Mr. Speaker, we are also hoping that from this area we will be able to allocate a number of lots to those low income persons within the urban area who have made frequent requests to the National Housing Corporation. It is anticipated that we will be able to have lots ranging in size from 3 000 to 4 000 square feet. It is also anticipated that a small area of the land will be utilised for small low income chattel houses.

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

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

Mr. D. St. E. KELLMAN: Mr. Speaker, I must say that whenever there is a Resolution before this House dealing with low income people I am happy. If this is another Resolution where we are going to be subdividing land and charging poor people for putting in amenities I would find it difficult to support it. As you know, Sir, I have been saying in this Assembly for a long time that it does not make sense to come to this building every Tuesday to say you are bringing something in the

interest of poor people and then turn around and charge them exorbitant fees for putting in the necessary amenities.

As I said previously, the same way that the Urban Development Commission will be building roads in developments that have been developed already and they will not be able to charge the people who are living there for the roads, I feel that new people going into areas should be accorded those same rights and I am hoping that at Lower Burney the Government is prepared to put in the amenities and only charge those people for the cost of the land and not the other amenities.

I am also extremely grateful to the Government for acknowledging that there is a place in this country for churches. I think I heard the Minister say that some church will be given permission to locate in that area. I hope it will be the church in Cutting or even the one in Christ Church because, as you know, Sir, if we need to build the morals of the people in this country this Government must see it as a priority to make provisions for churches.

We cannot be at war with the churches. I would hope that instead of taking away the spots from the churches that we will provide more land that churches can place their buildings.

I am also hoping that the Government will some day sit down and study what they are doing about land because on one Tuesday you hear about this Government getting rid of large parcels of land that they can easily give to poor people and the next Tuesday you hear that they are coming to buy land to put poor people. I do not see the evidence that any of these decisions are to the benefit of poor people. It is about time that we stop with words and we see action.

I hope the Right Honourable Member for St. Peter will provide the necessary money in the Budget to make sure that those lands get the amenities at the cost to the taxpayers. The same way that when they put a road in St. Andrew where people are living, whether it be Orange Hill or down Belleplaine where people are already living, that we cannot charge those people, I would like to see us take a new stance in this Assembly. I want to see amenities going into land and poor people being able to buy those lands at the cost of the land and not the amenities.

I know the Honourable Member for St. George South would be quite happy the day when his constituents can only pay the cost of the land and not necessarily the charge for the amenities. I would also believe that the Honourable Member for Christ Church East would be happy and there is no doubt that the Honourable Member who represents that nice area of St. Michael Central will also be happy. I

cannot say that the Honourable Member for St. James North or St. Andrew or even the Right Honourable Member for St. Peter might be happy because right now they have the authority to do these things and they are not doing them. I know this whole side would be happy for this suggestion but I hope that some day these honourable gentlemen on the Front Bench will see the wisdom and take up this decision and make it in the interest of poor people. I thank you.

Mr. J. O. TUDOR: Mr. Speaker, my intervention is first of all to seek clarification from the Minister regarding the acquisition of this parcel of land as he indicated for housing and to place a church in this specific area. I find that somewhat strange in the circumstances that we would acquire land simply with the intent of placing a church in a specific area. Never before in this House of Assembly have I seen the provision for acquisition of land specifically for the placement of a church.

The Honourable Minister did say that there was going to be an allocation of house lots. I am wondering if the Minister would inform the House whether or not it is the intention of this House to acquire this land at Lower Burney, to offer this land as an alternative to lands that have been taken away from a church in an area of Cutting in Haggatt Hall under the denomination of the Acts Community Deliverance Centre. 12.35 p.m.

Mr. Speaker, my understanding is that that church group, the Acts Community Deliverance Centre, purchased land from the Government in the Cutting area. They purchased house spots that were vested in the National Housing Corporation and the lands were then purchased from the National Housing Corporation by the Acts Community Deliverance Centre.

My understanding is that Government has taken those house spots away from that church group even though the church grouping secured a mortgage and has been paying a mortgage. There has been no acquisition that has been brought before this House seeking to acquire that land from the church. It has been taken from them, building is going on, on the land and it really is a very insensitive act because if a church is going to set up in a specific area, a church, Mr. Speaker, is something that cannot be just set up willy-nilly. A pastor or a group of people who want to administer fellowship have a vision for a specific area so you cannot just say you are going to place a church here or place a church there. These young people have a vision for a specific area. They are guided by the spirit.

They set about to raise money in their own community to develop a centre where they can worship and give fellowship to each other yet we have a situation

where a Government will simply come in, take their land and then decide that they will put housing on those lands.

Aside.

Mr. J. O. TUDOR: Sir, I am reminded by my colleague that is precisely how the Bethel Church was established using the same community spirit.

Aside.

Mr. J. O. TUDOR: I would hope, Mr. Speaker, that the Minister could give a little more explanation because I really do not believe the church he is referring to is the same church. I believe it is a new church he is talking about. I would hope that the Minister would explain and give more information in that regard.

I would hope, Sir, that if it is a new community that is developing and the Minister wants to place a church in there, I have no problem with that because when that area at Haggatt Hall was developed, this Administration at the time felt that it was important to have not only a church in the area but a small shop, a mini-supermarket available in the middle of the community and provision was made for a shop and the placement of a church in the centre of that community at Haggatt Hall.

It was deliberate planning. It was precise planning by the Democratic Labour Party. I hope we are not, in fact, going to have another Resolution coming before this House seeking to acquire that said land that was sold to the Acts Community Deliverance Centre.

I feel that the land that belongs to the church, that those church members went out and bought, should be left alone and that we do not hear in this House of Assembly that this land at Lower Burney is being offered to that group as an alternative. It is not fair to them. It is bullying a church group.

I am aware that all of the organisations under the CCC wrote the Ministry and advised the Ministry not to interfere with the lands that were purchased by the church groupings. I am hoping that this House does not have to be told that this land is being acquired to place that grouping as an alternative. It is not fair to them. I know they do not want to go to Lower Burney. I know it has been offered to them. They do not want to go. They are being pushed around and I do not think it is fair to them. We have to back off.

We have to allow that church grouping to remain where they are and let this land, if it is to be acquired, be

placed in house spots or if you want to set up a new church, do that, but do not use this as an alternative.

That is what I want to say in this regard and if the Minister can explain it, I would be very happy with his explanation.

Mr. G. A. CLARKE: Mr. Speaker, I just want to make a few comments on this proposed acquisition of land at Lower Burney, St. Michael. As the Minister has pointed out, this area of land will be used primarily for low income housing. It is between 29 and 30 acres of land, which will definitely accommodate more than 300 house spots for low income earners mainly for the resiting of those persons who now live in low lying areas and those persons who, because of the amendment of the Act, have to be moved. Therefore, this is important for Honourable Members to realize that there are a number of people living in the urban area, especially in the St. Michael zone area, who really need house spots and we have to provide accommodation for them.

Honourable Members from time to time come in here and speak about the poor people, giving the impression that only one side is looking after the poor. I am sure that the Honourable Member knows full well that the National Housing Corporation does not sell land at economic rent. The cost does not reflect the true value of the land. Most of the time, Mr. Speaker, the cost of the land is subsidized. When the market is selling land at \$6 and \$7 per square foot, the Corporation sometimes usually sells at \$3 and \$4 a square foot, so it is not fair to say that the Corporation will be charging the same economic rent as the market.

Now, it is important to know that this land is situated about less than one mile from the Emancipation statue. This Honourable Member cares so much about the black people, I wonder why he did not come out on Emancipation Day to support the call for those persons who were really...

Aside.

Mr. G. A. CLARKE: Mr. Speaker, we are trying to emancipate black people economically. He did not come out. I did not see any of those persons who were crying out for help...

Mr. SPEAKER: Another Member is on his feet before you, please.

Mr. D. St. E. KELLMAN: Mr. Speaker, the Honourable Member...

Mr. SPEAKER: On what do you rise, Sir?

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House,

Sir, because he is giving the House the impression that you had to be at Bussa's statue in order to support emancipation, and that is misleading.

Mr. SPEAKER: Please. Do not let us go down that line, please.

Mr. G. A. CLARKE: Mr. Speaker, the point I am making is that this piece of land is really to house the poor people and it will be sold at a concessionary rate. I do not see why the Honourable Member has to make the point that he is making.

Thank you.

Mr. W. C. C. CALLENDER: Mr. Speaker, I rise to support this Resolution. Any Resolution which seeks to provide for housing development will always get my support because I know of many poor people who are looking for housing. Any attempt being made to provide for these people I have to support.

The reference to provision of an area for a church also has caught my attention because I believe the Church is playing a good social role in this community. In this regard I would wish to just bring to the attention of Parliament that there is a church called the Ark of Safety in Christ Church which is still looking for a place where it can be placed. The remains of this church are still beside the road at Kings Corner and it is being pulled away slowly and I believe that it is about time that something be done about this. I know that all of us have been contacting the management of the National Housing Corporation and it seems as if we are getting nowhere so we might have to try another agency. I have been advised that I should look at the Ministry of Housing itself and I might have to go in that direction seeing that the National Housing Corporation has not been apparently heeding even the calls of the Minister even though the Minister has assured me that this church will be looked after but apparently the General Manager does not think that it is any matter for urgency. 12.45 p.m.

Hon. G. W. PAYNE: Mr. Speaker, I beg to move that this Resolution be now passed.

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

Mr. SPEAKER: We will now revert to Order No. 3.

ORDER NO. 3 - BILL TO AMEND THE COMPANIES ACT

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I thank the House for the leave to proceed with this debate and I also am thankful for the opportunity to discuss the draft

proposed regulation which unfortunately has not enjoyed circulation. It is very important, Mr. Speaker, that we put these regulations in place as a matter of urgency. Contrary to popular opinion, the Minister of Finance has no powers to regulate the Stock Exchange of Barbados. The Stock Exchange of Barbados is regulated by itself, for itself, and of itself. There seems to be a view that the Minister of Finance should intrude in the affairs of the Stock Exchange and set rules in the national interest to block transactions or to otherwise determine the manner in which transactions on the Stock Exchange should be effected.

In the absence of a take-over code relevant for contemporary purpose, a number of difficulties have been experienced recently and difficulties are now currently being experienced in making sure that transactions that are in the nature of takeover comply with rules of best practice. If I may illustrate, Mr. Speaker, when there was the attempt to take over a controlling interest in Almond Beach, there was a certain element of powerlessness because the existing law specified that a takeover could only be deemed to be in the process of taking place if there was an attempt to take over all of the shares. The tremendous deficiency in the law was exposed because a controlling interest could have been exercised in Almond Beach without all of the shares having been taken over. The Minister of Finance could not proceed to give directions to the Stock Exchange as to how the matter was to be resolved. This is why I want to discuss the matter because in a sense the matter was resolved by the parties agreeing that the transaction being intended was not in keeping with the spirit of take-over regulations that obtained in jurisdictions in which one of the companies to the transaction functioned and that it did great violence to the interest of minority shareholders because they would not be fulsome disclosure of information that would enable minority shareholders to have protected their interest.

I say all of that, Sir, to make the point that in the absence of take-over regulations, the Stock Exchange is therefore in the invidious position of having to give directions to its own affairs as if the take-over regulations themselves are in place and is being forced to do so with the view of trying to protect the interests particularly of minority shareholders.

I was discussing the proposed regulation which exists in draft. I was indicating that there are 18 sections to these draft regulations including one in Section 18 Which is in essence purporting to say "that if a company involved in a formal take-over bid complies with all of the regulations that the transaction is deemed to have occurred through the Stock Exchange." This, on the face of it, Mr. Speaker, admits of the possibility, as drafted of a company that is a private company seeking to take over a controlling interest in a public company and doing so in a manner

that complies with all of the regulations with the effect and result being that the transaction would have to be deemed to have taken place through the Stock Exchange.

The further implication is that Section 3 of the Property Transfer Tax Act provided that, and I would like to cite it. Section 3 says that the securities of a public company that are listed and transferred through the Exchange in accordance with rules are exempted from Property Transfer Tax.

Mr. Speaker, an issue that could arise and pose difficulty, on reflection, if the draft regulations which have been generously circulated, what would be the situation where a private company takes over a controlling interest in a company that is listed and seeks to de-list that company, would the shares of that public company to be acquired by the private company with attendant concessions involve relief of Property Transfer Tax? I want to discuss this matter because I am saying that although these things are not yet in existence the Stock Exchange, which regulates itself, has in the case of Almond Beach been guided in many respects by the spirit of what these regulations provide for. As Minister of Finance, I cannot regulate the Stock Exchange.

Mr. Speaker, I can only speak to the policy on this matter. The policy when the Stock Exchange was established was to provide concessions to create a property owner democracy by making Barbadians wish to trade stocks listed by public companies, to list their stocks on the formal Stock Exchange. For that purpose, the concession was given and under Section 3 of the Property Transfer Tax, that listed stocks traded through the Stock Exchange would be free of Property Transfer Tax. That policy, Mr. Speaker, has not changed.

It is not the policy of this Government to seek to use tax concessions to cause a consolidation of property in the private hands or to encourage the diminution in the trading of stocks publicly by creating incentives for private companies to take over publicly traded companies and then seek to de-list them. That policy, Sir, has not changed. I have to make that abundantly clear that we have a tremendous difficulty agreeing that a private company, as happened in the case last year when we disallowed Property Transfer Tax, where a private company took over a listed company, de-listed it and then sought Property Transfer Tax and we said "No." 12.55 p.m.

I want to make a point, Mr. Speaker, Sir, that takeovers can take place for a number of reasons. I would like every Member of this House to read the latest issue of CANA Business. It is a scholarly journal, Sir, which I

think should be made a document of the House. It is an assessment of the Barbados companies. It says the Barbados companies listed on the Stock Exchange are grossly undervalued and what has been happening, Sir, is that because of the absence of trading in the shares the lack of market activity has not forced up the shares to their true value and we have a lot of companies in Barbados that have recently restructured and become very profitable but the shares are undervalued and they are all ripe for takeover. People would have an interest in taking over these companies, Mr. Speaker, at relatively cheap prices because they are undervalued in the market and come into possession of abundant pools of retained earnings in companies that have been restructured involving in that process of restructuring sacrifices being made by workers, by Government, by the community at large.

Corporate Barbados has a responsibility, Mr. Speaker, to allow their shareholders to get true value for their shares and they have a responsibility to bring their corporate practices from out of the conservative bed that has been their wont historically where shares are treated as heirlooms to be passed on from generation to generation and bring their functioning into modern market circumstances.

The worst thing that could happen to this country now, Mr. Speaker, and I am not seeking to turn back the hands of liberalisation, would be for us to have a situation where because shares in Barbados are so drastically undervalued that people who have the wealth come to this country, in the absence of sensible takeover regulations, and buy up these undervalued shares and take over the property that is in every respect, Mr. Speaker, not just the property of those who own it but part of our patrimony because a large number of Barbadian workers have helped to put these companies in a position where some of them have recently realised tremendous profits and have realised what should have been increases in their value.

The need for takeover rules, Sir, is compelled not just because of the one or two instances but because there is a general pattern of under valuation in the Barbados companies. In fact, Sir, the article by Mr. Andrew Green and I will make it a document of the House, Sir, says that an average company listed on the Securities Exchange of Barbados has a market capitalisation equivalent to 75% of its book value and a Mr. Pierce goes on to say, if we in Barbados do not pay the true value of our companies other companies around the world will take them over.

I just wanted to make it very clear, Mr. Speaker, that it is not our intention as a policy to facilitate a situation where a private company could come and take over a public company whose shares are listed, de-list that company, deprive Barbadians from the opportunity of

being able to purchase the shares in that company and get concessions for the purpose. It is not the intention of policy and we would therefore, Sir, have to visit these Regulations very carefully to make sure that the statements of the Regulations are exactly coincidental with the intention of policy.

I go back however, Mr. Speaker, to clause (1) of section 5 because this matter is going to pose a tremendous challenge no matter how we draft the Regulations because I distinguished between predatory takeovers where people's interest is taking over undervalued companies with a view to realising quick wealth, and I am distinguishing that kind of takeover, Mr. Speaker, from a takeover where a company is intending to effect synergies to improve the functioning of the corporate sector and to improve the functioning of the economy as a whole.

There are some entities, for example, Mr. Speaker, that have great skills in this island in distribution. There might be another corporate entity that has a great skill and is excellent at production. The takeover of one by the other can forge synergies between the distributive and the production companies in such a way that the activities of both are improved to the benefit of the national economy in the form of enhanced employment, increased income and increased foreign exchange earnings.

It is therefore crucial, Mr. Speaker, that section (1) of Part V of the proposed amendments be strictly applied because that says that if the purpose of the takeover bid is to acquire effective control of the business of the offeree company any plans or proposals that the offeror has to liquidate the offeree company, to sell, lease or exchange all or substantively all of its assets, or to amalgamate it with any other company, or to make any major changes in its business, its corporate structure, its management or its personnel, all those things will have to be disclosed and the shareholders will have this information. The Minister of Finance can only come into the act in any action involving transaction in shares either to give relief from property transfer tax under section 3 of the Property Transfer Tax Act or if he is required to exercise his authority as the exchange control authority and to allow for remittances. It would seem to me that we just cannot adopt a linear approach to all takeovers. Where takeovers are intended to be predatory in nature and allow somebody to just come and buy up a company that is undervalued and profit from that transaction it seems to me that a sensitive Minister will make a distinction between that kind of takeover and one in which the economy can benefit largely by the creation of synergies between two companies which if brought together and amalgamated can result in a stronger company, an expanded process of employment creation and expanded capacity to create foreign exchange and a stronger economy in general. Therefore this poses for

interesting challenge to us because we believe once takeovers become widely practised we cannot just narrowly deal with the question of takeovers within the context of whether they take place through the Exchange or not but whether the full effect of the takeover is to benefit the national economy and not just a few selected people.

That is the challenge because we are in a situation where in many respects there has to be a great change in the way in which we perceive of the functioning of the stock exchange and that the stock exchange must be seen not just as an instrument for the carrying out of transactions of members' stocks but it must also be seen as an instrument for the building of a strong property owning democracy and also an instrument to build a more diversified, stronger economy. 1.05 p.m

Mr. Speaker, I would want to speak a little bit more on this matter if the House would want to vacate at this time, but I want to come back to this matter, Sir, because it raises many challenging issues and it is not just a simple matter of the Minister of Finance saying, it does not go through the stock exchange, therefore I am going to have nothing to do with it. It is a matter that is more complex than the paper suggests.

SUSPENSION

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to move that this House be suspended until 2.00 p.m. this afternoon.

Rt. Hon. O. S. ARTHUR: I beg to second that.

The question that the Sitting be suspended until 2.00 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

The Honourable Prime Minister.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I will proceed with my presentation to address a few more policy concerns, but I would just want quickly to sum up where we will be when this legislation comes into existence.

With the coming into existence of these amendments, Sir, a takeover will not only be construed in law as an attempt to take over all of the shares in the company

that is the subject of a take-over bid, but it will be construed as an attempt to take over a controlling interest and that controlling interest will be defined as representing a situation where the person seeking to purchase seeks to take over more than 25 percent of the shares.

With the coining into existence of this legislation, Sir, in a situation where an entity wants to make a bid to take over all of the shares, if within 120 days after he has placed the bid, 90 percent of the shares have been agreed to be sold, then the legislation would make it possible for the person seeking to purchase the shares to acquire the shares of the dissenting shareholders, subject to a new clause in the legislation that would allow any such shareholders affected, to take the matter to court, if they feel that they have been disadvantaged by the transaction.

I have spelled out what the proposed draft regulations that will accompany this amendment would provide for. But I have made it clear, Mr. Speaker, that the policy whereby there is a grant of concessions for entities trading on the Exchange in listed shares to benefit from the waiver of Property Transfer Tax has not been changed. Therefore, we will not have regulations drafted that would make it possible for a private company to buy listed shares. They have to de-list the company and benefit from the waiver of Property Transfer Tax to accomplish that purpose. That brings me to the point that I want to develop, Sir.

The Securities Exchange Act of Barbados presently governs trading in securities in listed stock and in that capacity, governs the operation of transactions taking place on the Stock Exchange. The Securities Exchange of Barbados, as I pointed out, is an entity that is regulated by itself, for itself and of itself.

The Minister of Finance does not have responsibility to regulate it. There are a large number of companies in Barbados, some of our most powerful companies that are private companies whose transactions do not go through the Securities Exchange of Barbados. Minority shareholders in those companies also have rights.

In addition, Mr. Speaker, it is quite possible under existing legislation for persons who are governors of the Securities Exchange or persons who are members to be involved in transactions where they enjoy a privileged position and can use the benefit of insider trading to advance their own corporate purposes.

In other jurisdictions this matter has been addressed by having an independent oversight of the functioning of the Stock Exchange. In Jamaica, for example, there is a commission independent of the members of the exchange

and independent of the governors of the exchange who have an oversight responsibility.

In the United States of America we have that as well and I say all that to make the point. Sir, that these amendments will be the first in a series that we will have to bring to this House to deal not only with transactions through the exchange, but to deal with transactions in securities in general to ensure that the rules of fair trading, transparent trading. Also to ensure that the rights of minority shareholders are respected whether those minority shareholders have their shares traded through the exchange or are involved in private companies.

This will become a matter of urgency, Mr. Speaker, because as I said earlier, we are even now involved in a regional project designed to bring about the harmonisation of the functioning of exchanges in the region and it is quite clear that Barbados will have to bring its own standards in line with the standards that are obtained in other jurisdictions where stronger and firmer rules obtain.

Now, Sir, I want to say that we have two great challenges today. We have to get our business community to understand that it cannot rely on protectionist devices wielded in a cumbersome way by the Minister of Finance to ensure their viability.

Asides.

Rt. Hon. O. S. ARTHUR: I want to repeat that point, Sir. The Minister of Finance cannot put his finger in the dyke and hold back the water of progress, particularly in circumstances where we are committed to the movement of capital within the region.

Barbadian companies, have, in the past opened up opportunities for Barbadian investors, like investing in the rest of the Caribbean. It opened up opportunities for Barbadian employees in the rest of the Caribbean and the spirit of integration require us to open our doors to the rest of the Caribbean. I have no powers to restrain transactions as the Minister of Finance against other Caribbean investors where they comply with the spirit and the letter of the law. So that our matters just cannot be settled on the basis of national sentiment. Our corporate people have to get their act together and they also, Mr. Speaker, Sir, have to allow market trading in shares so that a real market for shares can evolve.

But it is essential, Mr. Speaker, that the large private companies in Barbados who now stand outside the framework of regulation must be made answerable to a larger social conscience. Some of our most

powerful, largest, strongest and fastest growing companies are private companies and I want today to spell out the elaborate policy conditions that I have already spoken to in relation to other matters.

I have gone on record as saying that wherever an entity stands to benefit from the grant of a public licence and be enriched by the grant of the public licence as the principal activity, I feel that that entity should offer shares to the public and be a broad-based private company. That was the policy I announced, Mr. Speaker, in relation to the conditions for the grant of a television licence. Anybody who wants to be enriched by having a television licence should recognise that they should offer shares to the public and let the general public be part of the operation of that entity that has been made possible by such grant, by a State action.

Mr. Speaker, Sir, I feel that I must go further. There are a number of private companies in Barbados which have projects which depend on two things, licences or planning permissions and alternatively, concessions granted at the discretion of the Minister of Finance, or built into legislation such as the Special Development Zone Legislation, or enshrined in an agreement such as that pertaining to golf courses and the like.

I strongly believe that in instances where investments can only be realised by either the grant of licence or the grant of concessions that those entities which can only realise the investment must be prepared to put shares to the public, so that the public can benefit as the wealth of the business society is being created rather than have to wait for wealth to trickle down in a discretionary fashion.

I know it is a point of view that also has been advanced from the Other Side that we should amend the legislation to ensure that when large private companies that have been benefitting from the award of contracts for the purchase of sale of goods should be prepared, Sir, and I am sympathetic to that too.

Asides.

Rt. Hon. O. S. ARTHUR: I am being very serious, Sir, because our greatest challenge in Barbados is not the problem of the creation of wealth; it is the challenge to ensure that we guarantee that, simultaneous with the wealth being created, that mechanisms are in place to ensure a relatively equitable distribution of that wealth. Therefore, the State is going to have to be proactive. I have come under scathing criticism from sectors of the Press, which is privately owned, for the stand that I have taken in not issuing television licences to companies that are privately owned without their determination to go fully public, but

I would like to have the support of this House - we discussed it at Cabinet - to have those conditions constrain the creation of wealth through the issue of licences and the issue of contracts and the issue of concessions by the State. 2.20 p.m.

Sir, it is not going to be an easy task, as we have seen, to get private companies voluntarily to go public. There is an advantage to their not wanting to dilute ownership, not wanting to dilute management by remaining private but unless we become proactive in this matter the great opportunity for enfranchisement in our time by having a property owning democracy, a share owning democracy, will be lost.

I, therefore, see these Regulations before the House as being the first step in bringing order to a disorderly situation. The manager of the Stock Exchange has in the absence of these regulations had to try to invoke their spirit to get people who would want to act in defence of the precepts of justice, to act in accordance with the best principles of justice. It is important that we get these Regulations therefore in place because I sense that activities involving efforts to take over Barbadian companies will accelerate rather than decelerate.

The underlying conditions, as has been spelt out, are that the Barbadian companies, are attractive because they are undervalued. The owners of shares are not interested in trading in those shares to let the market value appear in a transparent fashion. Once those conditions obtain it will always be the temptation for people to come to buy undervalued shares and to take over Barbadian companies wholesale.

We cannot leave security management exposed in not having clear rules to apply where these things obtain. We have to put in an independent oversight capacity. I do feel that we need a new broad securities act that will govern not only trading in securities on the Exchange but trading in securities off the Exchange as well. I also feel that we have to become proactive as I said in making sure that private companies have a need to become public companies.

I apologise to the House that we have not had the Regulations here in a finished form and I am prepared to entertain discussion from the House as to how the regulations could be improved.

With those remarks I beg to move that this Bill be now read a second time.

Hon. D. J. H. THOMPSON: Mr. Speaker, the opportunity presents itself today for us on this side of the House to participate in this debate on the amendments

to the Companies Act against the background of the 10th anniversary of the Securities Exchange of Barbados. On behalf of my Party, I would like to congratulate those pioneers of the Securities Exchange on the work that they have done in the past 10 years both at the policy level and those who had to implement the Securities Exchange and oversee its development also against the background that initially we did not have access to the takeover bid regulations. Therefore, if we do not spend as much time examining them as the Honourable Member for St. Peter spent in going through them if only because of the deficiency at that time, Mr. Speaker, perhaps we should start where the Honourable Member ended to say that it has always been the Democratic Labour Party's view that the State needs to be proactive in engineering results, particularly in the area of redistribution and distribution of wealth. That has always been our philosophy.

Mr. Speaker, I think that there can be no doubt in the minds of any Barbadian that part of the reason for the existence of the Democratic Labour Party was to push that kind of agenda in Barbados. The first thing that one has to recognise about redistribution or distribution is that you have to create wealth first before you can redistribute or distribute it. Therefore, there are times when a country is engaged in creating investments, getting the economy on a sound footing and accumulating that wealth and then there are times when because of the imbalances that that effort or direction creates that you have to pause and begin the process of redistribution.

