THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1994 - 99

HOUSE OF ASSEMBLY

Tuesday, June 2, 1998.

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, June 2, 1998.

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. Sir HENRY FORDE, K.A., 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)
Mr. D. J. H. THOMPSON, LL.B. (Hons,) (Leader of the Opposition)
Sir HAROLD St. JOHN, K.A., Q.C., LL.B.
Mr. L. R. TULL, Q.C, M.A.
Hon. Dr. 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 (Chairman of Committees)
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.
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)
Mr. C. A. MASCOLL, B.Sc. Econ. (Hons.), M.A. (Public Finance)

Prayers were led by Mr. SPEAKER.

Mr. SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes of Tuesday, May 26, 1998.

Hon. G. W. PAYNE: Mr. Speaker, the Minutes for May 26, 1998 have been circulated. I beg to move that they be confirmed subject to any motion for amendment to the same Minutes.

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

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

PAPERS

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

Defence (Rate of Pay, Loans and Allowances) (Amendment) Regulations, 1998.

NOTICES OF QUESTIONS

Mr. D. J. H. THOMPSON: Mr. Speaker, I beg to give notice of the following questions:

Question No. 58. To ask of the Minister of Health and the Environment:

Will the Minister of Health and the Environment state whether she has accepted the recommendation of the Task Force on Nursing made since July 12, 1996, that "the St. John Polyclinic should be completed as a priority" and if so, will the Minister state on what date construction will resume on the Polyclinic?

Question No. 59. To ask of the Minister of Public Works, Transport and Housing:

Will the Minister state whether Government proposes to repair the Foster Hall, New Castle Main Road in the parish of St. John which has been out of use since October 1994 and if so will the Minister state the date on which such repairs will commence?

Question No. 60. To ask of the Minister of Agriculture and Rural Development:

L Will the Minister state whether the Rural Development Commission proposes to undertake any project in the constituency of St. John within the 1998 to 1999 fiscal year?

2. Will the Minister state in relation to the constituency of St. John:

(i) How many street lights will be installed, where these lights will be installed and when?

(ii) How many tenantry roads will be constructed, where those roads will be constructed and when the projects will begin?

(iii) How many houses will be repaired or grants given for the repair of houses?

(iv) What other projects, »if any, the Commission proposes to undertake?

Question No. 61. To ask of the Minister of Public Works Transport and Housing:

Will the Minister state whether the National Housing Corporation proposes to undertake the housing project at Clifton Hall, St. John during the 1998 to 1999 fiscal year?

FIRST READING OF BILLS

Hon. G. W. PAYNE: Mr. Speaker, I beg to move the First Reading of the Validation of Fiscal Incentives (McBride (Caribbean) Limited) Bill, 1998.

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

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

SUSPENSION OF STANDING ORDERS

Hon. G. W. PAYNE: Mr. Speaker, Sir, 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.

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

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

ORDER NO. 3 - BILL TO REPEAL THE BARBADOS DEVELOPMENT BANK ACT, CAP. 323

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, it is my sad but very necessary duty today to close a chapter in the economic development of Barbados, a very important chapter in the hope that from this necessary but sad action consequences can ensue that will lead to the development of stronger and more viable financial institutions and a renewed capacity for us to meet the development finance needs of new entrepreneurs in the country.

The matter before the House, Mr. Speaker, is a Bill to repeal the Barbados Development Bank Act. I say that in bringing this Bill to the House, Mr. Speaker, that I am performing a sad by necessary duty. There is still a need for an institution or institutions to provide development finance to the new entrepreneurial classes of this society. But those institutions must be sound institutions.

At the very outset in setting a framework and a context within which the actions being proposed by Government should be considered, I want simply to outline for the benefit of the House why we are proceeding in the direction that I have indicated we are proposing to proceed.

Mr. Speaker, Sir, the Barbados Development Bank has been closed and has had to be closed because the old Barbados Development Bank had become so financially unsound that it was unable to perform the development role ascribed to it by the objects of the legislation under which it was established. I say that, Mr. Speaker, cognisant of the fact that we should not judge the functioning of a development institution by the criteria of a development of a commercial bank.

We always understood that the Barbados Development Bank as a finance institution would have to assume very high risks and would have to be governed by criteria other than profitability. The fact is that over the course of the last 15 years, the financial conditions of the bank were successively eroded to the point where, Mr. Speaker, the bank became a technically insolvent institution. If I may be more precise, as a result of very large losses occurring in each of the years between 1984 and 1995, over a period of 12 years, because of the losses accumulated in each of 12 years between 1984 and 1995, the bank had reached a stage where its accumulated deficit was greater than the capital of the bank. I will return to that matter later.

It had also reached a stage where the debts to which the bank were liable were greater than its realisable assets. The bank at December 1995 had debts amounting to $91.6 million on its books and it had realisable assets of over $72 million. We had a situation where the shareholders equity had substantially been eroded by 12 consecutive years of losses and the bank was in no position to honour its financial obligation because its debts were far in excess of its realisable assets.

The third reason is that the bank had, by 1994, reached a stage where it was unable to meet its financial obligations. In that year 1994 the Government was for the first time called upon to honour the guarantee of two bonds amounting to $17 million which fell due for redemption.

The future of the bank therefore, Mr. Speaker, as at 1994 was one in which it would have had to contemplate continued dependence on Government resources rather than its own internally generated resources to not only meet its debt but in fact, Mr. Speaker, to meet part of its operating expenses. You had a situation of comprehensive bankruptcy, Mr. Speaker.