The problem very often in relation to Barbados and our economic development is that when we are seeing hard times we make an appeal to the people who are least well off, who are on the margin, to hold strain and make their contribution to the national effort but when things are going well as we say in parlance to each other, that very little is being done to engineer those outcomes.

It was this, Mr. Speaker, Sir, that propelled the Democratic Labour Party in the 1994 election, seeing the potential of the economic reform of the 1991-92 period, to focus our attention on redistribution of wealth. I was very heartened today to hear the Honourable Member for St. Peter say something that I said night after night and culminated at Eagle Hall when we issued our manifesto and he said it in a debate in this Chamber in relation to the issue of companies in this country which in excess of 3 decades have been benefiting from patronage from public contracts being required if they wish to continue to benefit having to become listed companies.

I know of no large corporation in this country today which has not in the past depended for its cash flow on Government support by way of licences, contracts or

concessions as the Right Honourable Member for St. Peter neatly puts it and, therefore, it is time for us to say that if you have benefitted for this period that it cannot be that the taxpayers must in essence subsidise you to keep your business afloat but yet those same taxpayers wearing another mask, the mask of a potential shareholder, of a person who wants to invest in this economy, not to have the opportunity to do so.

I want the Right Honourable Member for St. Peter to take up the *Sunday Sun*, the Sunday before the September 6 election, and read an article written by a gentleman who has benefitted from public contracts for 26 years in this country. He accused the Democratic Labour Party of seeking to impoverish black people by telling them that it was better to own shares in companies like his than it was to continue to allow him and people of his disposition...

Rt. Hon. O. S. ARTHUR: The Leader of the Opposition Sir, is inviting me to waste my time rather than to use it to advance the purposes of this country. It should not be reflected in the records of Parliament.

Hon. D. J. H. THOMPSON: Neither of us will waste our time. I make the point that he said we were fooling people that owning shares would be of some benefit to them, that he would much prefer to put his money on the bank and that a one-man business is better off than a business with 20 shareholders. I want the Right Honourable Member for St. Peter to read that article and to remember that that is what we are up against.

If today, finally, the Democratic Labour Party and the Barbados Labour Party are saying that to move forward the State needs to be actively involved in engineering those outcomes, then that will be one point of agreement; but it is not going to be acceptable for it only to be a symbolic agreement in which we only talk in here.

We need to have legislation and that legislation must not only look to make those publicly listed companies but it must also divert much of that government patronage to new emerging enterprises which over time you expect to be part of the process of becoming liquid companies. We will support that.

We are always looking for new areas to widen and expand the private sector in this country to give more people an opportunity to own and also to have a say in relation to issues which are- traditionally called private wealth or part of the private sector. So we do not disagree on this.

This legislation provides an element of protection. There is a lot more that needs to be done and we could point to a whole series of areas but I believe the

Right Honourable Member and the House would expect us to deal principally with the legislation which we will do first and we do not want to get too bogged down in the technical issues except to say that in relation to the Bill itself we are concerned that the Right Honourable Member's interpretation of the new section 185(g)(ii) will have the same effect which I assume he intends.

That section reads that a take-over bid means an offer made to one or more shareholders:

"(ii) by an offerer to acquire shares which, if combined with shares already beneficially owned or controlled, directly or indirectly by the offerer or an affiliate or associate of the offerer, would exceed 25 percent of any class of issued shares of the offeree company."

This, therefore, as I understand it, would relate to an offerer who is already the owner of shares or related to some associate or affiliate who owns shares. It does not cover a situation of an offer made by somebody who is not in some way connected. You can read the section. It is very clear. It would not apply to an offer made by a person or a company or person including a company that is not already the owner of shares either directly or indirectly. So what is proposed in relation to an entirely detached offeror who has no connection whatsoever by way of ownership or otherwise with the company where the take-over bid is being made? That is the question which I believe the Honourable Member needs to respond to because at one point in his presentation he spoke of an offer and I interpreted it to mean any offer by anybody, any person, to acquire shares which would exceed 25% of any class of issued shares of the offeree company.

That is not what this particular amendment would achieve because this amendment qualifies an offeror to mean a person who already has some shareholding or some other connection with shareholding in the company. We can deal with that in more detail when we get into Committee but it is something that needs to be looked at and I hope that the legislation would be amended to give effect to that if that is the Government's intention.

The second point that we want to make is that notwithstanding the Regulations that the question of transparency and accountability in the corporate world in Barbados is not going to come via legislation. Again it is something that has to come by way of changed attitudes and we have to set the tone in here but, above and beyond that, we also have to ensure that the regulatory machinery is given the teeth and the stature to ensure that its voice is heard and felt.

The Right Honourable Member has already indicated that the SEB, without regulations, has sought to ensure that standards are applied to transactions which take place. We need to help add to the stature of that institution and the persons who head it to ensure that the highest standards of probity, of democracy, of transparency are evident.

It will not be easy because there are still some people, and we warn the Honourable Members on that side all the time... They obviously do not drive down Cattlewash on weekends, but every now and then I still do, not to tarry. I drive down Cattlewash heading to St. Andrew or St. Lucy or St. Peter, even. Unlike the people who should be meeting and networking to plan for a new Barbados, the people who should really be doing it do not meet, but the ones who most want to sit down and design behind closed doors and among friends and associates a lot of these deals which are eventually brought to public attention when they are already signed sealed and delivered. You will have to get into the hearts of those attitudes in Barbados and make it clear to that group of Barbadians that those days are over.

I think that that is something that we should not gloss over too easily. We have had many examples in recent times and in 2 cases touching and concerning listed companies in Barbados in which decisions have been taken without any reference whatsoever to the broader shareholding of the company and have been taken against, a background of closed door, back door dealings of the type which had been characteristic of the crowd that meets at Cattlewash.

Do not fool yourself, 6 of them in a room could make more powerful and far-reaching decisions about the future of this economy than if this House of Assembly had all 28 Members in it today. We need to understand that. They, therefore, need to understand very clearly that efforts such as this are being made to try to bring a lot of that decision making into the open. We accept that in a democracy that persons who own the majority shares in a company are entitled to make certain kinds of decisions about that company's future. That is not what we are talking about. 2.40 p.m.

We are saying that we also understand that in a modern democracy in the modern corporate world that there needs to be a greater attempt at ensuring that persons who are truly stakeholders in the Corporation are helping to make decisions. Customers, shareholders, management teams, teams of workers and all of those groups need to be accorded the level of respect commensurate with the contribution which they make to the success of the venture.

This legislation will seek, therefore, to protect principally that group of person in relation to

listed companies who, over the years have felt, and still feel - I am not talking about the institutional investors, I am talking about some of those persons who may hold small amounts of shares - that many of those large corporations still bearing family names but owned by the public and listed are still being run as family firms in 1997 as they were in 1960, the 1940s and the 1930s. They are still being run as family firms. They are still being run on the basis of decisions made by a very small group of people without reference to the larger stake holding which is involved in modern corporate management and leadership.

Sir, this alone is not going to break it up. The message has to go out that there needs to be attitudinal change. We do have a responsibility in that regard. We also believe on this side that Stock Exchanges need to be well regulated and that going against the kind of liberalisation is the recognition that banking, insurance, stock exchanges and areas like that, even credit unions, need to be very carefully regulated to ensure again that all of the stakeholders, but in particular those people who may have put their life savings in those enterprises, are given the level of protection which is commensurate with that commitment.

We believe in elements of liberalisation but we also believe that the Stock Exchange, where it is quite possible and feasible that thousands of Barbadians, if you were to take what happened with CIBC, what has happened with Almond Beach Hotels, and what potentially could happen with a whole range of new investment in this country, that the shareholders need to have a level of protection which a strong Securities Exchange can provide. We are very much in favour of that tide which goes in the other direction against liberalisation.

Therefore, Mr. Speaker, in relation to the Regulations, we concur with the proposals under Regulation 5L which requires companies to make disclosure about the future prospects of the company, what changes they may be making, not just in personnel but throughout the entire operations, and also what benefits or synergies they bring to the new investments which they are making.

After all, the banks get that information, if they have to borrow money from the bank. The directors, who invariably are meeting at Cattlewash, have that information, so why cannot the shareholders have access to that information? Why cannot the regulators have access to that information particularly where these are publicly listed companies? Yes, why cannot the policy makers have access to that information? Because in a small open economy in which you are moving away from things like rigorous exchange controls and so on, you need to have access to

the kind of information which will help you make prudent policy decisions in relation to facilitating private investment. You may not now be extracting that information from the Central Bank records.

A prudent policy maker now needs to use a variety of information sources including the Securities Exchange and so on to make sensible decisions about the appropriate policy framework for investment in the country. We do not have any quarrel with that and you will never find the Democratic Labour Party taking that position. However, we will say that having started at the point of supporting protectionism, we have to guard against a situation where people do not view a Minister's insistence on retaining a discretion as an attempt to reimpose protectionists policies.

While Barbados has always been very generous in this regard, even though we are to some extent one of the more regulated Caribbean countries, we have always been generous in the applicability of concessions to CARICOM countries and that kind of thing. We have not been as zealous to use qualitative protectionists' measures against our CARICOM partners.

Once you have those kinds of openings there, in other words, once another country in looking at the Barbados legislation sees that the Minister exercises a discretion, they too are going to want to have that same opportunity and there is no guarantee that in exercising that discretion that some of the age-old problems that we had in trade, services and the movement of capital, using exchange control, using duty concession, immigration laws, health regulations, non-tariff barriers, impositions, other countries have used them against us from time immemorial...

I am saying that perhaps the Trinidad approach to this issue has been salutary because they, even though there may be much that Barbadian manufacturers might wish to complain about in some areas, by and large have removed as many barriers as are conceivably possible, have opened up their market and have liberalised as much as they could in the circumstances.

Aside.

Hon. D. J. H. THOMPSON: That is the natural advantage they have, subsidizing oil. That is part of what happens. Where other countries recognise that they do that, that is the basis for complaint and compromise. The point I am making is I am not sure that having said that the Government is moving to a stage where there is no possibility of reversing these developments in CARICOM and we move towards liberalisation, I want to caution the Minister therefore not to apply to this legislation the kind of remedy which gives a Minister a discretion which may be duplicated in other parts of the Caribbean when

they come to consider similar things because there are only three Stock Exchanges right now.

Aside.

Hon. D. J. H. THOMPSON: Yes, there are three right now, the Jamaican one which is "old mas," as the Trinidadians would say, the Trinidad one which is quite well capitalised and they would say reasonably solid, and the Barbados one which is viewed as fledgling. People are going to look at us, particularly the OECS countries because they cannot relate to the Jamaican experience. They cannot relate to the Trinidadian experience but they can relate to the Barbadian experience.

Therefore, they are going to look at Barbados as providing the model. Therefore I caution against any rules which provide discretions which, in the hands of less worthy-wise and expansive minds may work to the disadvantage of Barbadians who wish to invest outside of Barbados in the future, and that is a concern we have.

We accept that tax concessions should not be used to consolidate property in the hands of others. We also agree that there may be concerns Government may have about private companies taking over public companies and then de-listing them and Government itself does not wish to provide the opportunity for that to happen randomly or excessively. But, at the same time, Government does not wish to take it upon itself to arrogate powers to itself to stop natural developments which powers, in the hands of other people who do not necessarily exercise them as generously, may be abused. That would be our concern. On the question of using those discretions, I do not know if that is what the Minister was intending, to remedy the problem of under-valuation of companies on the Stock Exchange in Barbados, there are ways, I think of dealing with that matter and perhaps some of the literature, there is recent monograph I think by Jones Hendrixson, I know the Honourable Member for St. Peter has been reading up in this area which deals with the question of the valuation of the Stock Exchanges. It is an issue and there are ways of dealing with those kinds of issues and we know why there are undervalues and therefore the Government itself may have to be an activist on the Stock Exchange to achieve the end that it wishes to achieve. You do not have to be an activist forever, even though once Government gets into something it seldom pulls out. The Trinidad Government said that it was only floating until the currency found its level and then it would reimpose the old regime, and likewise in Jamaica. 2.50 p.m.

The point is that the Government can engineer those results using the same Securities Exchange in a creative and transparent way to get higher valuations and to address

the problems of under-valuation of the companies listed on the Stock Exchange.

Our concern about the question of ministerial discretion would only be that legislation which leaves that discretion wide and does not tie down the Minister to exercising that discretion in certain circumstances has sometimes been used to create onerous and backward development in relation to matters such as this. We caution and hope that the Honourable Member will accept that caution for what it is worth.

We heard the Honourable Member for St. Peter and I am not sure that he took the opportunity in this debate to set out in the clearest possible terms what the Barbados Labour Party's policy is. We got snippets of it and he went through the presentation but it would have been better for the Government to take the opportunity to present comprehensively what the Government's policy was. He said that it was because I interrupted him but I hope that at some future time the opportunity would be taken to put in perspective what the Government's policy is going to be.

The reason why we say this, Mr. Speaker, is because the Barbados Government has committed itself to Protocol 2. In fact, the Barbados Government could be described as one of the catalysts for Protocol 2. It was very speedily concluded and signed, I understand, at the last CARICOM Heads of Governments meeting. We do not oppose Protocol 2. We give our support to any efforts which would support the development of regional capital market, the free movement of services, the rights to establishment and all the other elements of Protocol 2. Our concerns would be that I am not sure that the Prime Minister had a mandate for Protocol 2 or that any of the Prime Ministers had a mandate. The reason why I say 'mandate' is because discussion on the implications of Protocol 2 is in some countries only now taking place after the Prime Ministers had signed Protocol 2.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of elucidation. The preparation of Protocol 2 went through an inter-governmental task force on which all Governments were represented. It was then considered by Ministers of Finance and Ministers of Trade. A special meeting of the Attorneys General of the Caribbean were considered to vet it to determine whether it was in order for submission to Heads and to their Cabinets. That was done. In the case of the Government of Barbados, the Cabinet of Barbados also considered it and agreed that it was in order for me to attend the Heads of Government meeting to sign it on behalf of Barbados. What remains now, since it is a treaty, is for us to bring it to Parliament to incorporate it in amending legislation.

I just thought I would make it clear, Sir, since I heard it raised, that all Caribbean Governments were involved in the Governmental Task Force, they were involved in the Ministers of Finance meeting, the Council of Caricom meeting and in the Attorneys General meeting. We do have this flux in CARICOM where people want to agree but yet want to disagree and that is part of our difficulty in the region.

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, the only thing I would say is that I am amazed as to how quickly the Honourable Member has been converted from being one who believes in participatory democracy and the "bottom up" approach to development. He has just described for me the quint-essential, "top-down" approach to policy - Inter-governmental Task Force, Cabinet, Ministers, Prime Minister. At no point was the Honourable Member for St. Peter able to say that the people of Barbados or the people of the Caribbean as a whole were integrally involved in that process.

The Government of Barbados has not yet launched even a public relations campaign in relation to it. The only thing that I have seen, and I have travelled the region as the Honourable Member for St. Peter knows on this very subject, is when I happened to be in the Private Sector Commission office of Guyana and saw a brochure on the table which the CARICOM Secretariat had published. It was an interesting brochure which set out what the impact of Protocol 2 would have been. We could leave this Chamber and I invite the Honourable Member for St. Peter...

Rt. Hon. O. S. ARTHUR: As Prime Minister responsible for the Single Market and Single Economy, I went to the extent of arranging across the Caribbean and to linking up with the people of the Caribbean the only one that was ever had to discuss the Single Market and the Single Economy and to discuss the Protocol. I also, in Antigua last year, launched the CARICOM Public Relations programme to explain this Protocol to the people of the region. It is really therefore very unfair, Sir, for the member to say that. Also taking into account that the question of these Single Markets was also discussed by the people's representatives, not only Government but the Opposition who represent the people, at the first Assembly of Caribbean Parliamentarians. This matter has enjoyed wide representation. The Private Sector as well was involved as was the Inter-governmental Task Force. The representation of the Inter-governmental Task Force was based not on Government's participation but had widely based participation. The member, Sir, is really speaking very unfairly as he is not seized of all the procedures that have gone into the preparation of these things. The Inter-governmental Task Force has been drawn, as in the preparation of the other Protocols, from the widest possible consultation.

Hon. D. J. H. THOMPSON: Mr. Speaker, there is a way in which we fool ourselves that all of those things that we do have the kind of impact that we assume they have. The Honourable Member for St. Peter knows that extensive research has recently been done throughout the region and I cannot think that there is one place that the researchers have been where even the leaders of the private sector fully understood the implications of Protocol 2. They did not sign Protocol 2, it is the political directorate that signed Protocol 2 and the responsibility therefore resides in the political directorate and the people who make those decisions to help people to understand what they are about. I assume that the object is to be a net exporter of services in the region. If that is our focus, what initiative has Government taken which is going to conduce to the export of services as well and including the removal of domestic barriers to the free movement of services. I have not got to capital yet. 3.00 p.m.

You had one decision in relation to persons trained in tertiary institutions in CARICOM but there will need to be further decisions about accreditation and a whole range of issues which have to follow on that to make it feasible for a lawyer, an accountant, persons involved in selling insurance services, medical services, tourism services, whatever kind of services as well as people who facilitate the movement of capital, trading in shares, brokerage services, investment advice, all of those things; because if you are going to have a regional arrangement for the free movement of capital there must be a corp of professionals who are going to be able to provide the necessary investment, advisory, accounting, auditing and other services suitable to the facilitation of the free movement of that capital.

Mr. Speaker, Sir, it is that, that I am complaining about and I am saying to the Honourable Member for St. Peter, all I am saying to him is that if he wishes to take the real credit for pushing it that he needs to go a step further by having more public sensitivity, more public involvement, more involvement of professional associations.

The Honourable Member for St. Peter could leave here now and go to the President of the Bar Association in Barbados, I do not wish to be invidious by singling out the President of the Bar Association, or the President of ICAB or the President of any of those professional associations and find out the extent to which those associations understand the implications of Protocol 2 and are readying their professionals to fully participate in these initiatives and that is the point I am making.

Again Government has to be activist. It is not only to be activist in relation to issues of redistributing wealth

by way of getting in there and re-engineering corporate Barbados but it needs to be activist in helping professionals to see where opportunities lie outside of Barbados and how they can exploit those opportunities and that is the point we want to make.

Protocol 2, if used wisely by this region has the potential, and I say this for Barbados in particular, to provide a good quality standard of living for the large number of new professionals who think that their horizons are limited. When you hear there are too many lawyers, too many doctors, too many accountants, too many economists, Protocol 2 provides a genuine opportunity for those service providers to now go into new markets and to find new niches throughout CARICOM.

There are also some countries which are now putting impediments in place. While the Heads were discussing opening up the market of services, there were some countries in this region which were looking at new draft legislation to stop persons accredited and practising in other jurisdictions from practising in their jurisdictions. So this is part of the process. The framework is there and for capital to move you are also going to have to ensure that those services can move.

More liberal immigration requirements, and in relation to capital Barbados is still a very regulated territory... Let us face it; the exchange control limits are still by comparison to the OECS countries, Trinidad, Jamaica, Belize, even Guyana...

Aside.

Hon. D. J. H. THOMPSON: Maybe. That is another matter. Exchange control limits in Barbados are still relatively low. That is something that one has to look at but you see if you are going to have a problem then it means that you cannot fully integrate. If there are peculiarities about Barbados, either the other CARICOM countries are going to have to accept that and therefore say that in dealing with this territory this is the arrangement which is going to be in place and that we understand what the arrangement is or alternatively we are all going to have to follow the same principle. The concern is that even though it may only be monitoring people feel that it is an impediment.

There are some territories in the Caribbean where you can go and change Barbados dollars freely but there are other territories where there is \$100 a day limit and there are a whole range of other impediments to trade within our region. You cannot just hop on a plane even.

Air Services - that is another matter. Contact between different parts of the Caribbean: It costs more to get to Belize and almost as long as going to London on a special. \$900 or \$1 200 is a special to London this year and the fare to Belize is probably about \$2 000 or \$1 700. That is in CARICOM. All of those are great challenges to the movement of capital and the movement of services which now provide the opportunity, having put the protocol in place, for Government to get down on the ground by those means that they cannot be high flown seminars and so on. There needs to be another process which can get that information out to the service providers, the energetic people who are going to make the difference in terms of the development of the features of protocol and that is going to be very important and Barbados has them.

The Property Transfer Tax which there was so much discussion about today is clearly in need of revision. CARICOM cannot be treated as foreign anymore if you have Protocol 2 in place, nor can other countries keep their alien landholding legislation in place against Barbadians so either they are going to be serious and we are going to remove those impediments or we are going to continue. I do not even think there is going to be a need for the reciprocity. CARICOM can simply be treated as domestic. Whatever your people face as impediments if they are vendors they pay transfer tax, CARICOM citizens can pay transfer tax but when it comes to purchasing shares, purchasing land and aliens landholdings, those are areas that need to be addressed.

Likewise there are some countries which use business licences. I do not remember which they are but some territories have business licences in place where you have to apply to the Minister for a licence to do any kind of business. 3.10p.m.

That is another one of those impediments which have to be removed. We are on top of that situation in the Democratic Labour Party, Mr. Speaker, Sir. We know what is necessary to advance the interest of free trade in services of capital in the Region. We have done extensive research throughout the ages on this matter.

The Honourable Member for St. Peter spoke of the harmonisation project. Now, that is something that concerns me because even though CARICOM countries have committed themselves to harmonisation when I look at some of the recent legislation from territory to territory and Barbados is an offender too. We just had an Insurance Act which does not comply in every material particular to what should be the harmonised position for the Region, by and large based on it. There are some major differences which eventually will need to be addressed.

The Companies legislation, there are some countries in the Caribbean which have moved away and we had a draft for harmonisation of company law from 1970. The Honourable Member for Christ Church West would know. Sir Denys Williams I believe, chaired the Committee. We had a draft harmonised companies law in this Region and still there are countries - some are following the Irish model, some following the Canadian model, some following another model. We need to be serious about harmonisation. It is something that does need major attention because we are not going to have, in the Caribbean, the kind of progress in terms of free trade in services and capital rights with establishments unless we do have harmonisation of legislation.

We will deal with that, but, we are also saying, Mr. Speaker, that there needs to be much more intensive work by the CARICOM Government in that regard.

So, the Honourable Member for St. Peter said there is no reversing these developments. The only thing that can reverse the developments, or the only thing that would stop them from moving forward is if the Government does not focus on ensuring that those in the private sector, the professionals and so on are going* to take those opportunities which are presented to them under the service of protocol and use them.

You can pass as much legislation as you want. You have new legislation for CARICOM nationals to travel and there were some people who felt that as soon as you passed that, that you would have had lawyers from the other regions of the Caribbean flocking to this country to practise law. Medical doctors, surgeons, everybody, accountants, but if you travel through the Caribbean, the appetite for the export of services is just not there yet, other than Trinidad. Jamaicans look northward. They do not look down south at all. That is well known, except for some private sector synergies which have existed from time immemorial, the Jamaicans do not look south.

Mr. Speaker, Sir, by and large there is no appetite elsewhere,, other than in Trinidad for the export. Barbados has the potential, but we do not yet have the appetite. You could single out on your hand the companies that are making great strides in this area, for example, Flight Kitchen and Simpson Motors. They at least, however, have been fast breakers and they have made that progress in the absence of Protocol 2. Without Protocol 2, Flight Kitchen has gone right into South America. Without Protocol 2, Simpsons is "Interamericana Trading Corporation" throughout the Region.

So, Mr. Speaker, Sir, what is it that the Honourable Member for St. Peter is going to say to the House? I think

he needs to say what Protocol 2 is going to do that will* provide those major benefits. I think the Government needs to say and needs to get that message out to the public so that those persons who are genuinely interested in reaping the benefits of the removal of barriers and liberalisation will truly be able to do so.

The final point I want to make relates to the regime of concessions that we have in Barbados. I want the Honourable Member for St. Peter to use the energies of his physical reformers and his economic advisers to reflect on the fact that we have tiers of opportunities. If you are a foreigner you can basically walk into this country and under various guises and age-old, as well as recent opportunities can access, not just the resources which we have had from time immemorial but, sometimes financing and that kind of thing. This has been so throughout the history of our country.

Then you have CARICOM citizens who are in a less advantageous position by and large, because they have to be treated as foreign even though there is a regime which should treat them by and large as domestic.

Asides.

Hon. D. J. H. THOMPSON: Protocol 2 will do that? Well we will wait and see. Because I know how these things go. You may want Protocol 2 to do that, but I read between the lines about what was said at the last Heads of Government summit and if the Honourable Member for St. Peter believes that having signed on the dotted line means anything at all, I suspect he should pick back up the newspaper.

I was not at the summit. I did not even receive a report on it, but I read the newspaper and having read between the lines, a lot of Caribbean leaders signed on the dotted line and will leave the implementation until such time as circumstances are propitious. We do not know when that will be.

Asides.

Hon. D. J. H. THOMPSON: The Honourable Member for St. Peter must not assume that because Barbados is ready that the rest of the region is ready. Because we were supposed to be ready when we agreed to the legislation for the free movement of graduates of tertiary institutions. I have looked at the legislation. Barbados differs from Jamaica's. Jamaica said they do not need legislation, they have always had that in place and in order. Trinidad's legislation is different from ours.

Asides.

Hon. D. J. H. THOMPSON: There you have it. So, the Honourable Member must not be as naive as to believe that signing on the dotted line means anything. Then you have the Barbadian investor. We have Protocol 2 in place, but we need to make a very special extra effort in Barbados today to focus on the real needs of the Barbadian investor.

I am saying to the Honourable Member for St. Peter that Barbadians have to come to the stage in my generation and my lifetime of feeling that the opportunities which present themselves to them to invest in the country of their birth, that those opportunities are at least commensurate with and should go far beyond those, as I say of a man in Alaska who crossed the consulate or somebody from one of the CARICOM territories or whatever. That is very very important.

Part of the problem that we face today and we will give the Government any support that it needs in redressing that imbalance... I do not focus the imbalance on this Government, but I am saying this Government has contributed significantly to that imbalance. It has done everything to facilitate many of those developments which will not impact significantly on Barbadians. They need to focus now on the Barbadian investor, on democracy in Barbadian firms, on opportunities for new people to become part of the private sector. Widen the social partnership. We have been calling for this. Give the same man who has a small business access to the same information that the larger businesses have when they go to Government Headquarters to sit down with the Minister of Finance as they did with me. Now the opportunity exists - we cannot be only talking to the men in the boardroom of the BS&T and Goddards and Simpsons. We now need to reach into the community and ensure that the other people and particularly black Barbadians who have emerging businesses have access to that same information. That is very important and we have empowered a lot of people in Barbados over the years, Mr. Speaker, Sir, simply by giving information. 3.20 p.m.

You put them on the Central Bank Board so that they have more information about what is happening in this economy than the Minister of Finance sometimes. You put them on strategic statutory boards, the sugar industry, this, that and the other. You give them at their command the kind of information and access which will continue to make them head and shoulders above everybody else when it comes to making investment decisions in this country.

A Government cannot call for transparency from a private sector which does not understand it until Government itself begins to understand that transparency

requires it to provide more information to those persons that it wishes to bring into the circle of opportunity in this country. They must have the same information that many of those other people who over the years and throughout the history of our country have been empowered by their strategic placement in position.

One fellow sitting on the Central Bank, another sitting in the sugar industry, another on the Securities Exchange, another one sits on another board and they go and have lunch together a Saturday afternoon and they can put together a scenario for Barbados that not even the Prime Minister of this country can on any Saturday afternoon if he were to bring all of the civil servants at his disposal, all of the Members of Parliament and all of the business people whom he or she may have empowered in their lifetime. That is Barbados as we know it today.

Government must stop contributing to a situation where those persons are being empowered in that way. I am saying that if you are going to place those persons in those positions you must have a balanced approach which gives others the same access to information which they have. That is all we are saying on this Side. We genuinely believe that when we look at that configuration and the Right Honourable Member for St. Peter has access to information which I do not have now, but if he were to take up the files on the sugar industry in the 1990s when we were restructuring it and were to look at the interlocking relationships between the sugar moguls in this country and what we had to unravel to reform the sugar industry he would recognise how great the battle is and he would also be able to say as I say that some of our past decision makers contributed to empowering them in ways that one could not imagine and also contributed to the elimination of opportunities for a new...

Asides.

Hon. D. J. H. THOMPSON: This is the one time that the Government now has the opportunity to do what it needs to do that it needed to do then, because what the Government did not have in the 1990s was the knowledge that it has now. The Government knows how to run the sugar industry now. In 1991, nobody could have told Government how that sugar industry should have been run.

Mr. Speaker, Sir, I believe that the Democratic Labour Party's position has been adequately put in this matter and on those points which we find that the Honourable Member for the City has said that they are timid souls we ask them to steel their backbones and to do the things that need to be done and to move beyond the rhetoric because while we are toiling there are others who are sitting down writing and preparing for the

opportunity which we should be putting before them in the process of transforming Barbados.

This is one step. This is not the most momentous or pathbreaking step. There are many more things which will need to be done and if the people of Barbados will listen they will find that more ideas and suggestions will be coming from the Democratic Labour Party shortly on how we can truly empower people, widen the private sector and provide new opportunity for investment for democracy and decision making and for a new era in the private sector and corporate Barbados. Thank you.

Hon. H. deB. FORDE: Mr. Speaker, it has taken several years before this amending legislation has reached the House. I believe that the Securities Exchange of Barbados Act was promulgated in June 1987 and by 1989 it became obvious that it was necessary to amend the provisions governing takeovers which was contained in the 1980 Companies Act.

The procedure started as long ago as 1989 to bring some amendments before this House in order to ward off some of the dangers that are now no longer prospective dangers but are real.

Even the legislation which is before us now can only be temporary because circumstances have seriously overtaken trading in shares in Barbados and the regulation of the market is still very elementary. The Honourable Member for St. John has said that this is a developing market and it is a very young market. A young market it is and developing to the extent that there are only a narrow number, I think something like 18 listed companies whose shares are traded publicly, and that the volume of business done on the floor of the Exchange any day is minuscule compared with other countries of our economic size and with our GNP outside of the region and it is minuscule compared with developing countries.

For us it is important and, therefore, if we are to encourage, to which I believe both sides of the House agree is necessary, the expansion of a capital market in Barbados, we have to do so within a regulated framework that ensures transparency and fairness and that gives protection to the investor, not only the institutional investor such as the insurance companies and the Barbados National Insurance Scheme who are the main institutional investors but gives protection to the small investor and particularly the small investor who is not a sophisticated investor.

We have always had a large number, relatively speaking, of small investors who have held shares for the duration of their lives and have passed on their shares from generation to generation in companies, both family

companies and public companies. They never see the shares as a way of dealing in securities and making a profit, getting in and out of the market. They mostly treated the shares as something to hold on to for their old age or to hand over as though it were real estate.

The sophisticated world has come upon us and we are confronted now obviously not only by the necessity and the desire to have capital market expansion regionally but we are confronted with the international liberalisation process and the globalisation process which is bringing within our doors and within our region not only the genuine investor but what I may describe as the fast buck maker, the chap who sees an opportunity to use his greater sophistication in order to raid, make a fast buck at the expense of small unsophisticated investors and to move on, having no loyalty to Barbados because Barbados is not his home or the region for that matter.

Obviously the time is ripe with the United States in particular positioning its people for the next global confrontation economically which must be a confrontation with China in the next century. The time is ripe therefore for these investors to start raiding within the Caribbean.

Regionally, too, we have our raiders, some of whom display a rascality that makes even the brigands of old look small. I find it very difficult to understand how we do not recognise that we have had disasters in Barbados in public companies some of which should have been investigated and about none of which any serious action has been taken. Let me start with only the most recent.

The destruction of the Plantations group of companies really calls for grave investigation and serious prosecution of some people. I have constituents who own shares in some of those companies the value of which is meaningless to them. They are mostly women who own those shares, some of them have been acquired because as they worked they bought a few shares, some have acquired the shares because they came to them through their parents as some security for their old age. That is a typical example of insider trading of the worst sort that one can witness in any jurisdiction and the position is that people who have fiduciary duties to their investors did not carry out those fiduciary duties properly and, as a result, the plantations group of companies got into great difficulty and the average Barbadian has lost.

Some of the institutional investors were wise enough or smart enough and sophisticated enough to get out in time. But what about the small people? What about the small investor? This is not now the raiders from the developing countries. This is a raider from within the Caribbean. That is why that although I am a strong regionalist as the Honourable Member for St. John is

and the Right Honourable Member for St. Peter, I base my regionalism on a little common sense and experience and therefore we have to put in place mechanisms to control those who do not often bring to the business world or to public affairs the same probity and the same exacting honesty which they all accuse and throw at the doors of us as politicians.

I am not making any bones about this. Politicians are the most attacked people in the Caribbean today. I think next perhaps are the lawyers. I always said I seemed to have chosen the two worst professions. We are the most attacked; but all of the wrong things that are done by people in the business world, in the Caribbean and elsewhere, are glossed over as being a smart businessman. I do not hear the calypsonians sing about them nor do I see the Press write about them because the Press are mostly either not sophisticated enough to recognise it or I suppose they have economic control, but it is us, the politicians, who get the brunt of the attacks and, of course, the lawyers from the time of Shakespeare.

Sir, I have very deep feelings that we cannot succeed in the expansion of our capital markets unless we have the controls and regulations not with a view to prevent that expansion but with a view to controlling people who do not respect the standards of self-regulation that one sees in developed countries. I said that regional circumstances as well as domestic circumstances make it necessary for us to update our legislation. I cited Plantations, but that is not the only one. We had the spectacle before that of the Barbados Cooperative Cotton Factory. That is one of the greatest tragedies that has happened to small investors and has run off small investors. There is an outstanding civil servant who put the whole of his gratuity as well as other money in that company and lost every cent when it went under.

I have, within my own constituency, ladies that some of us have had to use our own resources to support weekly and monthly because they took everything they had on retirement and reinvested it either by way of loan or equity in that company. I do not see the Press writing about that. There is no memory of that. It has faded from memory.

We have to be reminded that that was the worst example not only of corrupt management but it was the worst example of insider trading and misusing market knowledge and conditions for the advantage of a few to the disadvantage of the many. As a legislator I find it necessary to control that. Likewise, with Trade Confirmers. I must remind the House of this because it is too easy in this country to forget. We forget so easily that I see in this House they forget that in 1991 introduced a Resolution in order to pay respects to the people of 1937.

I am not surprised. People forget in this country very easily, but I am not in a position to forget, because I am still in the battle and I still have a concern to ensure that there is equity and fairness in Barbados and that people, regardless of colour, class or creed, have an equal opportunity to progress and that those that cannot make use genuinely of those opportunities that we make sure that we stand by them and protect them on the basis of humanity.

When it comes to this position I believe that this legislation is necessary, but I believe that the Government must quickly obtain the expertise that is necessary, that is required to update the legislation faster as well as to have greater control for the protection of the minority in take-over bids and in merger situations. Although I welcome the legislation, Sir, I will look forward anxiously to later this year or early next year to see more updated legislation coming before us. 3.40 p.m.

I am deeply aware of the fact that studies have been done by experts on the capital markets. I believe there was a study earlier this year by Maxwell Stamp. I hope the Minister in due course will find it possible to make the results of that study available to the House.

There is a wider study being done of the Stock Exchanges, their regulation and cross-border trading and with, I believe, financial assistance from the Inter-American Development Bank and involved in that exercise are experts from NASDAP. It is affecting the Exchanges in Barbados, Trinidad and Tobago, Jamaica and the Dominican Republic.

There is also assistance and a study being done for the formation of an exchange in the Eastern Caribbean countries. I am looking forward to the outcome of these studies. I would have liked to have seen not only Protocol 2 but I would have liked to have seen a greater harmonisation effort in the capital markets and leading in the small Caribbean to one exchange. It does not look like that is going to be possible.

I want to say to the Honourable Member for St. John that the Barbados Labour Party has been singular throughout its 58 years of history...

Aside.

Hon. H. deB. FORDE: We were formed in 1938. It was March 31 or 28, 1938 which was the foundation of the Barbados Labour Party.

Let me go back, Sir. We have been singular during the period of our history in being focussed on the Caribbean or the West Indian nation and all that

it involves. We do not need any convincing about the need for Caribbean peoples to come closer together. Successive Governments in Barbados have honoured our commitment in the regional area. We have not always found that our colleagues in the balance of the Caribbean have played fair with us, particularly, I want to say in the business field we have not always had a level playing field from our friends in Jamaica, or Trinidad and Tobago.

If I look at the field of insurance, Jamaica at one stage set out on a course of conduct that forced the Barbadian companies out of Jamaica. Guyana did the same too. That is a fact. We must not forget that. We stopped operating there and closed down the operation just managing what we had, so one has to remember that.

In the case of Trinidad and Tobago as well we have had difficulties. We thought, certainly the Honourable Member for Christ Church South and myself, thought that together with former Prime Minister Adams we had solved some of those positions by cross investment. But what happened? At the end of the day the Trinidadians came and re-took the cement plant up in the constituency of the Honourable Member for St. Lucy. They bought it back and are now making the money we forecast could have been made down the line.

One must understand, no matter how well we feel about these matters, that on the regional position the Barbadians must play hard ball when hard ball is demanded and required of us. We must play gentlemen when they play with us like gentlemen. So let the message go forth that while we are very strong on the regional position, it must not be on the assumption that Barbados must always be the giver or the doer and other people must benefit at our expense. There has to be clarity of treatment and fairness.

The same must apply in cross-border trading. At the moment we facilitate cross-border trading up to, I believe, half a million dollars in any one transaction. To that extent we have allowed some relaxation of the exchange control provisions to facilitate cross-border trading.

Let me say, how many Barbadians buy in Trinidad companies? I do not know that there are many. There are very few who will buy on the Jamaican Stock Exchange because of the problems that have occurred in that Stock Exchange. While I want to see greater cross-border trading, I do not wish to see that cross-border trading at the expense of the Barbados capital market or the Barbados investor. I certainly do not want to see cross-border trading that continues to contract the market in public shares. I think the Honourable Member and I must share that same sentiment.

Mr. Speaker, there are only really 18 listed companies here. We had 19, then we had a merger and a take-over by a group of local investors. Island Properties Limited came off the market in private hands again. I am not against private ownership. Do not misunderstand me, but you cannot in Barbados widen ownership if companies continue to remain as private companies and would not trade publicly.

I could name about 3, 4 or 5 companies today that are ripe for re-capitalisation and trading on the public market but they are more interested in going and borrowing money in the banking system with rates of interest that are low to the savers and using that and accumulating capital gains than widening the share ownership, and I find that extremely hard to accept.

Aside.

Hon. H. deB. FORDE: You want to know which companies? I would name them if you want me to name them. I will name them if it is necessary.

I would like to encourage those companies that are ripe for listing on the public market to become listed. I believe that their shares ought to be offered. I would like to see the unions negotiate with companies now a package that will include more and more share ownership going to the workers of the company. Some companies do it.

The Honourable Member for St. John spoke about the expansion of the Goddard Group of Companies into Latin America, Central America and South America generally and the balance of the Caribbean. That is one company that encourages its workers, whether here or throughout the wider Caribbean, to buy into the ownership of the shares and which gives bonus incentives to do so.

Sir, I have to disagree with the Honourable Member when he said that this Government has contributed by its actions to imbalance because we forget that in the last Budget the Prime Minister took some strategic policy action in order to contribute to a widening of share ownership. He raised the level of tax-free incomes from \$5 000 to \$7 500 for an employee or worker who took his or her bonus, dividends or a shareholder for that matter by way of additional shares or shares in a new company. He also extended a similar scheme for mutual funds and in certain other securities. That is widening share ownership so I disagree with the Honourable Member that we have not been moving towards widening share ownership in this country. In fact I must remind that when Government sold its shares particularly in Barbados External Telecommunications... 3.50 p.m.

Asides.

Hon. H. deB. FORDE: I am not saying this now to put you on any spot. I am making it as a fact that when we sold our shares in those companies they went back into the ownership of a few people. I believe that we must use the National Insurance Funds in order to have ownership in some of these companies.

Today, for instance, the public of Barbados owns about 23% of the Barbados Light & Power Company Limited, I am talking about through the National Insurance Funds. More and more we are starting to buy equity and we have made significant investments recently into some of the other public and trading companies here and the guidelines of the N.I.S. have amended to allow this to happen. For instance, one of our investments within the period of one year has increased by 100%. We have got the capital gain from that. That is the strategic way in which we must encourage wider participation and ownership in shareholding in Barbados. We must do it at the level of the worker so that he takes part of his earnings, whether it is his bonus or dividends and he re-invests and get part of that ownership. We must do it at the level of our institutions, such as the Credit Union and the N.I.S. so that they are owning more and more of corporate Barbados.

I regret that the Credit Unions have not moved to that stage and that Government's policy must be to encourage them. Not only to see the money which they are getting to use for houses, land or motorcars but rather to go into share ownership.

I took a decision a couple of years ago that rather than give my children at Xmas \$100 by way of a toy that I would buy \$100 in shares in some company for them. When parents do things like that, over a period of time, they will find that their children get to understand money and its value and how it is used and how one owns Barbados.

Having said that, Sir, let me also look at the other side. I believe that an objective analysis of the Governments in Barbados over the last 15 years, not an emotional analysis, will show that there has been a significant shift in ownership in this country from the plantocracy of a certain ilk and colour to a wider middle class and people in the lower socio-economic class. Although that shift has taken place, what it has not been matched by is the control and that is where we have to concentrate some of our interest. Mr. Speaker, when you buy into companies, there must be some insistence to put other people on the board so that they get access to the knowledge etc. that is necessary.

I believe that the legislation have to have certain clear objectives. One must be the protection of minorities, secondly we have to control mergers and monopolies in the public interest and I am very concerned of take-overs which shift companies from public ownership into private ownership and establish monopolies and mergers that are not in the longterm interest of the public as a whole. Legislation must also be updated to widen share ownership among the public of Barbados, I am talking about the broad mass of people. It must have as a clear objective strengthening the provision to prevent the dangers arising from insider trading and we must look towards the harmonisation of the regional laws which govern the capital markets of the Caribbean.

Sir, that means as well, Sir, that we are badly behind hand in updating our insolvency legislation. We cannot have a serious and sophisticated market if the insolvency legislation is as rudimentary as it remains. A lot of re-arrangements, a lot of re-constructions and a lot of take-overs can occur in circumstances where liquidation has taken place and unless we update that legislation and do so rapidly we will not be providing the protection that is necessary for the investing public.

Mr. Speaker, I believe that the Prime Minister in introducing this Bill spoke as well about the proposed takeover code regulation. We will have to look at those regulations again. I am glad to hear from him that we will be re-visiting them in order to correct some of the errors or the limitations that arise in the draft legislation. In the meantime, Sir, I believe that you will have to allow Ministers some discretion in how concessions are given particularly the Property Transfer Tax. Stating my own personal position as a person who has seen the circumstance here in Barbados, I am against exempting some transfer tax and some stamp duty, share transactions which result in public companies going into private ownership and becoming conglomerates owned by private people. I do not believe that the public should make that sacrifice.

I do not see why the man from Kings Village, Brathwaites Gap, Fordes Road and Clapham in my constituency, must make that sacrifice for a local Mobil or Caribbean Mobil to get benefit when the people in the constituency who I have mentioned have no opportunity of investing and benefitting from the re-organisation that takes place. I believe the place to make the change is not here within the take-over codes regulations but I think that we will need a substantive amendment to Section 3, subsection 4 of the legislation as a measure from preventing those dangers of which I have spoken.

I am much indebted to you, Mr. Speaker.

Mr. D. St. E. KELLMAN: I am very grateful to enter this debate at this time, Sir. I want to say that I endorse

a lot of what has been said by the Honourable Members who have spoken before me but I also believe that if I did not enter this debate that the interest of that vulnerable group out there would be left undone.

Since October last year when we dealt with a supplementary for the Securities Exchange of Barbados for \$100 000, I asked this Assembly to come with the necessary amendment to the Companies Act that would protect the interest of minority shareholders. The reason I gave at that time, Sir, was because I was quite aware that the Companies Act protects a company from paying dividends but it never protected the interest of the minority shareholders of getting a dividend. Let me explain what I mean, Sir. Company A or B can make \$10 million but if the directors of that particular company decide that they are not going to pay dividends there is nothing in the Companies Act to make them pay a dividend. I am saying that is wrong. I feel, Sir, the Companies Act should be amended and that when a company makes a certain amount of profit that the interest of the minority shareholders should be protected because, most of the time, Sir, those people who buy into those companies, they see it as an investment and you can have a man who has \$10 000 in a bank, encouraged by incentives given in a Budget, who takes up his money, buys shares into a company, the company performs well and then to be told by a director that they are not paying a dividend and he has nothing to live on in that particular year. I am saying it is wrong, Sir, and any amendment that comes before this Assembly, Sir, whether it deals with takeover bids, whether we are looking to protect the interest of people I am saying the only interest, Sir, that this amendment is protecting is large shareholders and it is not protecting the interest of the small shareholders. 4.00 p.m.

I am saying, Sir, whether there are takeovers or not that the interest of the small man at the end of the day will be the same and we, Sir, must make the necessary amendments to protect the interest of those small people.

Mr. Speaker, if I had my own way I would tell the poor black people in this country not to buy shares in any company in Barbados. When I say that I mean those large public companies who come to the public only when they want their cash flow increased. I am telling you, Sir, the only time they come and issue shares to the public is when they want money. That is a fact. Name any of the companies, Sir, and you will see it is only when they want money that they come to the small man and ask him to buy shares. Yet, Sir, the Companies Act does not protect the interest of the shareholder and I will not buy the excuse, Sir, that because we are small in Barbados that we must continue to be governed by the Companies Act from

Canada, United States and Britain. It is time, Sir, that we as a small country formulate our own Companies Act and be guided by that and I will not be bringing any excuse in here today, Sir, that because it does not happen in the United States or in Canada, or in Britain that we cannot do it. It is time that we form and make our own laws to protect the interest of the people who have sent us here, Sir, to represent their interest and every time, Sir, they say anything in this Assembly you will always hear it is not done in the United States, It is not done in Canada.

I am not interested in what happens in the United States or in Canada I am interested in what happens to my poor people in Barbados and I am saying, Sir, that the only time I would ask them to buy shares is when they are guaranteed to get back a fair return on their investment.

Mr. Speaker, the Democratic Labour Party sold some companies in some hard times and no one can fault their decision but the Barbados Mills was sold by the Democratic Labour Party and since it was sold by the Democratic Labour Party it was again sold within the reign of the Barbados Labour Party to ADM. I want to know, Sir, if the agreement that was left in place by the Democratic Labour Party, when they sold the Barbados Mills, if those rules will still remain the same. I want to know, Sir, if the workers and the small investors in Barbados will still get a chance, Sir, to get a piece of that cake. I would like to know that from the Minister of Finance.

Mr. Speaker, I would also like to know what happened to the buy back options with BET. I am told, Sir, that the foreign reserves are high. I am told that the National Insurance Board got a lot of money to invest. I want to know what has happened to the buy back options if we had forgotten that they were closing, allowing the Barbados Government to repurchase those shares.

Hon. H. deB. FORDE: Mr. Speaker, I rise on a point of explanation. The Honourable Member should know that the NIS is in the market, at the moment, buying shares and we would love to buy some shares in BET but the point is that there was not a buy back option. We can only wait and go on the market like anybody else but we have been buying. As the Honourable Member for St. John says we have been buying in the safe companies like the*utilities. In fact I mentioned the shareholding which we do have.

Aside.

Hon. H. deB. FORDE: No. We have very few shares in BET and we have not enough shares in B ARTEL but we have been seeking to increase the share ownership in those companies.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am saying that when the Democratic Labour Party sold their shares, there was a buy back option and I am saying it is time, if Government feels the way they feel, it is time that the Government repurchase those shares and even if they have to sell them to the National Insurance they can sell them to them.

You talk about monopolies, Sir, Barbados had a monopoly in St. Lucy and we have put an end to that. They were the large processors of chicken in St. Lucy, since that there are two more and I am looking forward to the day, Sir, when I would not hear about that name in St. Lucy anymore.

Rt. Hon. O. S. ARTHUR: On a point of elucidation, Sir, the Government of Barbados had to make an evaluation as to whether the formula under which the shares in the Barbados Mills had to be repurchased by way of the agreement was in the public's interest and it had a comprehensive evaluation done of it and it was determined, Sir that the formula built into the agreement, if applied, would have redounded handsomely to the interest of the company selling the shares and we have therefore forgone the purchase by the Government but there is an additional clause pertaining to the company making the shares available to the public which we are seeking to activate.

The Member for St. Lucy had raised the question. I should not leave it in the records but I say that it was considered, appraised and determined that if we were to apply the formula it would so handsomely reward the company that it would represent virtually an abuse of the taxpayers funds.

In relation to the BET, Sir, there was no specific buy back provision although we would love to be able to get some of BET shares under the same conditions that we got them in the first instance, namely, shares in lieu either of some form of tax or in lieu of payments of some form of future profits. It becomes crucial in the light of the proposal sometime in the future for potential merger of BET, BARTEL and in the light of all the talk that we are hearing about changing rates and things of this nature, I would just like this entered into the record, Sir. 4.10p.m.

Mr. D. St. E. KELLMAN: Mr. Speaker, I do not know, Sir, which company did an evaluation for the Government, but I am aware that whenever there is big money to be spent it is done by foreign companies who in the end have the interest of the people who are not paying them up front. I hope, Sir, it was not a company working on behalf...

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. That might have been the case a few years ago particularly when privatisation was in vogue. But in this instance the analysis was done by the very competent management accountants of the Ministry of Finance who are thoroughly qualified and are given vent to parade their economic skills. No foreign company was invited to do an analysis which the Management Analysts in the Ministry of Finance could do on their own.

Mr. D. St. E. KELLMAN: If the Prime Minister is stating that the management accountants did that work, Sir, I might agree that a good job was done. But, I would have taken time to do my personal analysis to go along with that decision. I have not been privy to that, Sir, so I cannot say a good job was done.

Mr. Speaker, the same concessions that have been given to Barbados Mills, I would like them to be given to those two processing plants in St. Lucy, because I am sure, Sir, that if they were given the same concessions as that same company that we now seek to buy back some of the shares, there would be no need to buy back shares from that particular company.

As you know, Sir, there is another company in Barbados which is now producing flour too. So there is no monopoly, and the attack has been started in St. Lucy. I hope that when those two companies write to the Minister of Finance for concessions, they will be given the Same privileges as the previous company, Sir.

Asides.

Mr. D. St. E. KELLMAN: Are you talking about Roberts Manufacturing? Have you ever heard me come in here talking about Roberts Manufacturing? I am talking about M. O. Clarke & Company, and Spencer & Company, genuine companies. Small black people who are looking after the interest of Barbados.

You know something, Mr. Speaker, let me say something to you. Do you realise, Sir, that genuine companies in Barbados who will stay in Barbados when things are tight, sometimes find it really difficult to get concessions in this country? But the companies who fly in here by night and fly back out tomorrow when things get tight can get all the concessions.

I am saying, Sir, that the Prime Minister must apologise to me for not declaring Crab Hill a Special Development Area, as I had asked him to in the Special Development debate. Because, if one was to take a trip from that area and see the number of processing plants and the developments going on by small black people who

had no concessions, one would wonder why a Prime Minister would not give those people the necessary concessions they have worked so hard for.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. The Minister of Finance has discretion under Chapter 67(b) to waive any tax provided that the request is made for it. The Member for St. Lucy is fond of getting in this House and talking about the people of Crab Hill but he has not yet brought forward any proposal for anybody from Crab Hill that would allow me under Chapter 67(b) to waive the tax. I have the power to help the people of Crab Hill. Bring them forward.

Mr. D. St. E. KELLMAN: You know, Mr. Speaker, I am not a beggar.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, you know that my people from St. Lucy or myself would not line up. When the people stretching from Six Mens in St. Peter to Road View do not have to line up, I do not see why the people stretching from Crab Hill down to Road View, excluding Six Mens and Road View should have to line up to get concessions.

I am saying, Sir, that we demand the same privileges as the people of St. Peter.

Asides.

Mr. D. St. E. KELLMAN: I am also saying, Sir; that seeing that that land is virgin territory and it adds more to the development of Barbados than St. Peter would, seeing that it was a town for a long time that is the reason why the Prime Minister would sniff put any doubt to classify that area as a special development area.

I am also saying the same way a couple of Saturdays ago he recognised the fact that we needed developments like North Point in St. Lucy and I must welcome him on board. I have been saying it for a long time that it is about time - and it is said in the public domain that the Naval Base will be a good area to develop a hotel and allow the poor people in Barbados to have shares.

Asides.

Mr. D. St. E. KELLMAN: That will come. Twenty years ago, Mr. Speaker, if you had spoken of a harbour in St. Peter, people would have laughed at you. Now, we have Port St. Charles, Sir.

Asides.

Mr. D. St. E. KELLMAN: Twenty years ago, people would have laughed at you. Now, we have another port in St. Peter called Port St. Charles. But, the airport in St. Lucy will come. I assure you of that, Sir.

I am saying that poor people in this country should not be given the impression that the only way they can have ownership in this country is by buying shares into large companies. It is false and faulty thinking, Sir. It is time that we sit down with reasonable people in this country and show them that whenever there is a good idea out there, by any particular person that you can bring ten people, Sir, together with the necessary capital and let them join and form a company and run with the idea.

But, all the time we get in this Assembly and believe that the only way people can own shares is by running to BS&T or one of those companies, Sir, and buying shares. It is faulty reasoning and we are not "progressing" this country. We are putting it back in the same days as when we had slavery. That is, the hard cash that people are working for, you are asking them to give back to the offsprings of the slave masters by buying shares.

What we need to do, Sir, is to give those same concessions that they gave to those people, to the new group of businessmen and encourage their "cousins," when I say cousins it does not necessarily have to be cousins as we know it, to encourage people to become shareholders in those same companies and let them go. But, to believe that the only way that Barbados can progress is to remain with the companies we have is fooling ourselves.

Asides.