It is also true, Mr. Speaker, that to all intents and purposes, the Barbados Development Bank had ceased by the early 1990s to being a major and important, or for that matter, Sir, even a minor institution in the provision of development finance in this country. I will, in the course of my presentation today, allude to the extent to which, in operational terms, measured whether by way of new loan approvals, new disbursements, new job creations had ceased long ago to being a serious development financial institution. In a sense, Mr. Speaker, operational *rigor mortis* had set in at the bank long ago and the corpse was cold by 1994 and all that remained was for us to give it a decent burial.

The key, however, Mr. Speaker, is this. That the decision to close the Barbados Development Bank was not taken as a result of a sudden alarm nor at a moment's notice. Since the early 1990s, beginning in 1990 in fact, Sir, there has been a series of attempts to restructure the bank. There has been a series of studies commissioned to examine the options available to the bank and to prescribe courses of action that could, if followed, rehabilitate and rescue the bank in its old form. But all of these studies, Mr. Speaker, failed to achieve the desired result. So that the coming to the closure of the bank as a final act, only after we had satisfied ourselves that all feasible options that could have been pursued to rehabilitate the institution, Sir, were examined and that the only remaining option now that can be sensibly followed is the option of closing the bank and putting new institutions in its place because there is a market to develop financing while tidying the affairs of the old BDB. Mr. Speaker, Sir, that is precisely the analysis in which I will seek to join the House today. 11.30a.m.

I give first of all, Mr. Speaker, Sir, the background to the functioning of the Barbados Development Bank. I have from time to time, Mr. Speaker, spoken in this Parliament on the need and the desirability for institutions to provide development financing and for the functions of this institution not just to be judged by considerations of profitability.

We are still, Mr. Speaker, early in the process of building a nation and one of the key remaining aspects of our underdevelopment has been the relative underdevelopment of our money and capital markets. We have had a financial sector, Mr. Speaker, that has unfortunately been dominated by commercial banks whose functioning has been exemplified by a fierce determination either to take serious risks or through the management of their portfolios to extend serious credit at reasonable rates to other than the most creditworthy potential borrowers.

We have had a financial system sadly, Mr. Speaker, which has been and continues to be anti-development in terms of its strategic focus. The objective is still predominantly the balance sheet and only the most preferred borrowers who happen to be the most established entities in our business culture are favoured by access to credit at all and are favoured by access to credit at reasonable rates. Sadly, Mr. Speaker, Sir, that is a pattern that still continues in Barbados. We need to develop

our financing to start up a business, the expansion of business, to do so at long term rates, to take on board, Mr. Speaker, high risk projects that have been put up by entities that do not have a track record but who deserve the opportunity to be part of the culture, Sir, that whole area falls to the work of a development finance institution and the Barbados Development Bank was conceived of in the early 1960s to perform such a role.

Mr. Speaker, Sir, it is beyond any reasonable doubt that when the economic historians come to review the initial diversification of the Barbados economy in the immediate years after independence they will have to say that the Barbados Development Bank in its early years performed a very important role, particularly in diversifying this country away from an excessively high dependence on agriculture as the principal engine of economic growth and development.

The reality, Mr. Speaker, Sir, is that over the course of the bank's 26 years of useful existence it approved some 3 000 loans totalling in excess of $250 million. So that the bank, Mr. Speaker, Sir, was responsible for an injection of $250 million in capital into the Barbados economy over the course of 26 years. Of course, Mr. Speaker, Sir, all the loans approved were not disbursed and disbursements amount to over $215 million.

The bank also created employment through project loans in excess of some 6 400 jobs directly, to say nothing of the jobs that might have been generated indirectly through the catalytic effect of the enterprises that it created.

A large part of the bank's portfolio took the form of loans to the emerging small hotel sector, small manufacturing sector and a wide diversity of new services ranging from printing, publishing, catering, entertainment and the like.

It is beyond dispute, Mr. Speaker, Sir, that the Barbados Development Bank was a very important player in financing the initial transformation of the Barbados economy and there are large cross sections of the Barbados society where enterprises owe their very existence to the fact that there was a development bank to whom they could turn for capital when the traditional banking sectors were telling them no and in circumstances where there was no well developed apparatus of investment banks, merchant banks, finance houses or other such capital institutions to which they could turn.

I would go so far as to say, Mr. Speaker, Sir, that a black middle class evolved in Barbados as a property owning class, as an enterprise owning class, in large part because of the activities of the Barbados Development Bank in financing some of the enterprises that they sought to create.

In truth, Mr. Speaker, when the history has properly to be told, it is also true, and I am speaking now by way of balance, that although in terms of the number of loans made by the bank, small enterprises were the main beneficiaries. The evidence would suggest that in dollar value, transfers that have been made to the BDB have been used principally to support those members of the society who were reasonably well-off rather than to the benefit of the less well-off members of the society and that, Sir, is a very important consideration. The truth of the matter, Sir, is that over the existence of the BDB less than 10% of the capital created by the bank was for genuine small businesses. The truth is that a large number of people in the professions and some of the well-to-do members of the Barbados society were the principal beneficiaries of the transfers from the Barbados Development Bank. The Barbados Development Bank did in fact, Mr. Speaker, Sir, help to create a new class of black middle class entrepreneur and I want to go on record as saying that part of the failure of the Barbados Development Bank is rooted in the fact that it has been failed by some of its clients. That, Mr. Speaker, Sir, is a sad part of the history. I want to stress the point, Sir, that in developing a society, we have to see development as a long-term project and those to whom much is given early, much is expected in getting them to perpetuate the continuity of our development. 11.40a.m.