Mr. D. St. E. KELLMAN: I want to get to something, Sir, that really worries me and it is very important. When the VAT was introduced, there were special taxes levied on certain items. Some smart, bright, black business people, some civil servants and some otherwise, decided that there was an opportunity for them to form their own businesses and they started importing with foreign countries and started importing in this country, Sir. And, because they were creating problems for large companies, those large companies were able to go to the civil servants in the Ministry of Finance, Sir, and two months after that tax was taken off, Sir, it was put back on. Because small black business people were developing themselves in Barbados and they had criticism from large companies and that special tax is back on. And, people who were building companies are now being destroyed because of pressures from large companies. I am saying, Sir, that the civil servants who made the recommendation to the Minister of Finance to rethink the decision... 4.20 p.m.

Aside.

Mr. D. St. E. KELLMAN: I am not talking about reconditioned cars. I am talking about black businessmen who started importing goods in this country and because they were giving competition to large companies special taxes that were taken off before went back on.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, the member is imputing motives that are so dishonourable that I have to ask that those remarks be expunged from the record. At the time of the introduction of Value Added Tax, it was recognised that to the extent that the Value Added Tax due to the price of extra-regional imports that there were areas where domestic producers would find that competing with cheapened extra-regional imports would be problematical and that the combination of the VAT on cheapened extra-regional imports together with the deduction of the surcharge would have driven a lot of domestic manufacturers into the ground. When I introduced the Value Added Tax, I therefore indicated that the Government was going to reconsider the rate at which it reduced the surcharge with a view to protecting manufacturing. There are some distributors who wanted to buy large volumes of cheap, extra-regional imports who have complained; but the only policy that the Government has introduced is a slower phase-in of the removal of the surcharge to allow domestic manufacturers to accommodate the increased competition that would come from a steep reduction in the price of extra-regional imports accompanied by a steep reduction in the surcharge. That is the policy that this Government has introduced.

It was intended therefore to protect the domestic market. There are some large distributors who were looking eagerly to flood the Barbados market with cheap extra-regional inputs who have written the Ministry of Finance complaining bitterly but my staff has stood its ground and I have stood my ground and if the member for St. Lucy wants to take up the "fire-rage" of the distributive class in opposition to the small manufacturers who must compete with cheap imports from extra-regional sources it is his prerogative to do so. Those are the bald facts.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am surprised at the Right Honourable Member for St. Peter. I said the workers in the Ministry of Finance. I was very right in using my words. The Prime Minister is also quite aware that I would never come in here to pick up the "fire-rage" of the people he has accused me of picking up "fire-rage" for. I am picking up the "fire-rage" of hundreds of small businessmen who decided because of certain concessions to get into business.

I am not talking about large businesses. You would know exactly of the ones who complained to you. If the

officials do not tell you who are complaining it is not really the large business people who are complaining. I will not call the names now but when certain things are reported, you will understand exactly what I am talking about. So do not let this be an attack. It is not meant to be and you know that.

I am saying that there are a lot of small people in Barbados who took the Prime Minister at his word and I am surprised that the Prime Minister could get up and attack me today because I made this point. It was not me who said in this House of Assembly that a shirt will be cheaper. I agreed with the Prime Minister and I advised people that if a shirt is cheaper that they can import it and help their neighbours by selling them a cheaper shirt. How can you blame me today of picking up the "fire-rage" of large businesses?

It is not the large businesses that would complain because the shirt was cheaper. The small man took you to your word and he went out and brought in the same shirt that you quoted. You said a shirt from the extra-regional area would be cheaper and small people with money went out and imported that shirt only to realise that they do not have a business because the large businessmen down town complain that the shirts are coming in too cheap and the special levies have gone back on to make the shirts more expensive and they are not attractive anymore for the small man to import the shirts.

Mr. SPEAKER: I think it would help if you could get back to the Resolution.

Mr. D. St. E. KELLMAN: Yes, Sir, we are talking about formation of capital. Mr. Speaker, whenever a small man forms a business he is forming shares. So that is formation of capital. If the Prime Minister tells a small man that a shirt is cheaper and he forms a company to import dress shirts, that is formation of capital.

Aside.

Mr. D. St. E. KELLMAN: ... It was not this clown that used the example that a shirt would have been cheaper. It was the other one.

Mr. SPEAKER: Surely the Honourable Member is not saying that there are clowns in here. The Honourable Member has 2 minutes to conclude.

Mr. D. St. E. KELLMAN: Thank you, Sir. I am saying that I give the Prime Minister the opportunity to review his decision and to realise there are many unemployed people who would have borrowed money from people and saw the opportunity to employ themselves who took him at his word and they went out and formed a

small company. It is true that I would have preferred to see the same local manufacturers who complained about those people providing an opportunity to produce the same goods and use those small business people to market their goods for them.

The problem in Barbados is that there are manufacturers in Barbados who want to produce goods and at the same time they want to set up separate companies to market the goods, stopping poor black people from getting the opportunity of getting involved in business. They are the same ones who would run to the Minister of Finance and complain and involve the Prime Minister in business.

If you are in manufacturing you should give the marketing to somebody else so that the cake can be shared in Barbados. In Barbados, what we have is a group of selfish people who are not prepared to share the cake and whenever they get competition they run to the Ministry of Finance and who do they complain for? They do not complain of their big competitors. They complain of suitcase traders.

We, as a Parliament, have to protect those suitcase traders because if you look at the Indians they started as suitcase traders and they own nearly half of Barbados already. I am saying that if our people can be given the same concessions then they will own the next half. The problem in Barbados is that our foreparents worked hard in the fields of Barbados but they are not getting into the same businesses as other people who never worked hard in the fields of Barbados.

I hope that when we are dealing with takeover bids that we deal with a situation where we can pass the baton to the children of those who worked hard in the fields in Barbados or to their offspring. Thank you very much.

Mr. W. C. C. CALLENDER: Mr. Speaker, I rise to support the Bill before this Chamber. Sir, effectively what this Bill is trying to do is to exercise some control over the economic sector of Barbados and to put some regulations in place to ensure that the people of this country are protected.

I think it is quite appropriate since it comes at a time after we have sought to highlight the relevance of emancipation. It is appropriate because within the past few months we have been seeing evidence that even though we have been emancipated many years ago, even though the slaves were freed in 1834, there still exists a threat to the freedom of the descendants of those slaves.

When in 1997 we can see conglomerates, when we can see the big business sector attempting to do as they

please without any consideration for poor black people we need now to look at putting measures in place to protect the poor and defenceless against those who by virtue of their economic power are still trying to make incursions into the march towards the empowerment of poor, black people.

I say that, because it is the poor, black person who usually suffers. They are usually the workers under those who have economic power and even though these people might be able to buy shares in the company for which they worked there is still the fear that these persons because of the economic power would be able to take away any economic encroachment which the people are making in this economy as they might perceive it.

The background against which this Bill comes needs to be addressed. We still live in a Barbados in 1997 in which we have serious problems of race and class, serious problems of divisions of poor and rich, and we need to address these concerns.

I believe that it depends on the conscience of everyone to make the determination but sometimes we need to have regulations put in place to protect the defenceless and this is where this piece of legislation is very important.

Sir, we read the papers and we wake up and we see that a company has been taken over by another one. We have not heard of it before or we have not seen it in the newspaper, and only a few privileged people with economic power would know about this. This is happening in 1997. The regulations which would emanate from this Bill, I believe will prevent this kind of occurrence because if you are looking at an open market economy if we are looking at the transfer of capital and labour we need to look at the free flow of information. We need to look at a situation where information is not just for the privileged or the few that have access to this kind of information because of economic status.

Sir, these Regulations take into consideration the fact that we do not want to return to a situation where a few people will dominate this economy. We do not want to have a situation where there are too many monopolies. We do not want to have a situation where there is an oligarchy. The implication of that is that in this economy what happens is that when a few people control everything it means that the provision of services will be thrown around among a few, and I want to be specific on this.

There have been a few advertising agencies established in this country which have been able to do well. There have been others who have tried but have not succeeded and there are many other people who will not dare to enter that domain. Those who have tried will

tell you that at the end of the day they put it down simply to the fact that those who are unsuccessful are those who do not have contact with those who have the economic power. Some people put it down to a matter of colour, but I would simply say those who do not have access to those with economic power.

Sir, we also have a situation where people who are offering services to the commercial sector will find that some will get their services contracted for no other reason than that they have contact with those who have economic power and others who have the skills and the experience will not get that privilege because they do not have contact with the economic power.

When I see the proliferation of certain companies in Barbados it makes me tremble because I fear for the average man who does not have that economic contact. As these people gain more control what it means is that the opportunity for these people who are offering these services to be able to make a living, those opportunities are being reduced, and that many of those people who are offering these services will have to find somewhere else to go either outside Barbados or they will have to eke out a living or whatever. It presents a dangerous scenario where instead of the advancement of these people who most of the time have benefitted from our free education, who have the necessary training and skills and experience, will not be accorded the privilege of offering their service to a wide range of businesses simply because these businesses are owned and dominated by a few people who will provide people like themselves the opportunity to make a living.

This brings me on to the necessity to look at regionalism. Sir, before I entered politics I travelled a lot throughout the Caribbean offering my services to various countries in the Caribbean and was able to eke out an existence for myself. This market sometimes becomes too small because there are certain markets which remain closed off to people like myself.

I believe that if we reach out into the wider Caribbean in terms of movement of capital and movement of labour it would help to provide greater opportunities because we cannot expect to break down in a day these barriers that still exist. I believe that we have to try and we cannot just sweep it under the carpet. In the interim, we need to look at moving into wider markets and this is why I am a great supporter of a regional club and if a regional company wants to invest in a company in Barbados, once it is competitive, I have no difficulty with that. Likewise, Sir, this falls in line with movement of labour and if people can get work in other areas, then it helps. 4.40 p.m.

This is just a small market, Sir, with some strange intricacies. I believe that the widening of the market will be to the benefit of those who are offering new services in the informatics, training, marketing, advertising and so forth, and those people invariably who happen to be poor and black.

The reason, Sir, for a Parliament such as this is to regulate the economy in such a way that everyone benefits but also, at the same time, to ensure that those who are defenseless usually because they do not have the economic power, are protected. I am quite happy to see that we are embarking on these arrangements.

I am glad to see we are looking at a Bill such as this but I believe we need to go further because we have to face reality that we are in an economy which is controlled by a few and we have the overriding problem of there being too much separation.

I will give an example because if we talk about emancipation, I am not talking about the emancipation of 1838, but I am talking about the emancipation of 1997. When I look at one Walk in Barbados which is supported by one race, and I look at another one with very few of that race entering into the bigger one, what it says is that as a small country we are still divided racially. It therefore presents a problem for the market forces to take place with equity, to take place with the fair play that is necessary for the flourishing and for the empowerment of the average poor black person in Barbados. As a regulatory body, Parliament and the Government of Barbados have to step in and play a greater role in ensuring that our people are protected.

Sir, I would hope that provision is made for the average people who work for businesses be given a real opportunity to become part of ownership. There are enough people and I know the battle is on to prevent it but we have to be part of the fight, the fight to ensure that these workers in these businesses get a chance to own. Slavery has too long gone for us to be operating as slaves within another context. They tell me that "Massa day done." I believe the process has now begun to ensure that "Massa day done."

Thank you.

Sir HAROLD St. JOHN: Mr. Speaker, I would like to make a short contribution to this Bill, particularly in light of the fact that I was one of those who was involved in the amendments to the Companies law in the 1980s and also in the creation of the Stock Exchange which also was passed in 1984 but which was, for various reasons, proclaimed in 1987.

It was always envisaged that it would have been necessary to supplement the defects in the common law when take-over bids occurred in shares which were publicly traded on a Stock Exchange. I wish to emphasize that although this Bill amends the provisions of the Companies Act which hitherto dealt with take-over bids in circumstances where successful purchasers of 90 per cent of shares of both private and other companies were permitted to compulsorily acquire the other 10 per cent, this Bill now seeks to place a new obligation on people who are attempting to take over companies by obligating them, if they seek to acquire 25 per cent or more of the shares of the company, to make a similar offer to all of the other shareholders. In short, Sir, it seeks to ensure that there is equality of treatment in terms of the offer made to all shareholders. The percentage that triggers that requirement is 25 per cent.

I want, Sir, to look at this in the context also of the fact that we are attempting within the Caribbean area to create and encourage Stock Exchanges in which shares of companies whether they are incorporated in one part of the Caribbean or in another part, are being facilitated by having an opportunity to be capitalised by the whole pool of capital that is in existence in the Caribbean and not restricted to each island. It is important, therefore, as some Honourable Members have said, that we pursue as fast as possible, the harmonisation process in which all of the laws relating to this area in the Caribbean are as near as possible in wording and content.

I have had the opportunity recently of observing what the position is in Trinidad and Tobago because under their securities legislation there is provision for a take-over bid, particularly in relation to financial institutions. In Jamaica I know that recently they have amended their laws to make provision for security legislation so that when we are doing that exercise today, we are doing an exercise which is really in harmony with what is taking place in the rest of the Caribbean who have Stock Exchanges.

I want to emphasize though, Sir, that when one looks at the amendment to the Companies Act and one looks at the proposed regulations, that some revision to our proposed regulations has to take place because the definition of take-over bid in the Companies legislation is slightly different from the definition of take-over bid in the regulations so there has to be harmonisation. It is absolutely necessary.

There also has to be clarity, Sir, that the take-over bid laws in relation to triggering their offer will only apply to companies which are on the Stock Exchange and which remain on the Stock Exchange. It will not apply to private companies. The force-out provisions in relation to

compulsory acquisition will apply to both the private and the public companies so we need to have these matters quite clearly set out. I would like to draw that to the attention of all Honourable Members.

Now we ourselves recently have become familiar with the concept of mergers and acquisitions in Barbados but this is not something that did not go on in Barbados before. What has become now of some concern is that there is, with some justification I might say, a general feeling that the circumstances under which mergers and acquisitions take place are such that in the absence of a take-over code, lend themselves to advantages being taken by people who are in the know of other shareholders who are not in the know. 4.50 p.m.

We have arrived at the position in Barbados where because of the experience in other countries and because of what has been taking place in Barbados, it is necessary for us to bring into the legislative framework a code, the fundamental objective of which is to ensure that there is equality of treatment and one can only get equality of treatment when all shareholders are given the same terms and conditions and in making up their minds they should access to all of the information which the other shareholders in the company have. That is vital and it is very important and that is why the code makes specific provisions for a take-over circular in which there is maximum disclosure of all the relevant factors which would influence a shareholder in making a decision.

We have had, Sir, in Barbados a couple of legal matters that have gone to courts in circumstances where mergers were being negotiated and some shareholders had to take legal action because they believed that the methodology of the merger was such that they were not being given the relevant information. Luckily, the case was settled after the pleadings had disclosed certain allegations which, the parties felt would best be dealt with outside of the law courts. That is the merger of Rum Distillery in St. Lucy.

We also had other matters such as the Almond Beach and St. James Beach matters recently and we now have current the Pine Hill Dairy and Banks. I think that Barbadians will become accustomed to the fact that it is a normal feature of business in societies in which private enterprise is allowed that periodically companies will change hands whether that is change of ownership or change of control takes place as a result of a merger or an acquisition. Mergers and acquisitions are normal features of business. The best that the Government can do is to ensure that unfair advantage is not taken of minorities or of small shareholders. I also want to say that in

Barbados institutional investors have a prime role to play as well as the financial Press in Barbados has an important role to play in educating the public.

Asides.

Sir HAROLD St. JOHN: The financial Press! Have you ever seen *CANA Business News* or the *Broad Street Journal* or that segment of the Press that aspires to perform the role of the financial Press? It is not only the laws that are going to ensure this fairness, it is also the other institutional framework which helps to influence opinions.

Sir, we need also the Press to be educated in this area and to do a sophisticated analysis of the respective bids. We in Barbados should have learnt something from the tremendous battle that went along between the companies that were involved in the takeover of the parent company of Sandy Lane. That was a battle that took place between Granada and the Trust House Forte group and for weeks, in the newspapers and in the financial Press in England, the merits and de-merits of the respective bids were exposed. I do not expect that we will reach the same level of sophistication as that because in the United Kingdom and in other countries, institutions such as Merchants Banks are heavily and highly paid by both sides to do what is called the 'proposed bid' and the 'defence bid' and things of that type. Our market may not support that but the point is, Sir, I just want to point out that the passage of the law alone will be a great improvement but that there will still be defects in the machinery because that law has to be buttressed by other institutional framework.

I am very glad that the debate has widened to the extent that we are talking about change that has taken place in Barbados and in the Caribbean in relation to these matters. I am particularly pleased that the Prime Minister made the statement that we must look at these matters now, not in the context of the narrow nationalistic and protectionist approach, but in the context that we are committed to the development of a single market in the Caribbean by the year 2000. That is the aspiration I think that all of us as Parliamentarians support. As a matter of fact, from 1979 when there was an agreement between Trinidad & Tobago and Barbados in relation to a limited single market for certain economic activity in which they would be equality of treatment which treaty could have become general throughout the Caribbean, we were moving towards that state of a single economic market. It was restricted in the beginning to insurance. It was restricted in the beginning to some other financial services so that I do not think that this point is again being emphasised enough. There is no scope, absolutely no scope, in a single market for discriminatory taxation, for discriminatory treatment between people who make a bid whose company is formed and presently owned by nationals of one part of the

Caribbean and who are trying to acquire businesses in another part. There is no scope for restrictions arising from nationalism. 5.00 p.m.

What we have to do, and Barbados has a great opportunity in this direction, what we have to do is to ensure that the administration of our security laws and the administration of our other rules and regulations is so perfect that the confidence which arises from that will ensure that Barbados will be the beneficiary of the headquarters of many of these companies.

People's trust and confidence, Sir, in the integrity of public administration is very, very influential in these matters and Barbados enjoys today, an excellent reputation for the independence of the administration of our securities exchange regulations.

It is a fact. You only have to go to some other countries. You only have to look at what took place, particularly in the financial services industry in Jamaica. I can only say that certain unusual things must have taken place that a whole large sector of the supposedly regulated area of activity collapsed in that period of time, the insurance industry, the secondary banking industry and all of that. So that now we have, as politicians, to arm our administrative machinery with the necessary laws. We have to encourage the development of a critical and independent group of opinion providers in these matters. I look forward to the day, Sir, when people who have qualifications can be hired by the Press to give an analysis on a specific situation.

We are not going to be in a position like they are in the United Kingdom for example, when a dismissed Chancellor can walk into the boardroom of a big financial institution and become a big journalist and get money far greater than he got when he was Chancellor of the Exchequer.

I thought the Honourable Member was telling me he was looking for an opportunity to expose his knowledge, as former Minister of Finance, in this area as a commentator. We have made some progress, Sir. We have moved from in here to be talk show hosts. Maybe our next move will be, Sir, that Ministers will move to other areas of journalism and a great reward where they would be able to give the public the benefit of their experience.

Now, Sir, the debate also provoked a considerable amount of comment on the question of why this share ownership. Now this is a very desirable objective, Sir. Successive governments have tried by way of concessions in the Income Tax Act, in the Employees Share Ownership Plan and things of that kind to widen the share

ownership but widening share ownerships, Sir, is something that has so far even in the largest capitalist countries eluded the advocates of it. What has happened is, Sir, individuals have found that the best way they can take advantage of ownership of shares is via the capital intermediaries such as the banks where it is allowed, where there are insurance companies investment portfolio, mutual funds, unit trusts and of course, Sir, in the context of Barbados, I say, Sir, that the over 40 000 members of the credit unions in Barbados have a vital role to play through their management in influencing the widening of share ownership.

I am not saying, I want to emphasise, I am not saying that a large percentage of the portfolio of the investment should be put in shares. I am saying, Sir, that an institution which, as a whole, has some \$3 million to \$4 million, I believe in capital, that even if one took 5% or 10% of that and put it in the shares that those shares which the owners have got would represent 40 000 people in Barbados having an interest in the shares. So that the widening will take place, not directly but indirectly through these other institutional arrangements.

Let us not forget, Sir, it is the institutional shareholder in other countries who have proven to be the principal instrument of control of the management so that an institutional shareholder plays a doubly important role.

I therefore, Sir, would like to give my full support to this Bill, and I confidently feel that this Bill, taken with the amendments to the Regulations which would be necessary will bring great improvement to our existing legal structure and it would help to promote a greater degree of confidence in shareholding in Barbados.

Mr. C. A. MASCOLL: Mr. Speaker, while I understand and accept the need for such important legislation, I am not so clear in my mind that this legislation covers perhaps the whole issue of mergers and since it really does not pretend to do so, I somehow suspect that that whole pressing issue has to be dealt with almost immediately because the evidence is there to show in the last couple of years in Barbados that increasing emphasis has been placed on this whole issue of mergers across-the-board. I am very concerned in fact that there does not seem to be any particular guidelines, or set of criteria to determine how, why and when companies should merge within the context of Barbados and the impact that it would have on the economy.

Now we have recently heard about an attempt which apparently has been stalled to bring two companies in Barbados together. One is in fact very worried as to how that proposed effort could have been conceptualised in the

first place and on what grounds those two companies could have come together. 5.10 p.m.

When you look at this whole question of the performance of the two companies, there is only one common basis for a merger and that is that the two companies are in the business of manufacturing beverages. One, beers and other drinks; and the other, milk, juices and other beverages. But, they are miles apart in terms of the many other indicators that one would need to look at to determine why these two companies should in fact come together.

Now, this morning the Honourable Prime Minister suggested that there is an excellent article dealing with the whole question of under-evaluation of shares in Barbados and why we need to, in fact address this issue of the whole development of the Stock Exchange. But, there has been evidence for a number of years for the performance published by Ernst and Young showing that there has been considerable under-evaluation of shares as far back as the 1980s. In many respects the obvious reason given is that there is no trading of shares in the market and therefore the book values of the shares are normally way below the market values in several instances. Two companies that have been very guilty of such or have been identified in this area are in fact the two companies, the Pine Hill Dairy and Banks Holdings.

I again, am very worried as to why Banks Barbados would wish to merge with Barbados Dairy Industries. It is worrying because of the persons who are in control of these directorships across these two companies and the obvious influence of power which they would have. But the Barbados Dairy Industries has performed extremely well in the last couple of years in Barbados, so much so that it was ranked as the number one performing company on the Stock Exchange and in performance which, as I said, was done by Ernst and Young and that did not just occur.

For the previous two years prior to 1995, it was placed third in 1993-94 on the basis of being established indicators for measuring the performance of companies as identified in the document on the basis of price earning ratios, dividends, acid test, *et cetera*. What we have seen in fact, is the continued improved performance of Barbados Dairy Industries to the extent where it is not only highly profitable but, the management structure, especially the marketing arm of that company, can be very highly praised for the efforts in terms of exporting and the other initiatives that have been taken.

But, one would certainly have to worry when it comes to Banks Holdings. Banks Holdings in this effort, knowing that the pending competition that will come from

within CARICOM and beyond in the years to come, is apparently seeking an accomplice in this whole exercise and without any indication at all to the shareholders of that sort of intention.

It is really disheartening especially in terms of this whole effort which both parties in Barbados share in terms of economic enfranchisement and widening the base of ownership of companies across Barbados. So that one is really left to worry as to what could have been the motivation for the proposed merging of the Barbados Dairy Industries and Banks Holdings.

Now, I would wish to reiterate the need at this stage to put in place as quickly as possible, legislation to deal with mergers and not to be so concerned because the evidence is not there with this whole question of take-overs. We have not had considerable examples of that in Barbados. In fact, I cannot think of any take-over bids in Barbados within the last five years or so, as conceptualised by the regulations which we are addressing, but I can think of several efforts within the last five years to merge companies across Barbados.

It has happened in the car industry. It has happened in the distributive trade. It will happen in tourism. It will happen to the manufacturing sector. It has happened across the wider range of the economic sectors in Barbados. Therefore to my mind as I said before, there needs to be urgent attention paid to the whole question of mergers. In this regard, in fact, the public needs to be educated thoroughly on these issues.

The call by the Honourable Member for Christ Church South to educate the public on these issues is in fact even more needed in the whole question of mergers and what the implications are, or will be for the economy. By way of example, the Barbados Dairy Industries hires over 250 people. Banks Holdings hires over 371 people and there is no one that can argue effectively that to merge these two companies will not result in a reduction of jobs.

Asides.

Mr. C. A. MASCOLL: There is no one that can argue that a merging of these companies will not result in job reduction across the two companies. First of all, one will have to look at the differences in terms of plant. There are two companies, yes, but certainly the plant at Banks cannot be the same age as the plant at the Pine Hill Dairy.

There must be differences in terms of the age. There must be differences therefore of depreciation and possibly the rate at which they are depreciated. So, therefore, there must be implications if you are to bring the two companies

together for this whole question of managing the machinery, the plant and the equipment effectively. So that even from that simple example of a merging, the implications that it would have in terms of what the investment needs will be now across two companies as one company, since they will be merged as opposed to two decision making across two separate companies.

I do not know which one stands to benefit more, but I get the impression again, that the upgrading of Barbados Dairy Industries within the last five years and from the performance, based on the evidence in performance published by Ernst and Young that Barbados Dairy Industries has newer equipment, newer plant and is therefore to my mind, in a much better position than Banks Holdings Limited, at this point and time. Therefore, to bring the companies together would have implications for decision making at many levels.

Certainly Barbados Banks Holdings has now an asset portfolio that is almost four times as large as Barbados Dairy Industries. It would therefore again have implications for the overall management and new investment decisions that will have to be made to upgrade the facility at Banks Holdings as opposed to Barbados Dairy Industries. Again, decision making and where we invest and how we invest... One of these entities and I dare say Barbados Dairy Industries will have to suffer as a result because no Board of Directors will sit and allow Banks Holdings to operate at a rate that would not be consistent or would not be economically viable and therefore such decisions would be to the benefit of Barbados Banks Holdings as opposed to Barbados Dairy Industries. 5.20 p.m.

Again there is substantial evidence to show that Banks Holdings Ltd. has for a long time not been very willing to incur debt. The retained earnings are quite high and they have not been in a position where they wish to incur debt. As a result of that we are therefore talking about a completely different mind-set that Banks Holdings has as opposed to the Barbados Dairy Industries. So bringing two companies like that together would certainly have implications at many levels.

We also know that there has been a greater rate of return of capital at Barbados Dairy Industries as opposed to Banks Holdings and therefore we begin to ask many questions again. Could we possibly sit by and allow these two companies to make such a decision in the absence of detailed information about the various indicators which they will certainly have to look at to make such a decision.

I do not know the legal implications but I get the impression that Government has realised that such an effort cannot be allowed and therefore has interrupted the

process by whatever means necessary. I am saying that I do not know whether it is legal or not but the decision to solve the process is a decision in the interest of wider Barbados and cannot be allowed to go on.

I am grateful that Government has taken this position and I would be even more grateful if Government decides to put the emphasis in this amendment where it should be put on this whole question of mergers as opposed simply to takeovers. That is where the emphasis will have to be put and put quite soon. So let us not be hoodwinked into believing that a decision to merge was in the best interest of Barbados or in the interest of shareholders or in the interest of people of a certain ilk.

What is most amazing about it is that not one red cent would have been transferred in this exercise at all. Some guru made a decision that for every 5 shares at the Barbados Dairy Industries you would be entitled to 7 such shares in Banks Holdings or the other way around. Some ratio was worked out. On what basis could this have been worked out?

As I said before, not one cent would have been transferred and shareholders would have been able to buy into Barbados Dairy Industries without there being any such transaction. Purely on the basis of performance, Barbados Dairy Industries should have been given some preferred position in this whole transaction. They should have been given and could have been given strictly on the basis of performance and I am yet to understand what could have been the basis for such a decision to merge these 2 companies.

I would wish for it to be investigated wider. Not that I am asking for any Commission. I am asking for Barbadians and especially those of us who would have been in decision making positions to ask many questions about this affair. This is not a simple attempt. This attempt goes far wider than it appears because the group that exercises its power in Barbados at every turn has seen an opportunity now to use alternative methods to buttress any efforts which they put in place to capture wider economic power in Barbados at the time when successive governments have been seeking to spread the wealth to ensure that there is wider participation in terms of share ownership. This comes at a time when that group says it understands the need for such to occur and that group understands very well why the entire economic reform was necessary and that group has been the major beneficiary of all the economic reforms in Barbados since 1991-93. That group continues to enjoy profit. That group continues to spread its economic power by way not only of enhancing profitability within companies that were long established but

now find new avenues to make profit. That group as I said before have been the major beneficiaries but that is understandable.

At a time when Government made the efforts to restructure the economy it is hard to preach to people who are suffering that in order to correct the ills at the lower echelons of the society or lower economic levels that you have to provide some means by which existing companies can have higher levels of profitability and get higher levels of returns and be able to reinvest.

Therefore the whole restructuring exercise the whole reduction in cost in terms of hiring people, the measures that were put in place to remove these levies, the other measures that were put in place to reduce the cost of capital, the incentives that were introduced, the reform of the tax system, the incomes policy, every conceivable measure designed to restructure the Barbados economy redounds to the benefit of the major economic class in Barbados.

Now we can have just 4 years hence an attempt not to ensure that there is any spreading of the wealth but to consolidate the wealth within the hands of the few so that we are having on the one hand a political class of my ilk and complexion suggesting that it understands only too well the process by which we can enfranchise individuals in Barbados, but still you have the only class seeking to manipulate the system behind the closed doors to ensure and guarantee that we perpetuate a system of putting wealth only in the hands of a few. This is the hurtful part of this attempted merger on the part of Banks Holdings Limited and the Barbados Dairy Industries.

It is amazing that at the very level where the people of Barbados understand the need to bring small businesses in place, understand the need for an opportunity to own more, understand the need for us to participate in the process of economic democracy that these few people represented by the likes of those who just descended would come to put such a method in place to ensure and guarantee the consolidation of wealth among that small and selected few.

This is a major exercise for us to unearth. We need to really understand what could have been the basis for such an attempted merger on the part of these 2 organisations. We need to understand it because it is at the heart of what many of us have been preaching for a long time in Barbados and when you preach it you hear that you are anti this class anti that class when all you are doing is seeking to elevate those who need to be elevated because of the representations and because of their hard work and because of the efforts that they have made over the years to ensure that this country stays afloat.

It is now time to redistribute wealth in this country. The evidence is there and the Prime Minister smiles on it: the economy has re-emerged; the foreign reserves have reached record levels; the fiscal position has declined; and all because of the wisdom of the Democratic Labour Party's Administration. Now is that time to redistribute wealth and do it effectively in the interest of the real people of Barbados.

It is not a question of playing politics. It is an agenda item that has to be realised in the interest of Barbados. It cannot be allowed to continue. We have to put measures in place to guarantee that this opportunity is achieved. Now, unfortunately in these debates you are restricted to a half hour but such is life. 5.30 p.m.

Let me just reiterate a few things that on the basis of several indicators, the workers of Barbados Dairy Industries Ltd. have demonstrated that even in the face of liberalisation policies, policies to ensure increased competition out of the region, policies that would eventually ensure increased competition out of the extra-regional markets, that rather than retreat, the Barbados Dairy Industries Ltd. has in the last five years or so sought to put new initiatives in place by way of improving the technology, Tetropak, by way of seeking new markets, both regionally and extra-regionally. They have certainly demonstrated by way of their profit levels and the profit margins.

There has been greater treatment for local farmers by way of ensuring that they come on board and have a greater voice in decision making and that this organisation which is for the most part, I think publicly owned, and which was put in place by a Government, could demonstrate the kind of fortitude that is required for any small enterprise to effectively compete in the new global environment.

You cannot want a better example of a Barbadian company that has faced competition, that has faced trade liberalisation, that has faced the hardships under economic pressure from the measures implemented to restructure the economy and has emerged effectively as the leading company in Barbados. This is a clear demonstration that the management skills reside in certain classes in Barbados that we can all be justly proud. By management skills I am not talking about any board because boards only meet once every month to make a decision.

The Barbados Dairy Industry has, in fact, been restructured and has proven that although it is confronting these issues that it can emerge and has emerged as the leading company in Barbados under wise leadership, not of

any board members. Board members, as I said, take information from the managers who are there every day and make one or two decisions here and there but they do not execute. Many board members do not have this big vision either but they then come and get all the praise and are elevated as though they have the hands-on experience and they run the companies on a daily basis. The praise has to be given to those who are there, the human resources managers, the marketing managers and the technical people on the scene who are the ones who ensure the success of the company, not, as I said, having a monthly board meeting. That is to provide guidance but those are not the individuals who actually execute the plans and who by way of demonstration the Barbados Dairy Industry has demonstrated that we can certainly do it as a people. More importantly, it is a company that has emerged out of a Government initiative.

I have grave difficulty with the attempted merger on the part of these two companies. I am saying that in light of several things which I can allude to by way of indicators of performance criteria, that there is no reason why we have to sit idly by and allow such to take place.

On the question of the overall take-over bids there is an extremely interesting point in the Regulations which addresses the whole question of looking forward. How do you in today's Barbados put a method in place which permits a company to look ahead, to anticipate the difficulties ahead, to have systems put in place that can allow it to anticipate issues pertaining to the implementations of VAT, issues pertaining to the implications of the removal of non-tax barriers and issues pertaining to the liberalisation across the Latin American region?

What are the measures that can be put in place such that local companies can, in fact, anticipate some of the difficulties and opportunities that they will confront like say, in the next year? What forecasting mechanisms have they been putting in place to be able to do these kinds of things? Are we satisfied that the private sector is better placed in terms of making forecasts about economic outcomes than is the public sector?

On that score, I wish for us to be able to have more updated information in terms of financial statements, not only current financial statements but, as I said, some attempt to look ahead to see where we are going and how we can get there. I obviously would support the Regulations before us. It is extremely important but there is an area that is even more important to the needs of Barbadian companies and that is regulations pertaining to merging of companies.

I thank you.

Mr. B. M. TAITT: Mr. Speaker, the Honourable Member has prompted me to join this debate not because I wish to oppose the legislation, because the rudiments of the legislation are acceptable and they seek to put the whole question of takeovers and the acquisition of shares within the perspective of modern times but I wish to address a couple of the issues raised by more than one speaker, and I wish to put on record my own position in regard to some things.

First of all, Sir, on this whole question of shareholding and share owning by the Barbadian community, I know there is a lot of discussion now and a lot of people are suggesting that we have reached a stage, or we are reaching the stage where there is going to be a redistribution of wealth. I want to say that no one can disagree that there is a need for redistribution of wealth but the people who govern Barbados, not at the level of the Government but at the level of economics, the people who have been governing Barbados economically from almost time immemorial, they put themselves in position constantly to be on the cutting edge. They put themselves in a position for what I choose to call the recycling of wealth.

You will notice, Mr. Speaker, that in almost every modernization, in every effort to move beyond a certain point, that the same kinds of groups or indeed the same group of people are always on the cutting edge. They are always ahead. They are always there or thereabouts. They have learnt the art of using the Government and the Government's technical capacity to carry themselves forward.

We are going to be continuously talking about the redistribution of wealth. The Government, the Opposition and the people who have been given the mandate to carry the people forward will continue to talk about the redistribution of wealth unless we take certain concrete steps to change the concepts and the attitude which our own people have.

Mr. Speaker, when I returned to this country in 1971 as a Senator and Minister of Trade, Industry and Commerce, among the things which I attempted to do and my colleagues who were there then will remember this, is to try to change certain patterns of behaviour in the commercial world in this country. I still have some of the scars from those battles because it was recognised very early by those who stood to lose market shares, if you would pardon the expression, that a strange phenomenon was happening and that they were not going to be caught napping. They set up all the barriers that were possible at that time. They set the people against the Ministry of Trade

and the Government of that day. They set the people against themselves helping them...

Aside.

Mr. B. M. TAITT: to understand themselves.

Aside.

Mr. B. M. TAITT: He was in Jamaica wrecking the Jamaican economy at that time.

Quite seriously, Mr. Speaker, what the Government and particularly the Minister of Education have to start doing is to recognise that we have to teach our children at the age of elementary school that investing forms part of their lives. We cannot bring them to investing after they have had a job in the civil service for 20 years or they are working in Bridgetown and they have got accustomed to certain comforts and they get accustomed to having to pay monthly bills. That is not the time that you are going to get investments, that is not how you are going to get people to participate in earning a share in this society. 5.40 p.m.

What we have to do, Mr. Speaker, is to get young children when they are watching television and when they are playing television games, when they are doing all of these things which come naturally, we have to turn them into a group of people who understand that wealth creation is a legacy that is due to them as well.

Mr. Speaker, in the United States every child that is born in that country has some concept as to how he or she might become rich. Whether it is selling newspapers, selling lemonade on the corner, cleaning cars or doing something, whether they are black or white, the blacks do not always succeed but they all have the same concept that somehow they have the idea that they can earn their way into being rich.

Mr. Speaker, the Honourable Member for St. George South, I recall back in the 1960s, I went to the United States vacationing during the summer and in many ways the country has been worst off because the entrepreneurial skills which he demonstrated in the United States have not been visited upon the people of Barbados. I do not say that disparagingly but the major opportunities which were there at the time and I use him as an example, there were others who were able to use the entrepreneurial skills which they developed to show that given the opportunity they would have become economic moguls like everybody else.

We have this business of putting black people into positions of power in politics and leaving the economics

to white people of Barbados. We go on having political power constantly in this country and no economic power at all. All we do is talk about it.

Asides:

Mr. B. M. TATTT: These are facts which are not going to be recognised unless the black political leaders understand their responsibility to teach. Mr. Speaker, when last I had responsibility for a Ministry and we had responsibility for capital works in this country and we try to get small black entrepreneurs involved in doing some of the development work and the next thing I knew was that the small cadre of directors at the economic level had managed to persuade some of the political people in this country to assail that effort in the usual manner.

Time and circumstance do not permit me to discuss that in this debate but a time will come when we will discuss it in its entirety. All of what happened came down to their recognition that twenty something small black entrepreneurs were getting opportunities that had not been given before. Any time you see that start to happen in this country an avalanche of reaction evolves on whomever is attempting to do it whether it is against A, B or C. I am not going to speak in those terms but he that has ears to hear, will hear.

Mr. Speaker, in my constituency there are a few entrepreneurial types who have tried to start some type of business. The rules will not permit me to discuss an educational institution in my constituency, which has started from scratch and where an effort has been made to make it into something that is both educational and economically desirable...

Asides.

Mr. B. M. TAITT: It is in my constituency. Mr. Speaker you and I know that attempts have been made to undermine that institution.

Asides.

Mr. B. M. TAITT: It is not an institute, it is an institution of learning. I am using that as an example. The point that I am making is that efforts have been made as Your Honour knows to ensure that it does not go beyond a certain point.

We are going to continue to talk about shares and we are going to continue to discuss development in a certain context. Almost on a daily basis you will see evidence in the newspapers that we are making no progress. Mr. Speaker, Sir, sometimes I get tired of the rhetoric. I am

tired of the people on the call-in programmes and people on other programmes indicating how much progress we must make and it is time for black people to do this and black to do that and basically there is hardly any change. The change has been almost infinitesimal with regard to the question of investment.

It is still in 1997, three years before the turn of the century, acceptable that a black person who is successful is one who has a good job, has a motor car and has a nice house in a place somewhere and his children are going to the appropriate school and he does not spend too much time with the neighbourhood whence he came. That is still the basis of determining whether somebody is successful. Meanwhile, the other people whether they are the ones who came in recently or the ones who have been here before you soon discover that they are buying up old houses and repairing them and selling them. That is the new thing that has been happening where you can find one of the groups that have come to Barbados relatively recently, they now go around and buy real estate that is in a failing condition, recondition it and they sell it and get a capital gain and they move on. Part of the reason why they can do that, Sir, is that they still have access to capital. No matter what rhetoric you hear, Mr. Speaker, there are certain people who can arrive here in Barbados from almost anywhere, go into a bank in Barbados, get the appropriate capital with almost no effort and proceed to accumulate wealth by virtue of whatever they try and the rest of us continue to speak about it in passionate terms while they are accumulating wealth. What do we do? We are making sure that we pay the mortgage, that the children get a good education so that they can get a good job. What is beginning to happen, Sir, as the Honourable Member for St. Michael North West pointed out is that amalgamation will soon ensure that there are not jobs available for them even though they have good education. I know of two persons in my constituency both of whom have graduated with honours degrees in Management from the University of the West Indies who have, one until two months ago, and the other one still has great difficulty finding a job. One is working at CDS punching cards with an upper second degree in Management and cannot find work in this country and we are discussing shares. 5.50 p.m.

Mr. Speaker, it is not cynicism, if you will a *cri de coeur* that we have to find a way to change the pattern and my position is that we cannot change the pattern at this level. We have to find a way to begin the change pattern in the thinking of the young people. Those young people, not at the age of 19, because at the age of 19 their patterns have been set but at the age of 9 we have to make them to understand that they should start investing. We have to teach them how to invest. We have to have games which they can play. Our teachers must understand that while

they as teachers have not been part of the investing fraternity or the investing society that the children must become part of the investing society. It is the only way that we are going to have a vital stock market in the next 15 years in this country rather than having a stock market that is in many ways a pale reflection of what is going on elsewhere.

Attempts to make the stock market a regional market are laudable but the truth is that for many of the vast majority of the people in the region there are no different from a lot of rhetorical utterances that have been made about the various other things to do with regional cooperation and it means nothing. We have a television station in this country. Have you ever seen, Mr. Speaker, a television programme in Barbados over the last 20 years that sought to assist ordinary people in how to invest? I put it to Your Honour that no Honourable Member in here can recall any serious programme in the last 20 years that sought to use the facility of *CBC* to allow ordinary people to see how taking some of the money they will put on the credit unions and buying some shares in Goddards will be of benefit to them and their children, 5 to 15 years from now.

If you read the newspapers, Sir, there was an old woman who died recently at the age of 90 and left \$18 million for a hospital in Chicago. She was a secretary, never worked beyond the level of secretary and she left \$18 million for a children's hospital somewhere in Chicago. She used to buy stocks and shares. She had some given to her when one company was acquired by another one. She never rose above the level of secretary but she understood. She grew up in a culture where she knew that you could buy stocks and shares and that eventually they would grow into a nest egg. What I am saying, Mr. Speaker, is that the time has long past when we should be teaching ...

Aside.

Mr. B. M. TAITT: The Honourable Member says, Sir, I must be careful when I talk about stocks because some members might think I mean sheep and goat. That is precisely the point. Those of us whose parents could not afford to go on the stock market they in fact used sheep and goat as their stock market and what has happened is that we who were beneficiaries of that stock market have now turned around and instead of carrying that further we have gone back into the syndrome of getting a nice motor car, a nice house up in the hills and trying to see if you can ignore the people from whence you came.

Mr. Speaker, I am saying this. It is a speech I have made before in a different context and some colleagues will feel that, oh, it is just a voice crying in the wilderness but

it is about time that the policies of the Government should be turned toward making an institutional change in the thinking of our people. It is pointless to discuss emancipation on the one hand, alleviation of poverty on the other, and yet we are taking no steps to ensure that our young children, or in the case of many Honourable Members in here, our grandchildren have the capacity to think in the terms which we know are the correct terms. This can only be done, I submit at the level of young children. If we do not now begin, Sir, some future House of Assembly is going to be discussing some amendment to this amendment which is here and they will be repeating to one another the same kind of language.

Mr. Speaker, I have lost a lot of money in the making of investments in a number of small enterprises in this country. It had nothing to do with bad advice. It had to do with watching some of those operations, some of those things actually defeated by the powers of this country that ensure that anything that is going too well is either gobbled up very early or made to fail.

Mr. Speaker, I can tell you about one small hotel on the South Coast which the Barbados Development Bank caused to be sold. Its book value was in excess of \$2V4 million. It was sold for \$700 000 to one of the people in this country who know how to do these things. That hotel, Sir, was the life work of an individual who is now dead, and some other people, they had difficulty running it. There is nobody who was born in this country like us who would know how to run a hotel instinctively. There were difficulties but the Development Bank reached the point that they did with many small hotels and the assets were sold to one of the people who know how to buy these things in this country. All the people who had invested in that, including your humble servant lost their money.

Now, Sir, if you ask 100 black people in Barbados why that failed they will tell you that the black people did not know what they were doing. That is true. It may very well be that they did not know what they were doing but it accounted for one life and probably a few others who tried. That place is now worth about \$4 million and it has fallen into the appropriate hands.

Mr. Speaker, that cannot be right but it is in the appropriate hands and every small property in this country will suffer the same fate if we are not vigilant. The Honourable Member for St. Thomas has been involved, not now he is Attorney General, but as part of this life has been involved in a family operation trying and trying to break out and if they are not careful that will fall into appropriate hands because, Sir, of the terms of judgement that will be used against that property that is being used against other properties of the same size and the same intent and content. 6.00 p.m.

The terms of judgment used for that will be the same terms of judgment used for those businesses that have had a legacy of thirty, forty, sixty, seventy years of concessions or what the Honourable Member for St. John described as patronage. Those companies like the Honourable Member's family company, like the one I invested in, did not get any Government patronage. What they get are some rules that are written down by some bureaucrats that we in this House of Assembly even approve to make sure that they do not succeed.

Mr. Speaker, that is what they get. They do not get any Government patronage. As a matter of fact, Sir, the Government is directed not to give them business. I can give you chapter and verse of small businesses in town that have not received any business from the Government or if they have received any, they have received precious little as compared with the mobiles who continue to get the lion share of the Government's patronage.

Patronage is not a bad word, Sir. Patronage is when the Government gives its business to certain companies and there are companies in this country that whether the Labour Party is in power or the Dems are in power, they get the business. There are certain positions in this country that are organised and have been organised from time immemorial to ensure that people will always survive.

Mr. Speaker, I read in the newspapers today, Sir, a letter from Sir John Goddard in which he is in essence saying that it will be difficult for anybody to apologise for slavery and that slavery has been going on from time immemorial, *et cetera*. I want to suggest that Sir John and other people who write in that vein miss the point.

Asides.

Mr. B. M. TAITT: They miss the point. The point is not whether there is a policy or not.

Asides.

Mr. B. M. TAITT: The point they miss is this. And the point which Sir John and others must address, I am going to put it in the Record over here because people do not like to hear these things. You know what has to be addressed? Why is it that in a situation where there is a 30 percent unemployment, or 25 percent unemployment, or 15 percent or even 19 percent, as the Government would like us to believe, Sir, how is it when there is so much unemployment that you have groups of this society that have zero unemployment?

These are the kinds of things which my constituents ask me. These are the kinds of things which need to be

addressed. If we are going to have the reconciliation of which people speak, these are issues which have to be addressed. People have to be able to understand it.

Why is it that two persons who have Honours degrees from the University of the West Indies can be without employment for in excess of two years, but persons who graduate with three "O" Levels have potential for becoming managers in commercial enterprises in Bridgetown within 15 years of their having joined them?

Why is it when you open the newspaper in this country everyday and you see promotions who have gone to management levels and you look at the people you see so few of the people who look like your Honour and me.

That is the kind of question which is not being dealt within this country. That is what the editorials are not being written about. You read some namby-pamby editorials in this country which pretend to be dealing with the issue and when you read them and you go into the guts of them they are editorials that are apologies for some of the disreputable policies practised across-the-board in this country.

How do they expect young people to have any respect for utterances when all they see is pretence. Mr. Speaker, pretence or what I call a superficial confluence of ideas? This legislation deals, or attempts to deal with Pine Hill Dairy and Bank Breweries and a company from Trinidad, trying to come in here and things like that.

Aside.

Mr. B. M. TAITT: Mr. Speaker, Sir, you see Pine Hill Dairy? I came to this country in 1971 and I participated with the Honourable Member for St. Michael South and some others in seeing Pine Hill Dairy become an entity of this country. People who grew cows and produced milk used to have difficulty.

The late Errol Barrow who, like the Honourable Member of St. Michael South was a small farmer.

Asides.

Mr. B. M. TAITT: But Sir, whereas Errol Barrow had a few animals at Culloden Farms, the Honourable Member was an experimental farmer. A hole of this and a bunch of that.

Asides.

Mr. B. M. TAITT: But, seriously, Sir, we recognise that the only way the milk industry in this country would get on a proper footing is on the basis on which it was done. It was the first example of tripartite approaches.

Pine Hill Dairy has grown, as they say, "from strength to strength."

The Honourable Member for St. John was the last Minister of Finance in our Administration who dealt with the question of how shares at Pine Hill Dairy could be redistributed. It was recognised that the small farmers ought to participate. It was recognised that Mr. C. O. W. Williams who became Chairman in a manner that times do not permit me to discuss, but who was a producer of milk in the country representing a certain number of people and all of them became partners.

Now, Sir, Pine Hill Dairy has reached a certain level from afar, or maybe not so far, it is being perceived as worthy of takeover. Mr. Speaker, I have no problem with the economics of that, but I have a problem with the morality of it. In the same way that we had a problem with the morality with the Almond Beach shares we have to raise questions. When an entity has reached a certain level because of largesse from the Government representing the entire community, is it on all fours for others to be able to reap the benefits of that particular effort with no recompense for those who had made the initial effort. Those being the citizens of the country.

Somehow, when we are looking at this legislation of how we are going to deal with takeovers, I am putting it to the Government that some form of protection of the people's assets must form legislative action by this Parliament at some time before long. That is not to preclude people from benefitting from purchasing shares in Almond Beach or Pine Hill Dairy or anywhere else but if, for example, the BET shares should now become available, or when they become available, some effort should be made to recognise that the Barbados Government, for the people of Barbados, was forced to return the shares to Cable and Wireless and that therefore when those shares are to be disbursed the people of Barbados should be among the beneficiaries. 6.10 p.m.

Mr. Speaker, my time has run out and on another occasion I will spend some more time and spell out some of the ideas I have on where we should be and how we should go but I could not allow this debate to finish without putting in the record my strong view that the issues in this country regarding economic democracy have to be discussed honestly and fearlessly across-the-board and, more particularly, for our young people, our children, to come to understand that the legacy they have does not include only statues and good jobs in the public service and political office but it must come to include a genuine share of the economic pie and that share cannot come from wage earning. There is nobody who can earn enough wages in

Barbados to be said to be getting a decent share of the economic pie. There has to be an opportunity for investment and that opportunity has to be provided and it can only be provided in our circumstances by the public sector acting for and on behalf of those people.

To the extent that the Government is acting on behalf of those people and does what it should do, it has every right to count on the Opposition because on these matters there can be no divide. I am grateful to Your Honour.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am truly grateful for all members who have spoken in this debate and for the tone and the timbre of the contributions and once again the House of Assembly is proving itself to be in advance of the general consciousness of the rest of society which is an appropriate role to give leadership. I do not despair that when we do not achieve everything that we need to achieve in one fell swoop I have no doubt that once we continue to persevere that a lot of the thoughts of today will become the actions of tomorrow and tomorrow and tomorrow.

I have made it very clear that I do not envision that the legislation before the House will correct all of the problems pertaining to the building of a share owning democracy in one fell swoop. I envision our having to come back to this Parliament with a large series of legislative initiatives but also having to take initiatives outside the context of law in order to bring into effect the kinds of societal engineering that we want to accomplish.

As regards the legislative programme I should announce that the Government has recently had commissioned a study by Maxwell Stamp to look at the reform of the supervision and regulation of non-bank financial institutions in this country. That report came to Cabinet on Thursday and Cabinet is to review the recommendations of it because contained in it is not only provision to reform the regulations of the non-banks, insurance companies, credit unions offshore sector but also to a new broad based approach to the supervision of the securities market.

I have said that we see the need for a new securities act to provide for not only transactions that take place within the Stock Exchange but to govern all transactions involving securities wherever they take place. I am also citing the need for a commission or commissioner to provide an independent oversight on what could otherwise be incestuous relationships between persons who within the Securities Exchange of Barbados have to regulate themselves.

The House can anticipate in the future that there will be additional legislation to deal with the

securities exchange of Barbados but also to deal with the question of securities in general.

Mr. Speaker, a lot has been made about the need to build a spirit within the small business class of Barbados conducive to share ownership and the management of companies whose capital is in part dominated by shares. In this respect, Sir, I want to go on record as saying that I continue to be highly disappointed in the attitude and in the management of the affairs of the Small Business Association of Barbados.

It is one thing to pay lip service to small business development. It is one thing for us to come to the House and say it is a good thing for Barbados when small people come to understand how to manage companies in which there are shares and have to manage companies that have to meet the information requirements of satisfying shareholders and so on. That has been our tradition historically.

The Small Business Association had a study done that established the need for some element of venture capital facilities to enable its membership to start that process because they have too long depended upon loan capital and have been at the mercies of banks and things of that character. Virtually 2 years ago, the Government acting, not just out of whim and fancy, but on the strength of a study done establishing the need for venture capital facility provided funds from the Public Enterprises Fund to assist them in getting venture capital facilities going so that the small businesses that we speak so much about could develop capability in this crucial area. It has been a matter of great disappointment to me and to the Government and I know to some members of the Small Business Association that a fractious spirit has caused them not to be able to put this into effect.

The last thing that they have come to ask us is to agree to convert the funds provided from a venture capital facility to loan facilities again. I am going to say no, Sir, because the business spirit that will be inculcated by small businesses of Barbados learning how to manage equity is so different from the practices that have evolved from managing loan financing that no government that has given them funds to start venture capital facilities should disengage from that commitment.

We will persevere but I have heard what all Members have said but I just want to go on record as saying that we have to continue to believe in our small business people that they have themselves to get to understand the tricks of the trade so to speak, what is involved in managing business. They have to get to understand what is involved in meeting the information requirements of companies that have to report to shareholders. That is where the discipline is.

A man managing his own business can do whatever he likes with his business. He can let whoever he wants to operate out of his coffers but when you have to report to shareholders and meet the requirements for example of the Companies Act that is where the discipline is. Our small businesses will not grow into viable businesses unless they stop tokenising things like a venture capital facility.

I give the commitment on the part of the Government that we will continue to work with them to make it a reality. I have put every resource of the Ministry of Finance at their disposal to assist them to bring it to fruition but all of what we have been saying will come to nought unless there is a change of attitude precisely on the part of the people we want to help.

We speak a lot in this House and I always like to say that there were a lot of small black businesses in the past in Barbados that were successful in their time but they did not last more than one generation. It would behove us to study why it is that a lot of them that were rampantly successful in their time did not survive for more than one generation.