There are many people, Sir, who received loans from the Barbados Development Bank who did not feel that they had a responsibility to repay to enable the bank to create a second round of entrepreneurship to the advantage of the full development of this country. But the record is there, Mr. Speaker. I have laid it out, three thousand loans, $250 million in capital approved for disbursement but most of the loans, less than 10% going to genuinely small businesses, the largest percent going to create new enterprise particularly in small scale hotels, in small scale manufacturing and the relatively sophisticated services. So it played its role, Sir.

Mr. Speaker, Sir, the bank, as you know was financed by access to National Development Bank bonds. It also utilised the services of loans raised from external-funded agencies. The Government also through its Ministry of Finance and the Central Bank subscribed capital and the bank also, over the period of its history, had realised some loans from short-term sources, domestically.

If I may spell out, Mr. Speaker, Sir, the accumulative process, over the period of its existence, the bank met its financing from the following sources: $64 million in National Development Bank bonds, $82 million in financing from sources such as the Caribbean Development Bank and the IADB. The shareholders, the Government and the Central Bank put up $50 million in equity and the bank had also sundry loans raised on the private market.

When the bank closed, Mr. Speaker, as I said, the bank closed with a loan portfolio amounting to $70 million of which, Mr. Speaker, $30 million were performing Loans. When the bank closed, its portfolio of loans was so contaminated that less than half were performing. Thirty million dollars of the $70 million were loans. Some were held by South Coast hotels - $13.6 million. Some were classified as unsalvageable loans.

The reality is, Sir, as well that when the bank was officially closed in December of 1995,1 have already told the House that the bank had long-term debts of $91 million and realisable assets up to $73 million. It also had capital of $50 million and its circulating deficit at December 1995 was $76 million. So that the bank closed with a shareholder's deficiency of some $26 million.

Mr. Speaker, historians will obviously want to enquire into all of the reasons why the bank did not perform creditably. It obviously has to be said in the context that our Barbados Development Bank, like most development banks in the Region came out of a particular ethos of development subscribed to at that time by the main international lending institutions that saw state-owned development banks providing long-term capital for high risk projects as a necessary aspect of the country's development. It did not see the need for the bank at the outset to be part of a business culture, where in addition to providing credit it should have also been providing a whole range of other related services necessary to start businesses and to sustain them once they had been created. So the bank was for a large part of its functioning concerned only with an arms length relationship to its clients. It provided loans and hoped that the clients were going to repay. It did not see itself as being involved in a general business and enterprise culture where in addition to providing new entrepreneurs with loans they would expose them to technical assistance, provide them with assistance with business expertise and really, Mr. Speaker, Sir, attend to all of the various things that go with the development of new businesses.

Therefore, Mr. Speaker, Sir, with the benefit of hind-sight you can say that part of the failure of the Barbados Development Bank was that its focus as a development institution was too limited to the extent that that focus was more on the provision of credit rather than the total holistic development of enterprises in all their various manifestations.

It is also true, Mr. Speaker, that the Barbados Development Bank was too large in extent a lender of last resort and that there might not have been a sufficiently discerning approach made in giving out new loans which had absolutely no chance either of helping the economy nor of repaying the bank from the proceeds of the activity engendered.

It can also on reflection^ Sir, suggest that the high cost of funds to the bank was one consideration, but at the end, of the day the Barbados Development Bank was plagued by the fact that having to function over a period when three recessions, one in the...

Asides. „ * -

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I was about to make the point that the failure of the Barbados Development Bank cannot be dissociated from the factthat over the period of its existence this economy has. gone through three recessions, each of which has been of increasing severity. And the entities in Barbados which chiefly bore the brunt of the three recessions have principally been the clients of the Barbados Development Bank. Those recessions seriously undermined business conditions in this country and obviously impaired the capacity of high risks investors to meet their obligations to the institution.

Obviously, Mr. Speaker, Sir, the lesson there is that we Cannot dissociate the provision of development finance *w* this country from the maintenance, of sound macro-economic conditions in Barbados. Institutions such as development banks will in the final analysis be one of the casualties of severe recessions in societies such as ours, because those recessions take a toll on the most vulnerable economic entities in our country.

They have already alluded to the fact, Mr. Speaker, Sir, that part of the failure of the Barbados Development Bank is that it was in the final analysis also failed by some people in whose name it functioned. I am not going to get into the business of the bank in calling names, Sir, or drawing reference to any individual cases such that they can be identified. But it is a very sad thing that one of the largest loans extended by the bank was to a young Barbadian to purchase a hotel, $4.3 million almost 15 years ago and that when the bank closed, Mr; Speaker, the principal outstanding on that loan was still $4.3 million with accrued interest of $2.6 million. <

Sir, a Barbadian saw himself as acquiring property by going to the Barbados Development Bank, borrowing money, purchasing hotels without the intention to repay one penny used to purchase that hotel. So $4.3. million was borrowed, the principal outstanding when the bank closed was $4.3 million with accrued interest of $2.6-million.

We have, Mr. Speaker, Sir, to be very serious about these things because the Barbados Development Bank functioned by borrowing from the Government, from the Central Bank, from international institutions, from the ordinary Barbadians and when it is unable to repay, Sir, the Government of the day has to pull the pockets, of the taxpayers to repay the creditors of the institution. It is

a very wrong thing that there are some Barbadians who saw the fact of the bank being owned by a Government as the basis upon which they acquired property in the expectation that the Government, through the taxpayers would be responsible for the repayment of the property that they had secured which they had come to own through securing a loan with the Barbados Development Bank. 11.50a.m.

It is also a very sad testimony that there were some clients of the Barbados Development Bank who refused to pay the Bank while acquiring property not related to that for which they had secured a loan or they were even expanding the business that they had acquired by raising a loan from the Barbados Development Bank. We have too many instances of the situation where borrowers of the Barbados Development Bank were able to accumulate unencumbered assets in other spheres without paying the Bank what they owed the Bank.

Underlying this seemed to have been the philosophy and the precept that because the Bank happened to be owned by the Government that there was no imperative for people to repay. I would accept, Sir, that some of the Bank's practices lent themselves to difficulties faced by many borrowers. For example, in the hotel industry the Bank obviously should have many years ago evolved a structure for the payment of loans that reconciled itself to the fact that the earnings by hoteliers were seasonal so that a lot of hoteliers made lump sum payments periodically but all they were doing without their knowing was working off some of the arrears. The Bank could have been more sensitive in helping to reconcile loan repayments with the cash flows of some of its borrowers.

But there can be no gainsaying that the Bank was the victim in part of a form of financial gangsterism by some entities who saw the fact of the Government ownership as a basis for which they could acquire wealth by almost a process, if not of stealth, of theft, and looking for somebody else to repay. It is a very sophisticated form I think of fraud and it should be called that for what it is.

Sadly, Mr. Speaker, Sir, with time although half of the Bank's portfolio was sound and people were paying their debts, too large a portion of the Bank's portfolio took the form of non-performing loans where people were staying in business but felt that they did not have to pay the Bank for over 2 years and sometimes for longer periods.

I do not know how else to describe it, Sir, other than a bank being failed in large part by the clients that it was intended to serve.

Mr. Speaker, Sir, the record of the Bank represents a very interesting history. As I have said, Sir, the Bank has long ago ceased to be an important player in the development of the financial market of Barbados. The reality is that the Bank made a major impact in terms of the number of loans approved and the amount of money disbursed and the amount of loans approved in dollar terms in the late 70s and the mid-1980s.

It was typical for the Bank to be creating less than 100 new loans by 1975. It had been in existence from 1963 but started functioning in 1969 and by 1975 it was making 72 new loans every year. In the early 1980s, the number of loan approvals rose steadily and if I can give the House the trend in 1979, 112 new loans were approved, in 1982 - 216, in 1981 - 292, in 1983 - 328 and that was the high mark. In 1984 - 284 and 1985 - 229. After a high of 328 new loans in 1983 in each successive year thereafter the number of loans approved by the Bank declined drastically to the point where in the last 5 years of its operation in 1991 the Bank made loans for 131 new projects, in 1992 - 68 loans, 1993 - 49 loans, in 1994 - 34 loans.

Of course in 1995 in the last year of its existence the Bank made no new loans at all. It had ceased writing business. That decision to cease writing business was made June 10,1994.1 will come to that in due course. So you can see a pattern, Sir, where the number of loans approved peaked by 1983 and by 1994 the Bank had ceased making any substantial loans available.

A similar pattern is shown in the dollar value of loans approved. Those rose from just under $3.7 million in 1975 and in 1980 the Bank approved $17 million in loans. In 1981 - $19.5 million, a high of $25.5 million in new loans were approved in 1984. Again, Mr. Speaker, in each succeeding year thereafter the dollar value of the loans approved by the Bank declined each year to the point where in the last year of its active lending, 1994, the Bank approved only $2.2 million in loans and disbursed in that year only $1.7 million.

Sir, when I said earlier that the Bank had effectively ceased operation by the early 1990s it is true. $1.7 million in new development finance in an economy of this size is a drop in the bucket and this all had to do with the fact that the objective reason why the Bank had to close is that its financial condition had been eroded by 12 successive years of losses. The Bank made a loss each year beginning in 1984 when it made...

Aside.

Rt. Hon. O. S. ARTHUR: In the beginning of 1994 the Bank realised a loss of $1.5 million and then the losses got progressively larger, $7.5 million in 1985, $9.7 million in 1986, $7 million in 1987, $5.9 million in 1989. And so it went in each year, for 12 years, to the point where

by 1994-95 the Bank had an accumulated deficit of $76 million compared to a capital of $50 million and shareholders' deficiency of $26 million.

Sir, I also mentioned earlier that it was recognised as far back as 1990 that the Bank was facing a very serious financial situation. The Bank first became technically insolvent in 1989 when for the first time its accumulated deficit exceeded the capital of the shareholders. 12.00 noon

In recognition of the fact that the Bank was insolvent in 1989, the Government of the day commissioned a study by a body of consultants called First Washington Associates to look at the conditions of the Bank and to prescribe a programme for its restructuring. The consultants of that 1990 study presented the report in 1992 and they then advised that if the Bank was to be saved in its then form, it had to be recapitalised at a cost of $100 million over a five-year period.

Obviously in 1992, Sir, the Government of the day felt itself in no position to commit itself to providing that kind of equity injection into the Bank to save it, so this did not happen today. When the insolvency was recognised, a study was done by First Washington Associates and it was prescribed "save the Bank" but to save it you would have to put up $100 million over five years. The Government of the day said: "No, we do not have the resources to do it" and they committed themselves to a self-recovery plan as an alternative which sought to make changes to the structure of the Bank but which did not address the underlying cause of the capital inadequacy and the financial insolvency of the institution. Because once an institution becomes insolvent, if you are going to seriously think in terms of restructuring it, you have to think seriously of restructuring its balance sheet in some respects. One of those ways by which you have to do it is by some substantial injection of capital.