On the other hand, there are some businesses that started at the same time as those that had no less opportunity and perhaps even no more but have survived and it would make for an interesting study because in some instances part of the problem of the underdevelopment of small black businesses of Barbados is lack of opportunity.

We must also start telling them that part of the problem is the wasting of opportunity where opportunities have been created. I make that point because we are trying. This Administration has fully funded the business secretariat for the Small Business Association. We have allowed them to engage professional staff. They now have professional management and we are fully funding a headquarters of the Small Business Association giving them the information technology to get on with the business and it comes as a great disappointment where much is given and so little is achieved.

I believe that amidst the strong statements of support for indigenous business that we have to encourage them to live up to their responsibility. 6.20 p.m.

I have seen it, Sir, at the BOB and I take sympathy with enterprises which have received loans from the BDB and struggled to pay those loans and did not succeed in doing so because of business circumstances.

There is also a class of business in Barbados, unfortunately so, where people went to the BDB and borrowed, did not repay a penny, refused to repay a

penny and then would expect the BDB to write off the entire debt and ask the rest of the shareholders in society like ourselves to repay those loans. For the BDB to lend them it had to borrow money from the rest of society to provide funds.

I make a distinction, Sir, between those who have tried to honour their obligations and might have suffered because of market conditions and those who went in with the perception that it belongs to Government and they do not have a responsibility to repay because if the Government does not find the money from me it can find the money from the rest of the shareholders. I would just like to enter those considerations in the general discussion.

Mr. Speaker, the question of the reserves of Barbados was raised in the context of the need for us to repurchase shares and so on. I just want to make a few statements to outline what is Government's reserve management policy.

The House will recognise that in the course of the last few years the Government has not gone to the market to borrow commercially because our reserves have been growing at such a rate that we decided that despite that option we have been repaying debt out of reserves. In this respect, Sir, we have repaid almost all of the IMF loans without borrowing.

The first Bankers' Trust \$40 million, we repaid that in June. In fact if you get the June Report of the Central Bank you may see a \$40-million drop in the reserves for that month because we paid debt without borrowing. Before we agree to let other companies or the NIS hold foreign balances, the Government has decided to start replenishing the Sinking Fund for the redemption of bonds.

The House will remember that during the early 1990s to help meet the foreign exchange shortage of the country, the Sinking Fund had to be run down but we have an obligation in law. We are bound by law to replenish the Sinking Fund so that what we have been doing now over the course of the last two months is that we have transferred a lot of foreign reserves from general reserves into securities to boost the Sinking Fund.

For example, Sir, our net reserves might still be over \$640 million and about \$570 or \$580 million are in general liquid reserves but we have moved about \$70 million of foreign exchange into securities to build up the Sinking Fund and when I am satisfied that we have now put the Sinking Fund in a condition that there is no future threat to our being able to redeem bonds when they fall due, then I could look to allowing NIS and others to hold some balances abroad as a way of diversifying their portfolio.

I say that, Sir, because recently we came to the House to ask the House's permission to provide for a swap arrangement of a sterling loan that falls due in the year 2015.¹ made it clear to the House that all I was asking for was the permission, that I still had to exercise judgment as to the benefits that would accrue to Barbados. That would depend upon interest rates and exchange rate judgments as offering an appropriate window that we would make the swap not only beneficial to the person providing us with the swap arrangement, but beneficial to the country. There has to be something in it for Barbados.

I have not yet found that window and, therefore, although we have the position to have the swap, until I am satisfied that we can benefit from it or that I do not sacrifice the possibility of exchange rate variations, profits, until I am satisfied with that, Sir, I will not sign to put this through.

I thought I would make that point, Sir, because members when they read the financial statistics of the Central Bank will see a change in the composition of our reserves with funds moving from free floating reserves into sinking funds because we really must build up the Sinking Fund to put redemption of the debt for the future beyond any doubt.

I have taken note of those who suggest that we should allow the NIS and private companies to hold pension funds abroad but we will come to that in due course.

Sir, I hope the House will be sympathetic to our using the reserves in this fashion because I think it makes far better sense than either our going to the market to borrow or allowing the private sector to use the reserves to build up their own balances in preference to the Government.

Sir, the Leader of the Opposition made a valuable contribution in relation to the clarity of the definition under section 118. We will have to address that issue because it is the intention to precisely do what I said, namely, that any transaction that will be involved an entity taking over more than 25 per cent of the shares in any entity will trigger the provisions of the take-over clause. That is policy and the intention is to make sure that legislation coincides with policy.

There are other aspects of the draft Regulations where we have to be sure that the regulations coincide with the draft policy.

In particular, Sir, I want to deal with the issue raised about Pine Hill vicariously. There was never any possibility of the proposed merger by Pine Hill/Banks succeeding because it collides with existing law. Under the existing Companies law, a company that repurchases its

shares cannot go and trade for the lowest shares. Under section 46 it has to cancel the shares. A company cannot repurchase its shares and then say let me swap these shares with another company.

Under section 290 of the Companies Act, any issue of shares in any form has to be accompanied by a prospectus ...

Aside.

Rt. Hon. O. S. ARTHUR: ...in a public company so that Pine Hill Dairy could not just take back its shares and issue them to somebody else or issue new shares for any purpose unless the issue of those shares were accompanied by a prospectus. The people who are advising them obviously were operating in comprehensive ignorance of what the existing law provides.

I say that to make the point that these provisions that are now before the House are really not so much intended to deal with that kind of nonsense because that is captured by existing law. These matters before the House, Sir, have, in fact, been under discussion from 1989. There have been attempts since then to try to devise a set of take-over provisions for Barbados and we are now bringing them to fruition.

I want to make the point though, Sir, that in every instance where the draft Regulations would collide with the provisions of the Companies Act, we have to make sure that there is a consistency between the two. In particular in that section of the Regulations that deal with the repurchase of shares, clearly the provision that in the process of repurchasing shares they must be cancelled, that would have, obviously, to be respected because the Regulations could not collide with the provisions of the principal Act.

Of course, Sir, that is for the draughtsmen to tidy up. All I am saying is that the intention is to reflect in the law as clearly as we can, transparent procedures to make sure that the rights of all shareholders are respected, and we will do that exercise.

I just want to make one final set of contributions about issues raised in this debate, Sir. The Leader of the Opposition in his contribution spoke about the work to build a single market and a single economy. I should say to the House that in addition to the additional legislation that will be coming back to strengthen the Securities Exchange, that shortly we will be having brought to Parliament legislation to give effect to Protocol 1 and Protocol 2.

Unfortunately, Mr. Speaker, many people in the Caribbean who speak about integration have never ever

read the CARICOM Treaty. A lot of the private sector who trade in the region have never read the CARICOM Treaty or its Schedules which govern the terms under which trade takes place. What we are seeking to do is to put in place in CARICOM measures for a single market and a single economy that have legal effect. In order for it to have legal effect the way in which you amend the Treaty of CARICOM is by protocols.

Protocol 1 was intended to support a single market by changing the organs of CARICOM to allow for changed voting patterns and to allow a single economy to exist. Protocol 2, as has been observed, Sir, was designed to allow for the movement of capital and to allow for basic things without which a single market cannot evolve.

Sir, I want to stress this point because the responsibility of creating a single market has been assigned to the Prime Minister of Barbados, whoever that Prime Minister happens to be. It is a very exacting and very difficult responsibility if only because of the nature of CARICOM. In that respect, Sir, in preparation of Protocol 2, the private sector, the accountants and the social partners of the region were involved, through the inter-governmental task force who drafted the legislation. Ministers of Finance and Ministers of Trade vetted it. It then went to the Attorneys General to be vetted but at the end of the day, despite all of that consultation, there were still some people who wanted to express surprise at never having seen the legislation. 6.30 p.m.

It comes as a great disappointment to me, Sir, because there are some people in the Caribbean who believe that they have a right to know without exercising the right to read. No matter how often we tell them things unless they come eventually to affect some day-to-day activity of their own, it is not going to register in their subconscious and it is an abstraction to them. That is part of the problem that we face in getting the public in the Caribbean to understand what is being done in the Single Market and the Single Economy because until it comes to affect them in a day-to-day sense they are not going to take the time to appraise what the provisions are for.

I give the Member for St. John the assurance, Sir, however, that we have in fact done what he has asked us to do. Last December, the CARICOM Secretariat Secretary General, the Advisor on the Single Market and myself participated in the first and only across the Caribbean call-in programme at the start of the exercise to get the Single Market fully possible, when we asked the people of the Caribbean to discuss with us what we were doing. In February, I officially launched the Public Relations Programme associated with it. We have kept it going through the , Caribbean and we have tried to bring

the private sector into it but there is a difficulty there because in a way sometimes you have to spoon feed them.

I say that also to indicate that there are other things that we want to get the private sector involved in where we have to make extraordinary effort to get the involvement. In this respect later this month, I have to go Trinidad to discuss with the regional private sector their participation in the regional machinery for external negotiation and to put a date to them for them to make a financial contribution.

Sir, there is nothing more important in the Caribbean now than the external negotiation that will take place over the course of the next two years. The future of the Caribbean up to the year 2050 will probably be defined by it. Billion of dollars of investments, thousands and thousands of jobs will depend upon it. You would think that the private sector would come forward naturally and say "we have a vested interest in this matter, how much do you want us to help, what kind of inputs can we make" because it is not a governmental activity. We are seeking to define, through discussions with LOME and FTAA the Government's role re the function in our hemisphere and in our relationship with the rest of the world.

Sir, it is a matter where the Government of the day have to take the lead. We have had to energize the process but at the end of the day beneficiaries of what we are doing by way of state action will take the form of private sector investment, expansion and private sector operations. We cannot be deterred by the initial lack of interest, we just have to keep pressing on. I say that because so much that has been done in CARICOM has faltered, not because of the State but because, as in this debate, Sir, we so often find ourselves in a situation where the level of consciousness by those who represent the State is higher than the level of consciousness than those who we leave as policy makers.

In this respect, Sir, I am happy to be associated with the legislation. It is not going to solve all of our problems, it is a necessary start. There are aspects to the transactions of the Stock Exchange that I did not address and we recognise that, Sir. There are aspects to the functions of matters in the securities in general which it does not address, there will be other initiatives. I commend them to the House, Sir. In Committee we can use the opportunity to sort out any difficulties.

I now therefore beg to move that this Bill be read a second time.

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

On the motion of Rt. Hon. O. S. ARTHUR seconded by Hon. D. A. C. SIMMONS the House resolved itself into Committee of Supply, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE OF SUPPLY

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

Clauses 1-4 inclusive were called and passed.

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. Miss B. A. MILLER, Mr. CHAIRMAN reported to His Honour the SPEAKER the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS the Bill was read a third time and cited as the Companies Amendment Act 1997.

ORDER NO. 8 - TO MOVE THE SECOND READING OF THE BARBADOS WATER AUTHORITY VALIDATION OF WATER AND SEWERAGE RATE BILL, 1997

Hon. G. W. PAYNE: Mr. Speaker, this Bill, the Barbados Water Authority (Validation of Water and Sewerage Rates) Bill, 1997 has become necessary due to certain changes in the billing system which were implemented in December 1993 under the last Administration. 6.40 p.m.

At the time when the changes were made the legislative amendments were not concluded. This Bill therefore seeks to validate the monthly collections which were done at the time and the rates which were part of that amendment.

The Barbados Water Authority, since that date, has been collecting their rates on a monthly basis. In the past the bills were issued every quarter and this more or less simplified the system of collection. The Bill therefore, Mr. Speaker, as I said, seeks to validate the collection of water and sewerage rates paid to the Barbados Water Authority from 11th April, 1994 to the date of the commencement of this Bill.

It should be noted that this Bill does not include any actual increase in the rates. The rates have not been increased since 1991 and this merely seeks to validate what has been decided in December 1993 by the Cabinet of the day.

Mr. Speaker, I beg to move that this Bill be read a second time.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

Mr. J. O. TUDOR: Mr. Speaker, I listened to the Minister who indicated that this Bill comes as a result of the change to the billing system as determined by the previous Administration in 1993 and that in fact a significant amount of money, as a result, has been collected by the Barbados Water Authority for the last almost now, 4 years. I find it amazing that this Administration would take this long to correct a situation and to extract from the people of Barbados money under conditions where they are now saying in 1997 that it was not lawful for them to collect so much money for such a long time.

Aside.

Mr. J. O. TUDOR: Even if it started I did not have enough time to come to Parliament to correct this problem and it is amazing that Government would take over 3 years to come to Parliament and collect all of this money from the taxpayers of Barbados. You have gone ahead, collected and pressurised the Barbadian public. Mr. Speaker there was an old saying in Barbados... Sir Don once had a calypso that the place is heavily taxed and you are still stifling them with tax.

This Administration was aware that this problem existed and it has taken 3 years for them to come to Parliament to correct this problem. I am saying that as a result of this they were taking money knowing full well that there was an anomaly, Parliament was dissolved around June 7 and that it has taken 3 years to correct this problem. I find it absolutely amazing. What you should do is return every single cent that you have taken from the people when you were not authorised to do it. You should return every single cent and you should apologise to all of the residents who you ran all through Barbados cutting off their water and putting dehumanizing marks in the road, threatening them, when you were collecting money illegally, and then you come in Parliament today to say that you are coming to validate a matter that the last Administration did. It is amazing.

Aside.

Mr. J. O. TUDOR: I am ready to talk about a lot of things so if you are ready to start, let us start now before we close.

I am seriously saying that it is really an embarrassment that this Administration would take 3 years for a Minister who has been using a heavy hand and forcing people to pay arrears, driving them into Dowell House...

Aside.

Mr. J. O. TUDOR: It is a place where attorneys function on a daily basis. All of the files dealing with arrears have been directed to a place called Dowell House and a Minister, using a heavy hand like a red flag before a bull, chasing everybody to Dowell House to collect money and there was no legal requirement to collect it. You should apologise to the Barbadian public. This is a very serious matter and it has taken over 3 years to come to correct a problem that they were aware of. They should have brought this legislation in 1994 as soon as Parliament was re-convened because they were aware that this anomaly existed and we would not have to see the Barbadian public subjected to some of the worst reign of terror when it came to the question of their water and so forth.

Aside.

Mr. J. O. TUDOR: The Administration was aware. It was on the files and they knew that this had to be corrected.

Right now we have a scenario in Barbados where the entire water resource base available to Barbados has been allocated and the present Minister when I was Minister in 1994, said that I had created the drought and that I was responsible for all of the households that were doing without water. I wonder what he is saying today in 1997 where people in almost every parish in Barbados are going without water on a daily basis even though the rainy season has come in. It is now a monumental problem in Barbados and I am wondering who has caused the problem today. When I was warning Barbadians about conservation, when I was warning Barbadians in 1994 about the need to conserve water etc. the Barbados Labour Party was making mock sport at the fact that there was a critical water problem in Barbados. Not one Member of the then Opposition took the situation seriously. And afterwards a three-year Administration treated the people of Barbados with total contempt, collecting money illegally, pressurising them and still not delivering or improving on the water services that were available to them. 6.50 p.m.

Even some of their own back benchers today, have been very highly critical of their own Administration and said that the tactics at the Ministry and by the Minister and the officials at the Ministry were offensive to the Barbadian people. Even some of their own Members recognised it, some of those who had a conscience and who had the courage to stand up publicly and say that their own Administration was doing foolishness.

I compliment the Members who had the courage to stand up and say that their own Administration was

doing foolishness. So this is not just a simple piece of legislation that we can bring in here and slip it pass people. The Barbadian public must understand what happens in this country. And I am not going to let any foolishness pass, you could talk until you are blue.

Asides.

Mr. SPEAKER: Order please, please.

Certain remarks made by the Honourable Member for St. Michael East were ordered to be expunged from the records by Mr. SPEAKER.

Mr. SPEAKER: Please, proceed please, do not be side-tracked. Make your point.

Mr. J. O. TUDOR: Mr. Speaker, all I am saying is that we have to be very fair to the Barbadian public. We cannot on the one hand be saying, yes, we are so upright, we are so above-board and yet, this kind of inefficiency prevails where the Minister was aware of these changes. The Ministry has taken three years, has failed to tell the public that they have collected this money illegally, they have failed to provide improved water resources for the Barbadian public; they have failed in many areas in that regard and would come in here and try to sneak this on us, just pass it through as if it is a winning.

I am asking the Government to apologise to the Barbadian public and they should back up their apology by refunding the public the money that was taken from them illegally. And after they have satisfied that, then I would feel that it is in order to make this amendment. But, the Government cannot come in here and sneak these amendments and just think that they can throw blame on the last Administration as if we did something so wrong or anything like that.

The system was changed. There was a new system put in place that they needed an amendment to the Act. We were aware of that, but the point is we did not have enough time when we were in government to complete the validation process.

Asides.

Mr. J. O. TUDOR: This came to a head six or eight weeks after I became a Minister. It clearly was not possible to bring the legislation at that time. But it is amazing that it has taken almost three years when we were aware that this was prevailing and you kept on collecting money from the public in an illegal manner, and now come to retroactively take the money and make it a legal transaction to say your illegal actions are now legal.

We cannot operate this Parliament on that basis and hide and cover under it. Whether I was a Minister for a period or not, I think that we have given an explanation that we did not have enough time to put it in place in such a short space of time. Respect is due to the public at this time.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the House has just heard the most abrasive speech in the history of this Barbadian Parliament. A Minister who changed a rate and was responsible for making sure...

Mr. J. O. TUDOR: Mr. Speaker, on a point of order. When I functioned as a Minister I changed no rates. I authorised no increases at all in water rates, and would not have authorised any increase either.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, when I hear the Member for St. Michael East rise on his feet to accuse people of being wicked, I give thanks to God that things have changed in Barbados from the days when he used to unleach his father's cows on the Hope Plantation in Government Hill,...

Asides.

Mr. J. O. TUDOR: On a point of order. This is really inappropriate.

Mr. SPEAKER: The Honourable Member please, please.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, this is not the first time that the House has ever been called to validate an action that it has taken in the past. In every instance always, there is a long time between the action being taken and the validation coming. There is a matter on the Order Paper, Sir, as to whether a validation can go back to the early 1990s.

The fact is that in this instance, the matter left Cabinet and it was presumed that the follow-up action had been taken and nobody remembers that it had not been taken. It happened in this case, Sir, as it has happened in almost every case in the past where there had been a long period elapsing between action being agreed to by Cabinet and the relevant follow-up legislation not being brought into existence, Sir. It is very natural if there is a presumption that the actions of Cabinet had been followed up for nothing to happen for a long time. It does not reflect upon the Minister.

Generally, what happens is that somebody comes across the file and discovers that the appropriate follow-up action has not been taken. This is not the first instance,

but it is the first instance that I have heard a person who was a Minister, who would have been party to the introduction of the initial action, come to accuse another Minister who has now come to validate his original action for delinquency and to speak in the very sharp, unnecessary carping terms that he has spoken of.

I have been in this House since 1984. This is not the first validation that is taking place in this House, Sir, and it will not be the last, either. Because, after the Members of Cabinet approve a matter, they are not the persons who go to make sure what was done, particularly when it comes to regulations and things of that kind that are drafted. So there have been times when things have slipped and for the Member for St. Michael East to speak of this matter in the terms in which he has spoken, I think it has done a grave discredit.

What has happened is that the Democratic Labour Party's Cabinet introduced a measure. I have heard in this House reference made to the age of minimalist government. We have never heard what minimalist government has been defined to mean. But it could be defined to mean a situation where Cabinet decides and the minimal effort is taken to carry the Cabinet decisions into execution.

There will be other examples that we could bring to this House in a fullsome way of things that were done in that period where the precepts of minimalist government stopped the Cabinet decision from being translated into legislation. But, I am not going to go down that road, Sir. This was to try to castigate a Minister for this when, in fact the Minister, having discovered it, properly brought it to Cabinet and now has sought to have an action regularised and validated is to really criticize the Minister for seeking to put action by the State within the four walls of propriety, as is his constitutional responsibility. 7.00 p.m.

I think, Sir, this House has been demeaned by the lack of quality of the contribution by the Honourable Member for St. Michael East. It really asks us to insult our own intelligence. Parliament really has been demeaned that a member can get up and give a long and empty speech in which he is seeking to castigate a Minister for something that happened under a previous Administration that the Minister is now seeking to bring within the four walls of propriety.

If this was the first validation ever brought to this Parliament, if the Minister himself had brought the measure and had forgotten to have the Regulations introduced, I would believe that the Minister might even be worthy of some castigation. But the Minister was not a member of the Cabinet that brought the measures to begin with so that

he would not have gone to his office looking to see if these measures proposed by a DLP Cabinet had in fact, been brought into the regulations. Sir, either we transact the business of Government seriously or we are not transacting it seriously.

The Honourable Member for St. Michael East called upon the Government to apologise. Apologise for what? That we have found a situation where the Administration did not do what it should do, we are now seeking to put this matter within a proper legal context and we are now to apologise for giving lawful authority to actions that required lawful authority by a previous Administration? We can only therefore apologise, Sir, for lawful authority if the Member believes that we have been behaving in an unlawful fashion because that is the full logical extension of the argument he has advanced in this House.

I applaud the Minister, Mr. Speaker, for his actions in this matter. I applaud the Minister for his continuing efforts to try to deal with the problems of the Water Authority. I want to use the opportunity in this debate to say this, Sir. We have had a study done on the water situation in Barbados. In addition to the fact that the water supply is limited, we have discovered that water losses in Barbados through the mains amount to 60 per cent of the water count.

There are some instances, like at Applewalthes, where 80 per cent of the water pumped is lost because of defective mains. This point, Sir, has to be riveted in the minds of the people of Barbados because, over the course of the next 15 to 20 years, a massive project will have to be undertaken to address the problems of water supply in this country by replacing water mains.

The fact of the matter is, Sir, it is good that a study has been done because a lot of consideration was being given to other and more expensive methods of addressing the water problems of Barbados, but the basis of our problem is that more than half of the water that is pumped and put through the reservoirs is lost to the consumer because of defective mains. It is as serious as that, Sir. The capital cost of addressing that basic and fundamental part of the problem is going to run to perhaps over \$200 million.

As I said, Sir, there is a place called Applewalthes where it has been determined that the problem is the most severe. Eighty per cent of the water pumped is lost. In most pumping districts more than 60 per cent is lost and on average 60 per cent of the water pumped is lost.

It was suggested, Sir, as well that if we were to replace the mains that over the long-term the possibility of reducing the water charges could result from reducing the operating cost of supplying water now in Barbados

because we are pumping water for it to go back down into the earth and that is part of the cost of operating the water system in the country.

We have had, Sir, to evaluate this matter in the context of, for example, trying to devise ways to treat the water from sewage plants. We have evaluated in the context of the relative cost benefits of desalination. We have gone comprehensively into all the options and the Barbados Water Authority has now, having done all the studies, been able to discern the correct approach to follow in addressing what, in fact, is the greatest single constraint to Barbados' development.

I want to stress, Sir, and re-emphasize that the availability of water, perhaps, stands as the most important single constraint to the sustained and sustainable development of the country. We are using about 90 per cent of the annual average water supply and the country is projected on a more water intensive course of development.

It is to be anticipated, Sir, that as tourism expands, as we put in the ancillary facilities to support tourism, as we support higher levels of urbanisation, as we deal with the problems of poverty in depressed areas, that the consumption of water is going to expand. Therefore this Administration is treating the relief of the water problem as, perhaps, the most single, physical constraint to Barbados' expansion.

Aside.

Rt. Hon. O. S. ARTHUR: Sir, I know it is late and perhaps there will be another occasion on which the House can deal substantially with issues particularly pertaining to water. It is worthy of a debate.

In my Budget in 1995, I introduced concession to encourage Barbadians to start installing water storage facilities. We have changed the Town Planning Regulations to make it mandatory that commercial buildings above a certain size must put in water storage facilities because it is a crucial problem. The business of casting blame on that Side or this Side for the water problems is going to get us nowhere.

Mr. Speaker, I have joined this debate to try to rescue it from the disastrous jaws of the Honourable Member for St. Michael East who was chewing it up in a lot of nonsense when he should have been praising the Minister for carrying out his responsibilities to try to impress upon the rouse that we are dealing here with a serious matter, that vire cannot trivialise either efforts being made now or to be made in the future to guarantee a water supply and to guarantee that water supply at reasonable rates.

I am not, Sir, familiar with the full background why the Democratic Labour Party in 1993 introduced a new system for billing but I would imagine that it was prompted by what they themselves saw as a need to put in place measures to properly manage Barbados' most scarce resource. If this Administration now has to come to validate an action that was taken for that purpose, I think it is a proper use of Parliament. This is what this Parliament is for.

I have risen in this debate, Sir, to compliment the Minister, and to support the measure, and to say that if there are other instances in which actions were taken by a Cabinet, no regulation or legislation followed as required by law, that we will exercise our responsibility, as others have been in the past, to properly bring it to this House so that all actions by the State should properly fall within the four corners of legislative propriety as is the responsibility of a responsible Parliament.

I am obliged to you, Sir.

SUSPENSION OF SITTING

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to move that this Sitting be suspended until 8.00 p.m.

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

The question that the Sitting be suspended until 8.00 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly. 7.10p.m.

RESUMPTION

Hon. D. J. H. THOMPSON: Mr. Speaker, Sir, I will try to be as brief as possible but I want to reiterate the position taken by the Honourable Member for St. Michael East and to reject the characterisation of the speech that he made by the Right Hon. Member for St. Peter. I think that the Honourable Member for St. Michael East was entirely within his rights to raise concerns in relation to this matter because on this Side we have some very valid concerns. There are not concerns about the Validation Legislation *per se*. This is a two-section piece of legislation.

The Honourable Member for St. Peter would give you the impression that it had 105 sections or 200 sections. This is a section which an efficient Attorney General could draft on the back of a paper napkin at dinner and circulate in here. All we are saying is that the Opposition cannot be blamed for the fact that the legislation was not brought and if any blame is to be ascribed, it can only be ascribed to the Government. A Government which said that it

is efficient, an Attorney General who has a level of efficiency which has gone past the Silver Jubilee or whose promises have gone past the Silver Jubilee and therefore whose efficiency on that basis is to be judged by the efficiency with which he has undertaken his responsibility. We do not have to accept what the Honourable Member for St. Peter says. In fact, we will go as far as to say this, this is not the first piece of validating legislation. The other piece of validating legislation has been on the Order Paper of this Chamber, just to show how efficient this Government is, since the 23rd February, 1996, that is the Customs Validation and Duties Bill.

On the grounds of efficiency, this Government has no grounds on which to stand. Move on from that point. It is pointless for the Right Hon. Member for St. Peter to get up fulminating about efficiency in a matter such as this. Validation Bills are Bills that Governments usually seek the compliance of the Opposition to get passed because it is a genuine error and if it is a genuine error, you accept that and move on from that point.