I would like to say, Mr. Speaker, that once the 1992 restructuring failed to take place that the situation could only have become accumulatively worse. There was the opportunity, expensive as it might have been, to save the Bank in 1992 but it would have taken a commitment by the then Government to make an injection of $100 million over five years. The Government of the day did not, obviously, in the context of the 1992 situation have the fiscal resources to make that commitment.

The sad thing, of course, Mr. Speaker, is in the next two years the Bank then had to face a more severe recession which took an even greater toll on the members and whereas the insolvency of the Bank was modest, the accumulated deficit in 1990 was $35 million. The Bank had a capital of $30 million. In each of the following years there was such a substantial deterioration of the Bank in terms of the growth of the deficit that the initial problem of insolvency was compounded.

I said, Mr. Speaker, there were a number of subsequent studies done to address this problem of insolvency and the need for restructuring. As I said, the first was done by the First Washington Associates and that was rejected. In 1993 another group of consultants, Robert Wagner Associates of the United States of America, were contracted by the then Administration to provide a strategic analysis for the development of the Bank and another plan for its restructuring. This report, the Wagner Report of 1993, came to the conclusion that the Bank again faced three options, one, of course, a restructuring involving recapitalisation, and two others, one of which involved a closure of the Bank. Again the Wagner Report was not carried into effect. Then in early 1994 Peat Marwick was engaged by the then Democratic Labour Party Administration to prepare another plan for the restructuring of the same Bank. They recommended a programme of restructuring, including again Government coming up with a lot of the funds to inject as new equity to restructure the operations of the Bank.

Aside.

Rt. Hon. O. S. ARTHUR: The fact is, Sir, I am really saying that we did not come to this by sudden alarm. This has been an outstanding problem. It has been recognised as a problem. There have been attempts to address it by way of study proposals. All suggested that the only way in which one would save the old Bank was by a very substantial capital injection which was beyond the resources of the Government. Then you got into a situation where, because of the recession, a bad situation got progressively worse leading to the point where, as I said earlier, Mr. Speaker, that the real crisis came in 1994 when for the first time the Bank could not meet its financial obligations and the guarantees of the Government to the Bank's creditors had to be invoked and the Government had to move in and redeem the repayment of bonds when they fell due. So that there is a long history here, Mr. Speaker, of good intentions, bad practice and an element of bad management.

I would also want to say, Sir, that quite frankly, on the basis of hindsight, irrational exuberance in the early 80s when a large number of loans were made, some I would imagine without due regard to prudence, all of these things have led us to a situation today where by 1995 we had a bank that was in a mess and the options facing administrations were painful, a very expensive process of recapitalisation, or closure in the hope that with closure you would still want to address the need for development financing in the country.

I want to say, Mr. Speaker, that the extent of the financial obligations that would have been involved in

the Government just injecting new capital in the old BDB as the basis for restructuring without changing the business culture would, in my judgment, have been a waste of taxpayers' funds. Because the problem with the old Barbados Development Bank was not only financial insolvency but, as I explained, Sir, the Bank's old way of doing business was not consistent with the kind of financial culture that one wanted to induce to bring about lasting sustained economic development in this country.

As a result, Mr. Speaker, taking all things into consideration, it was not a difficult decision for this Government to support a decision that was taken on June 6 by the previous Administration that the Bank should cease operations by the end of the year and it should be liquidated by 1995.

Mr. Speaker, closing a financial institution is one thing, but its closure has to be attended by the pursuit of the very best practices in putting in place arrangements for dealing with the affairs of the institution that is about to be liquidated. I will be presenting to the House what have been the arrangements put in place by this Administration to attend to the proper administration of the affairs of the old Barbados Development Bank.

Secondly, Mr. Speaker, the closure of the Barbados Development Bank does not obviate the need that there is still today a demand for development finance in this country. Indeed, Mr. Speaker, this Administration had a study done with the support of the Caribbean Development Bank in which we evaluated whether there was a market for development finance, the extent of that market and in which we also evaluated the changes that would have had to be induced in the business culture of the new development finance institutions to make any new development finance institutions relevant to the needs of the potential clients and the market, and more relevant to the needs of the society at this time.

In the course of the last two years, Mr. Speaker, we have focussed on putting in place arrangements to properly bring the various affairs of the Barbados Development Bank to account. We have also undertaken the necessary studies and put the other arrangements in place to create successor institutions to take the place of the old Barbados Development Bank. 12.10p.m.

I will first, Mr. Speaker, deal with the arrangements that have been put in place to tidy up the affairs of the old Barbados Development Bank even as it was being liquidated.

Mr. Speaker, Sir, I mentioned to the House that the bank was closed on 31st December with a shareholders' deficiency of $26 million, that is, the total liabilities of the bank exceeded its assets by that amount. Mr. Speaker, the intention was to disaggregate the loan portfolio of the bank to create three classes of loans. First of all the performing loans. Then we decided to pull out all the loans to small hoteliers and treat them separately and to pull out all those loans that could not be salvaged.

It was decided, Mr. Speaker, that with the closure of the bank, a new company called CRL, Collections Recoveries and Liquidations Limited should have been created to manage the affairs associated with the performing and non-performing loans of the old Barbados Development Bank excluding the loans to the fisheries sector and the loans to the small hotels. We first of all had to put the affairs of the old Barbados Development Bank in a condition to enable CRL to be a worthy successor. That meant our having to restructure the balance sheet of the old Barbados Development Bank to remove the negative net worth of the old institution and to allow the successor institution to come into existence with positive net assets.

I mentioned to the House, Mr. Speaker, Sir, that there was a shareholders' deficiency of $26 million and that what the Government did was that we agreed to restructure the balance sheet of the old Barbados Development Bank by converting $17 million of loans owed by the Barbados Development Bank to Government into equity and undertaking to redeem for the Barbados Development Bank $22 million in bonds when they fell due for redemption. The Government assumed responsibility for repayment of short-term loans by injecting $22 million into the bank to pay for the redemption as well as the Government changed the capital base of the bank by converting $17 million of loans owed by the Barbados Development Bank to Government into equity.

Whereas the old Barbados .Development Bank was trading as an insolvent institution with no net worth, the new CRL, the company responsible for collecting receipts from the clients comes into existence with net assets of some $14.4 million. It is now obviously trading, Mr. Speaker, as a solvent institution.

I feel, Mr. Speaker, Sir, I also have a responsibility to say to the House that this new company CRL has been put in place with a view to continue to collect repayments from clients who are current so that the new institutions can pay the creditors of the old Barbados Development Bank. Because in addition to acquiring the liabilities of the old Barbados Development Bank, they have also accumulated the assets and it has also been put in place, Mr. Speaker, to find a way of collecting by legal and all other available means repayment from those people who have borrowed from the Barbados Development Bank and who, for whatever reason, were seriously in arrears.

I should, say, Sir, that this new Collections Recoveries and Liquidations Company started with 114 loan accounts assigned to it and actions have already been taken and completed to recover $2.7 million from 47 of those loan accounts and action is in progress on the remaining 67 loan accounts on which some $21.3 million are due. In this respect let me stress, Sir, that the mandate given to this Collections Recoveries and Liquidation part of the old Barbados Development Bank is to try to exercise every expediency to give people the opportunity either to repay their loans and failing that to give them every opportunity to buy out their loans, sometimes of course with some relief allowed on interest and arrears. And in every instance, Mr. Speaker, Sir, due care and attention has been taken with each of those 117 former clients of the old Barbados Development Bank to make sure that no action is taken to liquidate the enterprises of the clients concerned until every feasible expediency has been exhausted.

There are some clients, Mr. Speaker, Sir, who have put in place mechanisms to repay on the basis of transactions entered independently with other financial institutions to raise the money to buy out their property from the Barbados Development Bank. Some clients have obviously had to be put in court because they have shown a steady disinclination to honour their obligations. Others, Mr. Speaker, Sir, have been attempting to repay and I am pleased to say that many institutions now find themselves in that category. Legal action has been instituted against a number of the former clients of the Barbados Development Bank because of their steady disinclination to honour their obligations.

I want just to say Mr. Speaker, Sir, that I have given the Barbados Development Bank management, a mandate that in every instance where clients have utilised every option and every expedient that the courts of Barbados are fully respected as a place where settlements can be effected and that legal process has to be instituted. Some properties, Mr. Speaker, Sir, have been placed in receivership pending court hearings and there are some accounts that have been scheduled for rescheduling of the repayment terms having regard to the straitened financial circumstances of the clients and the small amounts of monies involved.

In 16 cases, Sir, it has been determined that some accounts have entirely to be written off because these accounts have no remaining security and any further action has been deemed by the management of the institution to have no realistic hope of yielding any further cash recovery. In those 16 cases it has been decided to stop action because all that the bank is being asked to do is to incur expenses, legal and others, in trying to recover monies that cannot be recovered. 1 want to say that in 16 of 117 cases has the successor institution to the bank determined that no further action is required. 12.20p.m.

I want to stress that point, Sir, because CRL has inherited the assets and the liabilities of the old BDB. Among those liabilities are the development bonds and the moneys raised from places like the CDB and the IDB which they will have to repay from either the repayments to the CRL or from the disposal of property. If CRL cannot raise the funds to meet the creditors of the old BDB then the taxpayers' pockets will have to be dipped into to meet this deficiency and it is therefore very, very important that that work of this important local loan institution proceed with some sense of concern to make sure that we do not savage people who face straitened circumstances. So more than a little care has to be exercised but while recognising that the institution has a responsibility to its creditors and that that responsibility has to be exercised in such a way as to mitigate the impact of what we are here attempting on the pockets of the taxpayers.

I am pleased to say, Sir, that that new entity in which 17 former employees of the old BDB are employed has been functioning rather well and on each of these 117 loan accounts specific programmes have been put in place in the categories that I have mentioned. There are agreements on settlement or the matters have been put into a receiver's hands or the matter is before the court, or alternatively, Mr. Speaker, the bank has decided to reschedule or to write off in circumstances where any further action would be a dead loss.

I think I want the House to be satisfied, Sir, that in attending to the affairs surrounding the liquidation of the old BDB we have made sure that the successor institution starts by being financially solvent and that we have given it a framework for action that would satisfy us that it can suffice to meet the demands of most of the creditors of the old BDB without putting too heavy a burden on the Consolidated Fund.

Mr. Speaker, Sir, I turn next to one of the most controversial areas in the planning of the succession to the old BDB. From the very outset, Sir, it was recognised that the small hotel loan portfolio of the old BDB was going to be problematic and when the IADB had advice to render in this matter their advice was that the Government of Barbados should just put all of those small hotels on the block and sell them for what they were worth. In my first meeting with the President of the Bank, I told him that I simply was not prepared to agree to any fire sale, bargain basement disposal of people's property, that if the Government were to put all the small hotels on the block and just let people come and buy them for what they were worth that you would have the most disastrous transfer of property in this country from people who had made a valiant effort to create new hotels, Sir, to people who had the cash to buy and that it was the Government's intention therefore to see if we could have put in place a programme to salvage the small hotels by

addressing some of the problems that had caused the small hotels not to function properly in the first instance and by making an equity injection into any new company formed to salvage the new hotels such as would suffice to give it a chance to succeed.