There is another more compelling reason why we have difficulty in validating any acts of the Water Authority, particularly this Board in the Water Authority I do not think that there is a member of Parliament on either Side who could feel comfortable in validating any acts committed by the present Barbados Water Authority Board. We have been in this Chamber and have witnessed the issue of water distribution in Barbados being brought before the House like a political football. The same Right Hon. Member for St. Peter tried to have it debated as a matter of urgent public importance as if the Democratic Labour Party could have solved the water problems in one year. The Barbados Labour Party said that it knew what the problems were and if elected to office, would take steps immediately to solve the little problems like water and flooding, those things were to be put behind us forever, I am quoting the Honourable Member for St. Peter. He said "those nagging little things would be put behind us forever."

The Water Authority record now in parishes like St. John, St. Philip and St. Joseph is worst than it was when the Democratic Labour Party left office in 1994. The same arguments adduced twelve months ago about the problems that the Water Authority was having were adduced again today by the Right Honourable Member for St. Peter. The amount of water that is lost through transmission and a whole range of other problems for which the Government said that it was going to commit resources for putting down a new set of water mains and up to now the Honourable Member for St. Peter, despite having that knowledge for the last twelve months, the same knowledge which the Water Authority has, cannot announce when the

programme for the laying of these water mains is going to begin. Yet we are hearing that it is the greatest constraints to physical and other development in Barbados.

If it is going to take 20 years to solve that problem, it means that we must start it now. It is an indictment on this Administration, it is an indictment on the Minister and his Board that the Validation of monthly billing could come at a time when the Water Authority is cutting off pensioners' water supplies and the water supply of people on welfare and of people who would have built up arrears during difficult economic times.

I will give you one example of the kind of nonsense that the Barbados Water Authority has been doing. Two pensioners living in a house in Stuart Hill, St. John. They get a burst pipe in the road on the other side of their connection and report it to the Water Authority. Nobody comes for three months. Eventually somebody comes and two months later they receive a bill for \$700.00. Next they get a letter from a lawyer at Dowell Chambers.

Asides.

Hon. D. J. H. THOMPSON: I think that you have it wrong. The lawyer is from a place called Dowell Chambers not Dowell House.

Asides.

Hon. D. J. H. THOMPSON: Thanks for that information, Dowell Chambers, Dowell House.

Asides.

Hon. D. J. H. THOMPSON: I did not say whose Chambers it is because I do not know.

Asides.

Hon. D. J. H. THOMPSON: I never had Government work, I never asked for it and I never had it.

Asides.

Hon. D. J. H. THOMPSON: He is the Minister, not me. What I have now I did not acquire through ministerial office. Whatever you have and are giving out, you are doing it through your office as Minister. We are not Ministers over here, Mr. Speaker.

The Honourable Member for St. Andrew, what we are questioning is his ministerial authority. Which is what we are entitled to do. There is nobody over here that has the right to take files from one lawyer and 'give them to another. There is nobody over here who directed the

Board who to send the Water Authority's file to. Nobody on this Side did that.

I am saying that these pensioners are summoned by letter to make amends with a lawyer in Bridgetown and this is after they have written to the Water Authority and a niece went down to the Water Authority and nothing was done. The Water Authority had bad public relations, it does not reply to anybody's letters, it pays no attention to public complaints and something needs to be done at the Barbados Water Authority before anybody can feel comfortable about validating any action which the Barbados Water Authority takes in this regard.

They have carried out a campaign for collection of arrears without mercy. You do not even know who to call to discuss a critical case and yet the Minister would wish us to comply with his request to validate the collection of rates, not increase rates, when the Water Authority itself has had no compassion whatsoever. There are all kinds of announcements about rates being collected and no announcement from the Board about an improvement in the water supply or in the delivery of services to the consumer. That is the kind of Government that we now have. All they are interested in doing is collecting arrears. There has been no statement about the Government's clear intention to deal with the water problem that we face in Barbados but month after month the Board of the Water Authority is announcing that it is going to collect arrears and meter people and put people in court who have not been able to meet their obligations in respect of water supply. They are also cutting off stand pipes, too, so when then the water is cut off they have to beg somebody next door to run a hose over a paling so that they can get water to bathe their children and wash clothes etc. There are many houses in Gall Hill, St. John where people have had to run hoses from their sister, niece or an aunt next door to get water to bathe and wash clothes and so on.

Asides.

Hon. D. J. H. THOMPSON: We all know because people bring their bills in to their Members of Parliament. There are people in Barbados who believe that we do not do anything and that we do not assist people but they cannot go to the Water Authority and ask them for relief. They cannot go to the Welfare Agency because this Government, not ours is the real 'minimalist Government'. A man in today's newspaper makes it clear how minimalist it is because he was at the top of the NAB's list for assistance and since the poverty alleviation fund came into existence they now have to re-prioritise him. So if the Honourable Member for St. Peter wants to know what minimalist government is, he is running a minimalist government, a government which is not delivering and that is why we have a complaint. So if somebody wants us to

put in context the concerns that we have this is the level of concern and this is why we feel uncomfortable about it. 8.15 p.m.

You have water outages throughout Barbados and you all are right to laugh at it. I hope you laugh when the pensioners come in your building next week. That is why you should have solved the problem instead of continuing to quarrel about it. You should help solve it but your problem is that you do not know how to solve it. The Honourable Member wants to sit in her seat continually and attack us for something that is her problem and not ours because we do not have the power to solve it. We are saying that you are empowered to solve it therefore we expect you to do it.

Mr. Speaker, Sir, they cannot sit on that Side and continually try to throw the problems back on us. We were told that water was a matter of urgent public importance. It was debated. The Barbados Labour Party said it had the solutions and today we are still debating the problems and nobody can tell this Chamber what the potential solution can be to that. No public relations programme, no replies to letters. So, Mr. Speaker, Sir, that is the basis of our complaint and I do not have much else to say except that I hope that the Honourable Member for St. Andrew whose introduction was even shorter than the two clauses in the Bill would at some point in the future, credit the Members of this Chamber with the level of respect which we are due and take an opportunity to tell us precisely what it is that the Barbados Water Authority plans to do other than collect arrears, other than to cut off people's water, other than to mark the road in front of people's houses. Tell me what else the Water Authority plans to do to improve the quality of service to ensure that we have sustainable development. What is it? That is all we are asking for, Mr. Speaker, Sir.

Sir HAROLD St. JOHN: My constituents, Sir, have suffered as a result of some of the activities of the Water Authority and particularly the activity which I wish to inform the House of, that is the failure of the Authority to have adequate staff to deal with burst mains on weekends.

I have practical experience of mains being burst as a result of car accidents and things of that kind in which considerable amounts of water are wasted as well as leakages which occur. Some of the main roads in my constituency... The pipes which convey the water are of the older variety and again report after report is made and we are told by the emergency service: I am sorry, nothing can be done until Monday morning.

Now, I feel, in the context of Barbados, with the large number of plumbers who can be made available to work on weekends that this is not proper management. I have said so to the Water Authority myself and I say so in

here because we cannot on the one hand complain of the fact that we are a water stressed community and on the other hand we do not take reasonable steps to ensure that we eliminate risks.

The second point I would like to say now, Sir, in defence of the Ministry is that it is well known that the Water Authority suffered from a decision that was taken by the Other Side when they disrupted a well recognised plan for the continuous updating of water mains. Barbados used to have a plan with the Government of Canada through CIDA in which for every dollar that the Barbados Water Authority was able to invest in replacement of mains, the Canadian Government would grant a dollar for the purchase of pipes. I well remember that, Sir, between 1976 and 1986 funds were continuously built up to be able to provide from Barbados the counterpart funds to be able to draw down the Canadian funds. I believe it reached \$32 million. Unfortunately, Sir, between 1986 and 1989, as a result of the policies of the Democratic Labour Party that \$32 million was taken from the resources of the Water Authority.

Aside.

Sir HAROLD St. JOHN: It was put in the Consolidated Fund? Well you see the thing is that it was taken and put in the Consolidated Fund and it is only now the Consolidated Fund has got money. You cannot buy pipes and put them in, in a hurry. The position was that that plan was disrupted. As a result we are definitely in a position in Barbados in which a major tranche of our resources in the future have to be devoted to the replacement of mains.

I understand that a study has now been completed in which in the conclusions it is stated that it is estimated now that the average amount of water that is wasted in Barbados per day is somewhere between 40% and 50% so that is a very serious position for an authority to find itself in. It is not unique to Barbados. By the way if one reads anything of the privatisation of what happened in the Water Utilities in the United Kingdom, it was found that wastage there in some of the water areas was as high as 60%.

Sir, there is no politics in water, Barbados is a very fortunate country in that I believe some 90% or 95% of the people have access to water so there is very little politics in this because the few people who do not have access to water are insignificant politically. We would like everybody to have access. It may be possible and more economical to move the people to the water rather than carry the water to the people. What we must ensure, Sir, is that collectively we try to impress on those who manage the authority that their conduct is under public scrutiny.

I frankly do not believe that many of the people who manage the Authority care about the rest of us. They are interested in their closed shop view as to how they think it should be run, in a most indifferent and insensitive manner which I have seen for a very long period of time. It is a public utility and we must carry the charge for them. They must understand that they are accountable to this body, because it is a utility and it belongs to the public of Barbados. It does not belong to this government or that government. It belongs to the public of Barbados. I want to tell them this, Sir, that if they continue in their present pattern of behaviour it may well be that they will so irk the community that they will be out of a job, because we must not underwrite incompetence in management. 8.25 p.m.

I trust, Sir, that a word to the wise is enough. I trust that they will understand that the general feeling of many constituents of Honourable Members on both Sides is that they are managing that authority with a degree of indifference to the service that they are rendering what is not tolerable.

That is my view on it. I wish, Sir, that the communication that I have made in this House with respect to the deficiencies on their repair programme in particular on weekends, be remedied. I also wish that the Government will be able, given the resources that are necessary as a matter of deliberate policy to try and do something about the leaks which have been identified and to try and correct the deficiencies in the system caused by the unfortunate decision of the Honourable Members on the Other Side.

Mr. D. St. E. KELLMAN: Sir, I do not intend to be long on this. But I want to say from the outset, I must defend the management of the Barbados Water Authority. I believe that if you get rid of the Board, the Barbados Water Authority will function much better. I honestly believe that the people up there in management positions are qualified to do the job, but they must have deliverance.

I find it rather difficult to believe that any general manager or any person in a management position at the Water Authority would cut off the water of a pensioner in St. Lucy and I have suffered those problems and it cannot be management, Sir. Because, at least they have a heart and I am saying that as soon as we move away from the Authority and allow people who are qualified to do the job, we will be going somewhere in Barbados.

But, I will not sit here and hear charges being made against people who have given their lives to the Authority and accept that the charges are correct.

I am saying the problem is not in the management but in the Board and it is time that we get rid of the

Board because Management has no interest in awarding contracts for pipes and sometimes that is the whole problem at the Barbados Water Authority. We cannot get pipes in this country at times because Boards are committed more in awarding contracts and now we have come in here and blame Management.

I had no intentions in speaking in this debate, but let me say this, the General Manager of the Barbados Water Authority is a constituent of St. Lucy and St. Peter and I know he is committed to that Authority. He has spent his whole life working for that Authority, but the problem is that you have people who are committed and spend all of their lives working for an Authority and Boards come and feel they know everything.

I am saying, Mr. Speaker, that qualified people who understand their jobs must be given the tools to operate and when I hear charges coming from that Side, I need to investigate. I need to make a couple of calls to find out what is going on. I do not believe that there is a problem in management affairs. The problem has to be in the Board.

Mr. Speaker, I want to remind this House, Sir, that about a year or two ago, I defended a contractor in this country when he was accused of holding up the road because when I investigated the matter the problem was pipes and not the construction of the road. So I am saying that the same way there was a problem at that particular time, I must defend the General Manager at the Barbados Water Authority.

But, I will say, Sir, anytime that a government could allow a Board to make a decision to cut off the water of a pensioner, something is wrong in this country.

Asides.

Mr. D. St. E. KELLMAN: Can you imagine the Parochial Officer's daughter who happens to be a pensioner and a welfare case must be using a pan cart to push water to her home? Can you tell me a General Manager would do something like that? He can only abide by the rules of the Boards or he will be fired. I am saying that we need to change the Board, because I am not happy when I can see one of my constituents with a pan cart pushing water to her home when she happens to be a pensioner and a welfare case. I had no intentions to speak, but as I said, I have to declare an interest.

I was once told in this Assembly to say something about a gentleman by the name of Mr. Johnson and I had to remind this House that because he might have been a candidate for the Barbados Labour Party that he stands to

be a constituent of St. Lucy and when you touch them, Sir, you deal with me.

I am saying, Sir, that there might be a need to refinance the Water Authority.

Asides.

Mr. D. St. E. KELLMAN: You do not worry whose votes I get, but when I go for votes, I go for all.

Asides.

Mr. D. St. E. KELLMAN: He has to camouflage because he cannot let his colleagues know that he knew who voted for him.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, we are in a situation today, Sir, where it is folly to come in here and say that the Democratic Labour Party took \$32 million from the Water Authority when they have the same power and authority to come in the Estimates and put \$32 million or \$40 million. I am saying if the Democratic Labour Party does a crime, then it does not allow the Barbados Labour Party not to do something to solve the crime.

I am saying if the problem is pipes in this country, put the money in the Estimates and we will decide whether there is a need to have that money in the Estimates or not. But it is a waste of time coming in here talking about the Water Authority needs money. Give them the money and solve the problem. If the Government used \$32 million some time ago, all the Government needs to do is to give it back and stop the foolishness.

Asides.

Mr. D. St. E. KELLMAN: The money is on the bank? Wait, you mean the Water Authority had money doing nothing with it and blaming the Democratic Labour Party for using it wisely?

Mr. Speaker, let me tell you something, Sir. You are an Honourable Member and saying that you need to get some pipes in your constituency too and it is time that the Estimates next year reflect an amount for capital expenditure to make sure that the 60 percent be reduced to 6 percent for wastage of water.

Thank you very much.

Hon. G. W. PAYNE: Mr. Speaker, I am somewhat surprised that a debate of this nature which has been occasioned by the deficiency, default, incompetence or whatever you would want to say, of the last

Administration should incur the type of discussion that I have heard from Members on that side. I must confess that I am very disappointed at the comments which have been made in particular the comments of the Member for St. Michael East.

The Honourable Member for St. Michael East seems, on every occasion he speaks about the Ministry of Public Works, to clearly display his ignorance of the Ministry for which he was responsible.

Mr. J. O. TUDOR: On a point of order. The Minister must withdraw the remarks that he has made. He certainly cannot speak in those terms.

Hon. G. W. PAYNE: Mr. Speaker, as I was saying the Honourable Member seems to display an ignorance of matters pertaining to his Ministry because when he gets up and talks about it taking this Administration three years in which to bring a matter in order to validate something* which had been done by that Administration, and then in the same breath he states that customers should receive back from the Barbados Water Authority every cent they have paid, it is obvious that he does not understand the legislation before this House, and he ought to know. He was the Minister of Public Works. 8.35 p.m.

The legislation which should have made this particular measure law was supposed to be done in December, 1993, before this time. He was subsequently the Minister of Public Works for three months and he would have known about it. Even if he had not known, at least he would have known about the substance of the actual legislation before us. This legislation is not to ask any customer for any additional money. It is just a change in the system of billing. That is all it is.

Aside.

Hon. G. W. PAYNE: I did say that. I said that the billing was done every three months. The Water Authority, for whatever reason felt at the time that it would make their system of collection a more competent one to change it to a monthly system.

Aside.

Hon. G. W. PAYNE: Because the Honourable Member for St. Michael East stated that the Barbados Water Authority should be made to pay back every single cent they collected as a result but they have not collected any additional monies. There would not be any additional monies to collect so it shows the ignorance of the Honourable Member for St. Michael East about this legislation.

I would not bother, Mr. Speaker, to comment on a number of other things which the Honourable Member has stated.

I am a little disappointed that the Honourable Member for St. John could get up and say he believes in every single thing the Honourable Member for St. Michael East said. It shows that whenever an attempt is made to remedy a deficiency in their method of operation, they use a form of attack on this Side so that everyone would forget the type of minimalist Administration to which we were accustomed during the then days of that Administration.

One would have thought, instead of being critical, especially in the manner of the Honourable Member for St. Michael East, that they, at least, would have been glad that this legislation was finally brought. They should have acknowledged the fact that they made an error in not bringing this legislation to Parliament in December 1993. What happened between December, 1993 and the period when the Honourable Member for St. Michael East was the Minister of Public Works?

As the Honourable Member for Christ Church South did indicate that the question of water is not a political issue, I know that the problem of water is a serious one. I experience problems with water in my constituency where I live like anybody else, but one cannot jump immediately after winning an election and assume that they have all the answers to all the problems of water and decide all of a sudden they will implement certain measures.

We did not, as the Honourable Member for St. John tried to suggest, indicate that we had all the answers and that we could do miracles to rectify the problems of water in this country but everyone knows, notwithstanding what he said, that the situation with water has nevertheless improved dramatically, but we still have far to go.

What we had to do, and what we have to do, Mr. Speaker, is to follow up with the study on water which was before them at the time of the strictures of the IMF programme because that programme was actually delayed. That programme which would have seen a complete study of the water system in Barbados was delayed during their time. What we actually did, immediately after we came in, seeing that we did not want to go in and we could not go in and implement measures of which we knew nothing about, we authorised the study to continue immediately. That was one of our first actions.

The study has now been completed. There have been a number of recommendations that have been made. There is a mains' replacement recommendation and we have been making certain efforts at reducing the problems of leakage and the problems of mains replacement throughout

the length and breadth of this island. The study, among the recommendations, has included certain measures which, obviously, would impact on Barbados' financial position. It is obvious that we will have to seek international funding for the type of measures we need to implement. These are matters that are presently before the Ministry and it could not have been done before.

I understand the Honourable Members' concerns about the leak detections. These are matters that are being addressed. They could not have been addressed before. I cannot think of anything that the Ministry of Public Works or the Barbados Water Authority could have done between September 6 and today that they have not done.

The study has been done. We have looked at the findings of the study. We are looking at funding in order to implement a number of the measures. We have embarked on the mains' replacement, the leakage detection and a lot of these matters we had absolutely nothing to do with. This is why I am surprised that Honourable Members on that Side would get up and make such statements.

Look at the question of the collection of water rates. Am I to understand that the Democratic Labour Party will come with a policy in the election which will mean that the pensioners in St. Andrew would no longer be paying any water bills? I would like to hear whether the Democratic Labour Party would come up with this policy because I would gladly go and tell my constituents who have been complaining for a long time about the payment of water bills that they no longer would have to do that if the Democratic Labour Party wins the Government. Is this part of their policy?

Aside.

Hon. G. W. PAYNE: You better not talk anything about Dowell Chambers because if you are trying to insinuate dishonesty or mischief, you are one of the most dishonest persons in this House so you had better not talk nonsense from your seat.

Aside.

Mr. SPEAKER: Order, please.

Hon. G. W. PAYNE: Mr. Speaker, under the programme they signed with the international agencies, there is a certain level of collection that the Barbados Water Authority must achieve. They agreed to certain exorbitant levels. I do not know how they could have agreed to levels as high as 85 per cent collection levels.

We are faced with a situation where there is a backlog that must be collected otherwise the South Coast Sewerage Project funding will be in jeopardy. So I am surprised they could come to this House to talk about collections. These are agreements which were signed during their time. I think they have been - I do not want to use the word "jealous" - but they have actually seen the progress which has been made by this Administration in every single department, including the Barbados Water Authority, and this is the reason why they have come in here to make it appear as though this Administration is guilty of doing something that it should not be doing.

Mr. Speaker, there is just one other point with respect to the water meters. The question of the meters is also part of the South Coast Sewerage Programme. We had no control over that unless we wanted to abandon the programme under the South Coast Sewerage Scheme. We have a number of concerns from the same people they are talking about writing the Ministry asking for the installation of meters.

Mr. Speaker, some of them have been asking for the installation of meters, you put in the meters and they are writing back and saying that since we have put in the meters the amount they are charged in respect of the water rates is higher than it should be, so I do not know what nonsense the Honourable Member is trying to talk about.

Mr. Speaker, the Honourable Member spoke about the collection of arrears in Dowell Chambers. The Honourable Member should know how chambers operate. Dowell Chambers is a chambers with a number of attorneys like CLICO Chambers and if a brief is sent to CLICO Chambers, it goes at least to attorneys that share profits. There are no outside lawyers in CLICO Chambers. 8.45 p.m.

Dowell Chambers have a number of lawyers that work individually. The Honourable Member for St. John should know that. This Honourable Member has nothing to gain from a brief going to Dowell Chambers or any other chambers. I would warn the Honourable Member that when he is coming with these swipes that there are other matters that he should be scared of mentioning in this House because I certainly did not have a client of mine being refused permission and then after I became a Minister approved it and drew a fee as a result of that. I can tell you that I never did that.

Mr. Speaker, I beg to move that this Bill be read a second time.

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

On the motion of Hon. G. W. PAYNE seconded by Hon. Miss B. A. MILLER the House resolved itself into Committee of Supply, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE OF SUPPLY

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

Clauses 1 & 2 were called and passed.

On the motion of Hon. G. W. PAYNE, seconded by Hon. Miss B. A. MILLER, Mr. CHAIRMAN reported to His Honour the SPEAKER, the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. G. W. PAYNE seconded by Hon. Miss B. A. MILLER the Bill was read a third time and cited as the Barbados Water Authority Validation of Water & Sewerage Act, 1997.

Mr. SPEAKER: With the House's permission we will now revert to Government Notices.

GOVERNMENT NOTICES

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, I beg to give notice of a Resolution to grant the sum of \$2 980 758 from the Consolidated Fund to be placed at the disposal of the Government to supplement the Estimates 1997/98, No. 6 which form the Schedule to the Resolution.

I further give notice, Sir, of a Resolution to approve the sale to the Trustees of the New Testament Church of God of land at Dodds Plantation, St. Philip and further, Sir, a Resolution to approve the grant by the Minister responsible for lands to the National Housing Corporation of Barbados at St. Helens in the parish of St. George.

ORAL REPLIES TO QUESTIONS

Mr. Speaker, Sir, I beg to give notice that the reply to Parliamentary Question No. 43 is ready.

ORDER NO. 11 - IN THE NAME OF THE LEADER OF THE HOUSE TO CONSIDER THE GRANT OF SUMS OF MONIES FOR THE SERVICE OF BARBADOS

On the motion of Hon. Miss B. A. MILLER seconded by Hon. D. A. C. SIMMONS the House resolved itself into Committee of Supply, Mr. W. C. C. CALLENDER in the Chair.

COMMITTEE OF SUPPLY

Mr. CHAIRMAN: The Honourable Chamber is in Committee of Supply.

ORDER NO. 11 - TO MOVE THE PASSING OF A RESOLUTION TO GRANT THE SUM OF \$2980758 FROM THE CONSOLIDATED FUND TO BE PLACED AT THE DISPOSAL OF THE GOVERNMENT TO SUPPLEMENT THE ESTIMATES 1997/98 - NO. 6 WHICH FORMS THE SCHEDULE TO THE RESOLUTION

HEAD 15 - CABINET OFFICE - \$265 000

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, in relation to Head 15, \$15 000 is being sought under the Object 2211, Maintenance of Property to conclude the refurbishment of the main conference room in Government Headquarters and to replace chairs. Part of the room is damaged and as a result the whole conference room had to be refurbished. The provision in the Estimates of \$18 000 is insufficient for the purpose and it is estimated that an additional \$15 000 is needed to conclude the full job.

Under Object No. 212 an amount of \$250 000 is being sought to supplement the Government Hospitality vote to enable the vote to put in sufficient supplies to meet all of the obligations for Government's hospitality this year. The House would appreciate that there was some extraordinary activity that has caused us to be in this position, that activity was the visit of the President of the United States of America. To date it is estimated that of the amount of \$300 000 that was spent some \$215 XO has already been expended, of which \$232 000 was related to the President's visit. This supplementary is therefore to put the Government in a position where it can carry on other hospitality activities for the rest of the year.

I think, Sir, given the nature of the extraordinary activity, the request being sought of Parliament is not to be by any means extravagant and I would like to beg to move that Head 15 stand part.

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

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

HEAD 19 - MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS - \$1 800 000

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the Student's Revolving Loan has on hand a large number of applications - 150 more than is anticipated for Barbadians to study abroad. The fund has some \$2 000 000 in fixed deposits which are intended to be activated to help us to meet these obligations in full. The monthly repayment to the fund is in the nature of \$220 000 and we are seeking to put the Student's Revolving Loan in sufficient funds to enable it to meet the increased demands on it, particularly those demands that will arise in September of this year when students will be expecting to begin their studies.

Every effort is now being made, not only to disburse, but also to manage the credit to the funds. Additional officers have been engaged for this purpose and we are seeking, Sir, to get the fund to be a true revolving fund. This should be treated as a form of capitalisation to enable the fund to meet demand and to revolve. I, Sir, commend it to the House as a good investment and seek the approval of the House for Head 19 to stand part. 8.55 p.m.

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

HEAD 28 - MINISTRY OF HOME AFFAIRS
- \$286 000

Hon. D. A. C. SIMMONS: Mr. Chairman, Sir, on Monday morning of this week, August 4, there was a strong tropical wave with some heavy gusts of wind between 6.00 and 6.30 in the morning which damaged 22 houses in St. Joseph, St. John, St. Michael, St. Philip, Christ Church and St. Andrew.

Aside.

Hon. D. A. C. SIMMONS: I do not think I have any report of St. Lucy, Sir. There may be but ...

Aside.

Hon. D. A. C. SIMMONS: At least one? All right. That will be looked after. The officers from various agencies, National Housing, National Assistance Board, Welfare and other departments have done a very good job in the limited time. They have gone around the country and assessed the quantum of damage and this supplementary seeks \$286 000 to supplement the vote of CERO. This is still very early in the hurricane season and we want to get these repairs done. We do have some small funds in hand but what we have currently in the vote, \$170 000 would

not allow us to satisfy these repairs so we are asking for the supplementary of \$286 000 particularly to do those houses which Were damaged.

I beg to move, Sir, that Head 28 stand part in the sum of \$286 000.

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

Sir HAROLD St. JOHN: Mr. Chairman, I know you will be pleased, like I am, Sir, with the swift passage of this vote because in the south of Barbados as I understand it a tremendous amount of damage took place because of the whirlwind type of wind that we had. It just spun around in that area and there are some houses in your own constituency, Sir, which I know have been damaged. What seems still to be amazing to me is, Sir, that people did not know they could report the damage to CERO and that lack of knowledge I know has now been corrected so that although we have a report of a certain number of houses being damaged I am sure you will find that there are one or two who will be late reporting particularly after publicity is given now to the fact that money is available.

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

HEAD 30 - ATTORNEY GENERAL - \$253 000

Hon. D. A. C. SIMMONS: Mr. Chairman, Sir, the sum of \$253 000 is required to meet the cost of completing renovations, not to District "C" Station now, Sir, but to District "C" Court. We have started already, Sir, because we want to finish and we would not have enough in hand to pay the contractor between now and when Parliament resumes and it would mean the work would have to stop and this would be a very bad thing because of the rain. The roof of District "C" Court is completely rotten. We have finished the Police Station at District "C" and it made sense to continue the works and finish the whole complex. As we-started the work on the roof to the court it was found that ...

All of those roofs are bad. Take District "A" termite ridden, about to fall in. Should we get high winds it is advised it would go, so we want to deal with this one quickly and not leave it hanging in the months of August and September because of the likelihood of further damage.