May I say, Mr. Speaker, Sir, that on hindsight we now know that while it was a very good thing for the old BOB to give loans to people with hotels of 18 and 20 rooms and to encourage the new Mom and Pop approach to the management of hotel capacity in Barbados and to help finance apartment hotels, that in fact, Sir, those very small hotels had a very, very limited chance of ever being viable.

It is very, very hard, Mr. Speaker, for any small hotel with 18 to 20 rooms to support restaurants, front offices, meet overhead costs of management, to put in sensible reservations systems, Mr. Speaker, to attend seriously to purchasing and the like. And for a long time there has been the feeling that if we could only have gotten a structure in place whereby the small hotels could have been involved in a communal venture where they would have one common management, to be put into a common reservations system, be exposed to a system of standards that uplifted the quality of the rooms, Mr. Speaker, exposed to a common well-funded marketing programme and brought together that there was still an opportunity to have them become important factors in the creation of income, foreign exchange and employment in this country. Therefore, Mr. Speaker, Sir, it was decided from the outset that we would take the small hotels loans out of the portfolio that was to be managed by the collection and recoveries loans, Sir, and put in place a structure and a set of arrangements to manage them and to inject funds to rehabilitate them with the funds going in as Government equity.

Mr. Speaker, Sir, some 8 hotels, heavily indebted to the BOB, were initially selected for inclusion in that programme which has come to be known now as the GEMS of Barbados Project but it was never the intention of the Government, Mr. Speaker, Sir, to force people who did not want to participate in the programme called GEMS of Barbados to participate if they could find other means of buying out their property or if they did not want to participate at all. So the negotiations began in earnest with the owners of those 8 properties on the understanding, Mr. Speaker. Sir, that the value of their real property would go into the GEMS as the assets of the GEMS, that a value would have been done on the properties and that obviously, Sir, if a hotel was valued $1.5 million and the hotel owed the Government $1 million that the one million would go in as the Government's equity into the project and the difference between the value of the hotels, less what they owed the BOB and less what they owed any third party which was secured by a lien on the property, that that balance would be the owner's equity in the new GEMS of Barbados.

Mr. Speaker, I need to stress that point because the GEMS of Barbados has been created, not to benefit any politicians owning hotels that were in debt to the BDB. What has been put up as those owners' of the hotels equity in the new GEMS is the value of the property less what they owed to the BDB, less any debts to third parties that had to be offset against the value of the properties themselves. So they have a situation where 93% of the equity in the GEMS is owned by the Government and only 7% is in fact owned by the owners of the hotels some of which I must say, Sir, are owned by politicians on both sides. I want to stress that point, Sir.

It was from the outset also determined, Sir, that we would have to upgrade the quality of the hotel rooms and expand some of them. May I say, Sir, that the GEMS of Barbados has started off as being distinguished among companies in the Caribbean where a director is a former Prime Minister of Barbados and his alternate director is a former Deputy Prime Minister of Barbados. I call no names, Mr. Speaker. I have not given you notice, Mr. Speaker, that I intended to call names and I will not be drawn into a breach of Parliamentary rules and into misbehaviour by the Honourable Member for St. Michael East and the Honourable Member for St. Michael West by naming names, Sir. 12.30p.m.

But I want to proceed, Sir, that it was always understood, that in order to justify a common management, and may I say in this respect that a company called Commonwealth Hospitality Institute, a premier company in Canada, was engaged in common management, that a critical mass of rooms would have had to be in the programme. The GEMS of Barbados was initially conceived of involving the eight properties that would have provided 350 rooms which could have been expanded subsequently by way of the upgrading of the existing properties.

Along the way, Mr. Speaker, Sir, some of the hoteliers who were heavily indebted to the BDB decided not to participate in the GEMS of Barbados. I want to say, Sir, that in every instance over the course of negotiations of two years, every option was explored to give the owners either a fair chance to participate in the GEMS or failing that, a fair chance to buy out their debt from the BDB. Of those eight who have not gone into the GEMS, Sir, six have now been allowed to make their alternative arrangements to buy their debt from the BDB.

There is no compulsion, Mr. Speaker, Sir. Those that are in, have been given the opportunity written into

the Shareholders Agreement, if they wish to buy out their property some time in the future. I really must speak to this issue because some of the reasons why some of the heavily indebted hotels have not participated in the GEMS is because some of the hoteliers objected to the valuations that were done by independent valuers.

The BDB did not do the evaluations, Sir, independent valuers did them and some people felt that their hotels were worth more than what the valuation said they were worth. But more particularly, Mr. Speaker, some hoteliers felt that the calculation of what they owed the BDB was too high and they wanted a write-down of the amount they owed to offset it against an increase in the value of the property so that they can gain more equity. There are others, Mr. Speaker, Sir, who said that their sweat equity had to be taken into account in determining the value of their property and that separate and apart from any financial evaluations, they had put a lot of effort into building of the property and that they wanted something called sweat equity assigned to them.

Aside.

Rt. Hon. O. S. ARTHUR: The BDB was genuine, Mr. Speaker, Sir, in the valuation. There were others who felt that they were dealing and who knew that they were dealing with...

Aside.

Rt. Hon. O. S. ARTHUR: Sir, there were some represented by lawyers on both sides of this House and more on this side of the House, who knew that they were dealing with the Government and who felt that despite the fact that the value of their property was far higher than the debt they owed to the BDB that since they were dealing with the Government, Sir, they could come and get a write-down of the debt outstanding and repayment that bore no relationship to the value at all.