With a view therefore to the completion of the renovations we are seeking the committee's agreement to supplement the vote by the sum of \$253 000.

It is not only the roof, Sir. We are doing inside. We are rearranging the Chambers. Everybody will agree

that the courts and the Magistrates Chambers are very basic. I do not want to say primitive and we are going to reconfigure the court and upgrade the facilities in the court similar to what we have done at Boarded Hall, if Honourable Members have seen the Magistrates Court at Boarded Hall or the Magistrates Court at District "A". So these sums are required, Sir, for completion of renovations to District "C" Court.

I beg to move that Head 30 in the sum of \$253 000 stand part.

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

HEAD 34 - THE MINISTRY OF EDUCATION,
YOUTH AFFAIRS AND CULTURE
- \$372 758

Hon. Miss M. A. MOTTLEY: Mr. Chairman, Sir, in begging to move that this amount stand part, I simply want to say that this amount relates to the establishment of a programme relating to the EDUTECH 2000 project and for the initial payment of the consultants in respect of whom we have been working with the IDB in respect of this project.

In those circumstances, Sir, I beg to move that this Head stand part.

The question was put and resolved in the affirmative without division. 9.05 p.m.

On the motion of Hon. Miss B. A. MILLER, seconded by Hon. D. A. C. SIMMONS, the Resolution was read a first and second time and passed.

ORDER NO. 9 - RESOLUTION TO APPROVE THE
GUARANTEE BY GOVERNMENT OF THE PAY-
MENT OF THE PRINCIPAL SUM OF \$50 000 000
AND INTEREST THEREON FOR THE REDEMP-
TION OF HOUSING DEVELOPMENT BONDS
ISSUED BY THE NATIONAL HOUSING
CORPORATION UNDER SECTION 4 OF THE
HOUSING ACT, CAP. 226

Hon. G. W. PAYNE: Mr. Speaker, the National Housing Corporation is voting a bond issue of \$50 000 000 during the month of August. The issue will carry a maturity period of 12 years and will be at a rate of 7.5 percent.

The issue will be placed in two tranches, the Government of Barbados guaranteeing the issue. The programme which will be implemented with the use of these funds includes cost recoverable and non-cost recoverable projects. In this arrangement the National Housing Corporation is expected to service the element of the bond which finances cost recoverable projects, while the Government undertakes to finance the subsidised element of the programme. For the Corporation to meet its debt service obligation it needs to design projects which would attract a 15 percent rate of return.

The anticipated projects, Mr. Speaker, which would involve a non-recoverable programme includes the construction of terrace units at Flat Rock in St. George, Hope in St. James and Pondsides, where we have already awarded a contract for the construction of 52 terrace units which will be a new concept. The terrace units will have eight shops and a day nursery. It is also anticipated that as we complete the acquisitions in various parts in the island, wherever suitable additional terrace units will be added within the next two months or so if it is found desirable.

We are also hoping to have the development of lots at Mount Brevitor, St. Peter and at Walkers, St. George. In addition to the terrace units we are hoping, Mr. Speaker, to be involved in a series of starter unit type programmes. It is anticipated that this programme will cost some \$9 million. We already have land which we have acquired in various parts of the island. This list is not exhaustive. But it is hoped that units will be constructed at Groves and Cottage, St. George, Hopes, St. James, Blackmans, St. Joseph and Lower Burney in St. Michael.

Units are projected to sell in the range of \$50 000 to \$58 000 and would be affordable to persons who earn under \$1 800 a month. The starter houses will measure approximately 450 square feet in gross floor space and a finished unit will include an external wall with an inner core containing a bathroom and kitchen sink.

Mr. Speaker, I am also hoping under this project to provide approximately 1 500 service lots. Already we have completed a number of acquisitions throughout the island and here again, it is hoped that other areas will be added as we get the list of suitable sites from Members and approval from the Town and Country Planning Department is obtained.

It is anticipated that these lots will sell from between \$12 000 to \$15 000 and will be available to applicants earning under \$2 500 per month.

We have already acquired lands at Blackmans in St. Joseph, Rock Hall in St. Thomas, Flat Rock in St. George, Groves and Cottage in St. George, Hopes in St. James, Lower Burney in St. Michael and Orange Hill in

St. James. In addition a joint venture project for the provision of 200 lots is also included in this phase of the programme.

Commercial lots will be developed at Free Hill, St. Michael, West Terrace Heights, Husbands Terrace, Husbands Heights extension in St. James with respect to the commercial lots these will be sold at the normal commercial rate.

It is hoped, Mr. Speaker, that we will be able to put aside approximately \$12 million to accommodate those persons who are interested in purchasing these lots. It is anticipated that the concept of the 100 percent mortgages which we have spoken about on this Side in this House on many occasions will apply.

Financing will be made available to applicants in the income range under \$2 500. We are aware of the slow loan disbursement presently experienced by persons who have applied to the National Housing Corporation under the General Workers Loan Scheme and it is hoped that we will be able to put certain measures in place to expedite that scheme or any scheme which is put in place in order to facilitate the swift transfer of lots.

It is hoped, Mr. Speaker, that in Phase 2 of the Project which will commence in the year 2002, the same components will be included, but quite obviously, Phase 2 is based on the successful completion of the first phase and the timely flow of funds into the programme.

It is also hoped, Mr. Speaker, that we will be able to have the Town and Country Planning Department facilitate the smooth completion of the necessary planning requirements. In the past we have had a number of complaints both from our own public projects from the National Housing Corporation and it is hoped that when the Urban Development Commission comes on stream that we also get the facilitation of the Town and Country Planning Department in having these projects speedily completed.

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

Hon. D. A. C. SIMMONS: I beg to second that, Sir. 9.15 p.m.

Sir HAROLD St. JOHN: Mr. Speaker, I rise to support this Resolution. This Resolution is totally in

consonance with the concept of the Barbados Labour Party. It follows upon a large tradition of the Party in ensuring that the resources of Barbadians locked up in banks and other institutions are released for the very desirable social objective of providing housing for its people.

No political party in Barbados has a record in housing like the Barbados Labour Party, none. I want to repeat, for the education of the Honourable Members on that Side, particularly the new ones, that this programme is a logical follow-up to the Housing Credit Fund which, I understand, much to my horror, during the nine years of the Administration of the Honourable Members on the Other Side, little was disbursed. We were fortunate that when we came back into office, around \$21 million was in that fund which has now been utilised for its purpose. This is a very appropriate time for this, Sir.

The foreign exchange drain that the bankers, particularly former members of the Central Bank and advisors always used to caution the Government in a massive housing programme can be safely placed into the background. As I understand it, the drain has proven to be nothing as large as what it was feared. Further, the existing levels of the reserves can support a modest programme of \$50 million. At this particular period of time, there is a lot of liquidity in the system and rather than have this liquidity utilised in consumption, I think it is very desirable that the Government takes the opportunity to tap some of this liquidity for this purpose.

I heard the Honourable Minister name a list. I have one disappointment with the speech of the Honourable Minister. I have not heard any of this very desirable activity going to take place in the Christ Church South area. I want to caution the Honourable Minister. I want to advise the Honourable Minister that the people in Christ Church South are attuned to the fact that if they are to live near to the seaside they have to live in three and four-storey apartments. The land between the top of Maxwell Hill and the seaside is less than 200 metres. There is absolutely no hope of any large number of individual houses being built in that area.

We have been educating the residents in that area with the viewpoint that they have to accept that if they are to be housed in that area they will have terraced units. After all, Sir, Kensington Lodge and Pondsides have demonstrated that there is no resistance among Barbadians to living in that style of housing. I would like to see that extended along the coastline between the top of Maxwell Hill and the seashore. There is a great need there for that type of housing.

I am sure that the Honourable Member for Christ Church West, the Honourable Members for Christ

Church East and Christ Church East Central would be very glad to have a similar type of accommodation and bearing in mind the significance of that area, I trust that the Honourable Member would give us the opportunity to be able to identify some land for that.

I can point to the areas, Sir. Along the ABC Highway between Lyrias and Rendezvous there is a large amount of land owned by the Government. Some is very suitable for playing fields and some is very suitable for this type of activity. If you drive along that Highway a good vista would be, as you look towards the sea, you would look towards dwellings of the new type for the people. The earnings group is \$1 800 a month? I believe it may be possible to push that up a little bit, Sir, to be able to cater to the demand in that area.

I wish to commend the Government, and I would not allow this opportunity to pass, even though it is 9.20 in the night. The trouble is, Sir, that the good things we do, we do not boast of. This is a very good thing and I will be boasting of it.

Hon. H. deB. FORDE: Mr. Speaker, there is just one comment I would like to make and this is from the financing point of view. This is a very good time to come to the market with such a bond. I hope that this will not be the only bond. I have been trying to interest the officials of the Ministry of Finance in going for a 50th anniversary bond which will give us between now and then a 24-year bond. It would be a special bond to celebrate the 50th year.

The money should be spent, in my view, on the social services, education, health *et cetera*. The market is right for it. Seven point five per cent over a 12-year period is a good rate. It is a much better rate than we are getting now, given the liquidity in the system on NIS holdings. We are having to leave money in the banking system at about 2.3 per cent. Treasury Bills are at the lowest percentage ever in the history, 1.7 per cent. Therefore, we are quite willing at the NIS to take up a substantial amount of this because, in actual fact, if the rate of return which we are getting is below the rate of inflation, which it is, then we are in a negative earning position. That is why I am interested very much in seeing this bond come.

I believe that the Ministry of Finance should look at a bond coming for, as I said, the 50th anniversary. I would strongly advise that part of the bond be denominated in US dollars or pounds in order to capture the Barbadians...

Aside.

Hon. H. deB. FORDE: We can hedge against various things because there are a large number of nationals who are interested in investing in Government securities.

During my recent visit with some other members of the Constitutional Review Commission, one of the recommendations made by nationals was that they do not have enough information concerning Government issues and they would be interested in coming into a Government issue that is backed particularly by the Government guaranteeing an issue such as this, denominated in sterling or in US currency, so it is a very good time, Sir.

I want on the social side to join my colleague, the Honourable Member for Christ Church South, to say that those of us in the South, including the South West, must not be forgotten. We have not got open land area but there are areas that could be developed and I particularly believe that Christ Church and St. Michael which is so heavily and densely populated do need terrace units and we do need a much better use of some of our land areas. I know that the Minister has made an appeal and there are some areas that need re-development and I would hope that some of this money would be spent in Christ Church in the Kings Village. The Honourable Member for St. Michael South should listen now. Kings Village needs re-development and Deighton Road and going up Dayrells Road and Goodings Land, Sir, we could do with some of the money being spent in that area. When you are ready to facilitate the loan I hope the Minister will not forget those of us who do not live in St. James or St. George or St. Peter or St. John. I hope that we will get some of the money being spent in the southern part of Barbados. 9.25 p.m.

Hon. G. W. PAYNE: Mr. Speaker, following on the last comment that has been made by the Honourable Member for St. Michael West, I want to interest the Members on that Side as to what suitable spots they have in their constituency for this type of housing development.

I beg to move that this Resolution do now pass.

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

ORDER NO. 5 - TO MOVE THE PASSING OF A
RESOLUTION TO APPROVE THE JUDGES' RE-
MUNERATION & PENSIONS (CONDITIONS OF
SERVICE AND ALLOWANCES)
(AMENDMENT) (NO. 2) REGULATIONS, 1997

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, I declare an interest in this matter. This Resolution concerns Remuneration and Conditions of Service for Judges. The Prime Minister during the Estimates indicated that he had reached an agreement with the Judges about altering terms and conditions and these terms and conditions should have come into effect on April 1st. Essentially, the

regulations of 1969 are being amended to provide what is called a judicial allowance for the Chief Justice and Judges of the Court of Appeal and the High Court.

As I understand it, Sir, the rationale for this allowance is that it has been found over a time that the Judges have been poorly remunerated, having regard to their status and work load and more especially, in relation to the other Judges of CARICOM countries, Barbados judges are the worst off, as I am advised, Sir.

Sir, the judicial allowance is meant to improve the terms and conditions of the judiciary and in particular to recognise that once one takes judicial office your lifestyle necessarily must change. A judge cannot be involved in the kinds of activities that other members of the society can feel free to be involved in. He cannot afford to go all about the country anyhow to public places. He has to live the life of a hermit or a recluse and tread the straight and narrow road if the streams of justice are to remain pure and free from suspicion of contamination.

The judicial allowance is going to redress some of the present imbalances in the system in relation to the salaries and make them more competitive with those paid to judges in the region. At the same time to offer a future and a more attractive package for those who would be potential judicial officers.

There is no secret that last year, Barbados was on the verge of losing at least two members of the Judiciary who had offers from overseas and who just really could not exist on the present salaries that were being paid in Barbados. It was as a result of representations made and efforts that were exerted to ask them to stay that the Prime Minister was able to agree to this package and I have no fear that any members of the present Bench will be attracted away from Barbados this year or in the near future, but we were on the verge last year of losing two because of the present salaries and we have not been able to attract anybody except one last year. We are making another attempt this year to see if we can find somebody else from the private bar to fill the post. I suspect that we shall be able to fill the two existing vacancies sometime in October this year.

With those brief remarks, I beg to move that this Resolution do now pass.

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

ORDER NO. 7 - TO MOVE THE SECOND READING OF THE FINAL APPROPRIATION BILL, 1997

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the Minister of Finance is required by law to lay in Parliament at the earliest convenient time the Final Appropriation Bill bringing into account all the supplementaries for other expenditures that would have been passed to Parliament. This is a matter that has not ordinarily excited debate and I beg to move that this Bill be read a second time.

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

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. D. A. C. SIMMONS the House resolved itself into Committee of Supply, Mr. W. C. C. CALLENDER in the Chair. 9.35 p.m.

COMMITTEE OF SUPPLY

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

Clauses 1 & 2 were called and passed.

Clause 3 was called and passed. Clause 4 was called and passed.

Rt. Hon. O. S. ARTHUR: I beg to move that the Schedule be the Schedule to the Bill.

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

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

Rt. Hon. O. S. ARTHUR: I beg to move that the Preamble be the Preamble to the Bill.

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

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

On the motion of Rt. Hon. O. S. ARTHUR, seconded by Hon. Miss B. A. MILLER, Mr. CHAIRMAN reported to Mr. SPEAKER the passing of one Bill in Committee and Mr. SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Rt. Hon. O. S. ARTHUR, seconded by Hon. Miss B. A. MILLER, the Bill was read

a third time and passed and cited as the Final Appropriation Act, 1997.

ORDER NO. 12 - RESOLUTION TO APPROVE THE
SALE OF LAND AT DODDS PLANTATION
ST. PHILIP TO THE TRUSTEES OF
THE NEW TESTAMENT
CHURCH OF GOD

Hon. G. W. PAYNE: Mr. Speaker, I beg to move the passing of this Resolution for the sale of 992.9 square metres of land at Dodds Plantation, St. Philip to the Trustees of the New Testament Church of God. They expressed an interest in purchasing this parcel of land and in keeping with the Government's commitment to this type of institution, Government has acceded to their request. I beg to move that this Resolution do now pass.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

Mr. D. St. E. KELLMAN: Mr. Speaker, it is very warm and welcoming to hear the Honourable Minister and the Honourable Member for St. Andrew finally recognising the plea from the Honourable Member for St. Lucy that there should be some place in this country for the church.

I am extremely grateful, Sir, that he has seen the light and that the New Testament Church will be getting a home at Dodds. I look forward to the day when this Government will see the need to allow the one at Cutting Road to remain at its location.

It is rather interesting that there is a change of heart, Sir, because at this time, Sir, we really need to have some churches in this country to keep the direction right. There is a particular social contract between the Church and the young people and we are grateful to the Government for finally recognising that there is a need to have churches in this country. Thank you, Sir.

Hon. G. W. PAYNE: I beg to move that this Resolution do now pass.

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

ORDER NO. 13 - RESOLUTION TO APPROVE THE
GRANT TO THE NATIONAL HOUSING
CORPORATION OF LAND AT
ST. HELENS, ST. GEORGE

Hon. G. W. PAYNE: Mr. Speaker, I beg to move the passing of this Resolution for the vesting of 5 803 square metres of land at St. Helens, St. George, to the National Housing Corporation. This land was acquired by

Government for housing purposes. We are at a stage where the lots are being allocated. The National Housing Corporation is the agency that will facilitate the transfer in order that they will be in a position to do the conveyance to the respective purchasers so that they would be able to get title to the property and complete their mortgages.

I beg to move that this Resolution do now pass. Rt.

Hon. O. S. ARTHUR: I beg to second that, Sir.

Mr. D. St. E. KELLMAN: Mr. Speaker, I am extremely grateful once more to hear that there is land for poor people but I want to make one simple request, Sir, that instead of National Housing putting out tenders, Sir, for private firms to put in the roads and also put in the necessary amenities in that road at St. Helens, I am requesting that the Honourable Member for St. Andrew request the Ministry of Public Works and their officials to use their equipment and their finances, Sir, to put roads in that piece of land at St. Helens and in that way, Sir, the poor people in St. Helens would be able to get the land at cost and they would be able to take their conveyance to the bank. Even though they might only pay \$5 000 I am sure that that land would be valued at over \$20 000. When they take this piece of paper to the bank, Sir, they would have something worth far more than what they would have paid for that piece of land and they would be able to raise a substantial loan to construct their homes.

If we are really serious in improving the housing stock and in improving the lot of poor people in this country that is one idea I have given to the Government and I honestly feel they should accept that idea and run with it. Thank you very much, Sir.

Hon. G. W. PAYNE: I beg to move that this Resolution do now pass.

The question was put and resolved in the affirmative without division. 9.45 p.m.

QUESTION TIME

Mr. SPEAKER: With the House's permission we will revert to Question Time.

The Honourable Member for St. Michael East* Mr.

J. O. TUDOR: Mr. Speaker, Question No. 43.

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, the reply to the parliamentary question No. 43 by the Honourable Member for St. Michael East, is as follows:

Five promotional tours were scheduled for 1996/97 by the Barbados Tourism Authority as follows:

Europe - one tour of Frankfurt, Munich, Dusseldorf, Hamburg and Berlin in August of 1996.

Canada - one tour of London, Kitchener, Hamilton, Mississauga, Barrie, Ottawa, Toronto, Markham, Peterborough, Kingston, and South Shore, Montreal in October of 1996.

United States of America - one tour of the North East in conjunction with some local hotels in November of 1997.

The Caribbean - one tour to Trinidad and one tour to Guadeloupe and Martinique.

The Caribbean tours did not take place in the fiscal year 1996/97 but occurred during April 1997.

With respect to the budget allocated for the promotion of the Brazilian and Toronto marketplaces separate territories are not shown in the budget for marketing and promotion. The sum of \$450 000 was allocated in the authorities' budget to promote South America during the fiscal year 1996/97.

Approximately \$110 826 of these funds were spent in the promotion of Barbados in Brazil. The funds allocated to advertising were not spent after the BWIA flight was cancelled.

The total budget for the promotion of Canada in the 1996-1997 financial year was \$1.7 million. Approximately \$800 000 of the budget was spent on the Ontario market which contributed 75 percent of Canadian arrivals. Most of these funds were allocated to the Toronto market which produces the greatest revenue.

Mr. J. O. TUDOR: Mr. Speaker, would the Minister indicate why the Minister has failed to comply with the amended Barbados Tourism Authority Act, Section 22(1)(b) in attesting any marketing...

Mr. SPEAKER: Honourable Member, the Question is out of order.

Mr. J. O. TUDOR: Will the Minister kindly indicate why the assessment of the market has not been made to Parliament as mandated in law?

Hon. Miss B. A. MILLER: Would you put the Question again?

Mr. J. O. TUDOR: Will the Minister indicate why the assessment and marketing of the advertising programme which is mandated in law in accordance with the amended Act, has not been laid and made available to Parliament?

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, as far as I am aware, the assessment has been done and if the Parliamentary Question had asked for it, I would have had the answer to it here with me. I am quite willing to provide it to you.

Asides.

Hon. Miss B. A. MILLER: No. It is available at the BTA.

Mr. J. O. TUDOR: Mr. Speaker, will the Minister indicate when she will make available to Parliament the assessment of the respected markets in accordance to law?

Asides.

Mr. J. O. TUDOR: It is a requirement and in the new Act, it says that an assessment of any marketing and advertising programme undertaken, the Minister shall lay before Parliament a copy of the report referred to in subsection (1) as soon as or shortly after receiving the report.

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, this information would normally come in the annual report of the Barbados Tourism Authority which document is laid in this Parliament and as soon as is practicable it will be laid.

Mr. J. O. TUDOR: Mr. Speaker, will the Minister indicate what plans does the Minister have for the rapid decline of the USA market, the German market and the Canadian market?

Asides.

Mr. J. O. TUDOR: As the figures of the decline were tabled in Parliament, Mr. Speaker, and available to this House. They were accepted as a document of the House. I think the Minister is aware.

Asides.

Mr. J. O. TUDOR: That steps are being taken to arrest the decline in the USA market, the German market, and the Canadian market?

Asides.

Mr. J. O. TUDOR: Will the Minister state what she is doing to arrest the decline in the USA, Canada and Germany?

Asides.

Hon. Miss B. A. MILLER: Mr. Speaker, Sir, there are several reasons why, not only Barbados, but

generally speaking in the Caribbean we are seeing a decline out of North America.

In this first quarter, this Winter, January to May, Jamaica experienced a 10 per cent decline. We are seeing, Sir, a great increase in domestic travel in the United States of America. I have made this point on this Floor on several occasions. Every single one of the States of the United States of America is promoting tourism.

Asides.

Hon. Miss B. A. MILLER: I am trying to answer three questions in one. He asked what we are doing in respect to the United States, what we are going to do in respect of Germany, what are we doing in respect of Canada.

Asides.

Hon. Miss B. A. MILLER: The short answer to this question, Sir, in respect to all of the countries is that we have to have increased airlift out of the United States and out of Europe as well. That is very key to us.

We have seen an additional carrier in respect to the United States and Europe come onto the market in the form of Air Jamaica and even now the Minister of International Transport is pursuing negotiations with other carriers out of the United States and out of the United Kingdom and Continental Europe as well. And I speak both of charter and schedule.

Particularly in respect to the United States, there is a direct correlation between promotion and advertising dollars spent and arrivals. Every effort is being made in the United States in particular in respect of television advertising. We have to maintain our print, we have to maintain radio and we have to spend more in respect of television advertising.

In Europe it is different. We have seen in the United Kingdom an incredible increase in arrivals. In fact in 1996 the United Kingdom overtook the United States of America as our major market. We have seen declines in Germany. We know what the reasons for the decline are. Reunification is costing the German people more than they ever thought that it would. They decided to bite the bullet, there is less disposable income and they have gone for a very down market tourism, even in the Caribbean countries like the Dominican Republic.

So that we have to recognise that new destinations are born almost every day. This is the most competitive industry and we are going to have to get out there in the marketplace and work even harder than we have worked.

We must not assume in Barbados that what we have is the best. Although we think it is the best, every other destination has its own charm and they think that what they have is the best.

Asides.

Hon. Miss B. A. MILLER: You all are not serious. I have all of the figures here. I can show you. 9.55 p.m.

Aside.

Hon. Miss B. A. MILLER: I have all the figures here I can show you.

Hon. D. J. H. THOMPSON: I have a question. Will the Minister repeat that speech again?

ADJOURNMENT

Hon. Miss B. A. MILLER: Mr. Speaker, I beg to move that this House be adjourned to Monday, September 29, 1997.

I would wish to indicate to Honourable Members that on that occasion the Prime Minister and Minister of Finance will deliver his Financial Statement and Budgetary Proposals. It is proposed that the House would be adjourned to a time to be fixed in the afternoon of Monday, September 29, 1997.

Aside.

Hon. Miss B. A. MILLER: Monday, September 29, 1997. I have just said at a time to be fixed in the afternoon of that date.

Aside.

Hon. Miss B. A. MILLER: At 4.00 o'clock in the afternoon on Monday, September 29, 1997.

Speaking on the Adjournment, Sir, I would like to take the opportunity to say that this recess for the summer is one well earned by Honourable Members, by staff and all of those who serve us in this House. This first half of the year has been exceedingly busy. We have done a lot of work. I am very pleased that we have been able to accomplish as much as we have 'done.

It is a time of the year when people look forward to their vacations. I would like to take the opportunity to offer the best wishes for people to have a good summer recess and come back recognising that in the latter half of this calendar, indeed of this financial year, we are expecting

to do even more than we have done in the first so there is going to be a heavy Order Paper and very busy Parliament in the next half of the year.

Rt. Hon. O. S. ARTHUR: I beg to second that, Sir.

Hon. D. A. C. SIMMONS: Mr. Speaker, I do not want to prolong the House but since we are going to be on leave until September 29, 1997, I would like to encourage the Management Commission of Parliament in the interim to have all of the carpets in this room changed, removed, whatever. The carpets are making all of us in here sick every day we leave and that is my only plea, Sir.

Aside.

Hon. D. A. C. SIMMONS: And the airconditioner. I lost my voice.

The Honourable Member for St. Michael East every week he is very sick at the end of a day. The Leader of the Opposition suffers with sinus. We just want the place cleaned up while we are out, Sir. That is all I am asking for.

Hon. D. J. H. THOMPSON: Mr. Speaker, speaking on the Adjournment, I hope that Members will use the opportunity of the summer to refresh themselves. I want to say that I agree with the Honourable Member for the City that when we return we should do more work because I think we can hardly do less than we have done in the past few weeks in this Chamber. Therefore, I look forward and so do other members of the Opposition, to doing a lot more work when we come here so that when we are here it would be productive and that we can continue in the legislative programmes.

In particular, I hope when we return that attention would be paid to the items under Private Members' Business so that time can be put aside for those to be debated and that in addition to that, the Government will make every attempt to focus its attention on the issue of the long list of outstanding Parliamentary Questions, some of which are almost three years old and which are very important in terms of facilitating the work of Parliamentarians on both sides of the Chamber.

Speaking for myself and for the much forgotten Back Bench, I hope that Members of the Cabinet will enjoy the respite from Parliament and will return here renewed for the battle which the Democratic Labour Party will be raging to ensure that the people's views are given prominence.

Thank you, Mr. Speaker.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I would like to associate myself generally with the remarks and to wish Members all the best for the summer but since the Honourable Member for St. John spoke on behalf of himself and the much forgotten Back Bench, I would like to speak on behalf of the Cabinet, the most forgotten Back Bench and his forgotten Front Bench and wish everybody a happy summer.

The question that the House do adjourn until Monday, September 29, 1997 at 4.00 o'clock in the afternoon was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 10.05 p.m.

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A. (St. George North) FORDE, Hon. H. deB. (Christ
Church West) KELLMAN, Mr. D. St. E. (St Lucy)
MASCOLL, Mr. C. A. (St. Michael North West)
MILLER, Hon. Miss B. A. (City of Bridgetown)
PAYNE, Hon. G. W. (St Andrew) SIMMONS, Hon.
D. A. C. (St. Thomas) St JOHN, Sir HAROLD
(Christ Church South) TAITT, Mr. B. M. (St
Michael West) TUDOR, Mr. J. O. (St Michael East)
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