We have a situation, Mr. Speaker, Sir, and I am talking about representation from both sides, from people on this Side too, Sir, where people had properties valued at 2-point whatever million dollars...

Aside.

Rt Hon. O. S. ARTHUR: I am not calling any names.

Asides.

Rt. Hon. O. S. ARTHUR: Sir, can I be protected? You have a situation where people have bought or built hotels by access to leans from the BDB. I am not calling any names, Sir. The value of these hotels exceed the debt to the BDB, but they do not want to pay the BDB the outstanding debt, despite the fact that the debt is less than the value, they still want the BDB to write down the debt even further.

This will obviously put us in a position if we were to accept many of these that run into millions of dollars that it would be the taxpayers who, in the final analysis will have to go back and repay the creditors of the BDB while people would end up owning property with far more net worth than would have been the case had financial prudence, Mr. Speaker, Sir, applied. And the BDB has had to take a serious approach to instances where people have property that have substantial value but do not want to pay the debt on their property even though the debt is less than the value. It is a serious problem, Sir. It is because people know that they are dealing with the Government and that agitation may hopefully create what good judgment and prudence says should not be the case to follow.

I must also say, Mr. Speaker, Sir, that this whole episode has exposed the financial sector of Barbados for the sad institution that some parts of it can sometimes be, because you had another instance where an owner of a hotel says, he does not want to participate in the GEMS. His property is worth $8 million. His debt is $2.3 million. He has gone to the bank to say, "lend me $2.3 million to clear my debt in the BDB. My property is worth $8 million and the bank is telling him [4]no'." That is a fact. Sir, I am not casting any aspersions, but the reality is that there are a lot of Barbadians who would like to buy out other Barbadian property for cheap. These are some of the things that the GEMS have had to deal with and the BDB has had to deal with. We have not put any compulsion on anybody to join.

Asides.

Rt. Hon. O. S. ARTHUR: I beg your pardon. I do not know that. I am not calling anybody's name and I am not identifying anybody. I have made it very clear to the BDB to give the owners of the hotel every latitude in buying out their debt from the bank.

Aside.

Rt. Hon. O. S. ARTHUR: The Honourable Member for St. Michael West is concerned that if you own $8.2 million and your debt is $2.3 million, you cannot write down the debt at all. The gentleman is prepared to pay the $2.3 million to secure his property which is worth 8-point whatever. There is no difficulty with that, Sir. His problem, Sir, is not unwillingness to pay but the fact that the financial sector of Barbados can sometimes be wicked and it has so to be said.

We have told those folks that they do not have to participate in the GEMS. We will give you every opportunity to raise the money to buy out your property. We have also, Mr. Speaker, Sir, agreed where a case of financial hardship can be shown by writing down some of the debt owed to the old BOB on hotel properties.

Aside.

Rt. Hon. O. S. ARTHUR: I have been so bombarded with letters and if the BDB and its successor fail to collect from people who can pay, the option, Sir, is that our taxpayers will have to dig into their pockets to pay for the property that people have acquired through loans from the BDB.

It is trying to balance, Mr. Speaker, a concern for entrepreneurs who have taken risks. The legitimate concerns, Sir, for the policy of the taxpayers of Barbados to pay for people's property and we are trying to balance that.
12.40p.m.

There are cases where we are not satisfied that people are understanding what we are telling them that we will be reasonable but they cannot continue to expect that we are going to write off large millions mainly because it is the Government. I really must speak to one particular incident without calling their names. I mentioned earlier one case that has become celebrated in the Press where a hotelier borrowed $4.4 million in the early 80's to buy 2 hotels and when the Bank closed the same $4.4 million was owed on that hotel plus the accrued interest of $2.2 million. Over 15 years, not a penny had been paid by that hotelier, and then the BDB gets a letter saying that this hotelier has found investors in California who want to invest $60 million in the hotel but they will do so only on the condition that the Government writes off everything that the owner borrowed from the BDB to begin with.

When we say no it goes into the Press that we are trying to disadvantage a small black man. If somebody from California had $60 million to invest in hotel properties in Barbados, the first thing he should obviously do is to get an unencumbered title to the property in which he wants to invest. If you have $60 million, pay off the $4 million. Let us talk about accrued interest.

Because people feel that they can bludgeon the Government, we have had a situation where there is a disinclination to live up to their responsibilities.

There are many sad cases, Mr. Speaker, Sir, and this whole episode has been a sad saga of in some instances people leaving their properties to be managed by somebody else and being the victims of mismanagement in the hotel industry. There are some cases which have ended up in Court with sister versus brother and this is all part of the very sad saga.

We have had cases, Mr. Speaker, Sir, where people have borrowed from the BDB and built hotels on land that they do not own, putting the security backing the loan on the most tenuous basis. You had people who have borrowed from the BDB to build hotels, have not repaid the loan for more than two years, but in the process of the last 2 years have expanded their property and bought additional property and they will tell the BDB that they want them to write down the loan. It is people like those who have been keeping a lot of noise in the Press and who I cannot obviously expose here but it is an attitude that you are dealing with a Government institution and you can take it for a ride and rape it.

Everyone has been given the opportunity to either come into the GEMS. If you do not want to come into the GEMS then you can buy out your property. We are willing to discuss terms with you but you must do so striking a balance between protecting the interest of the taxpayers while not unduly savaging the financial position of people who made *bonafide* investments in the first instance. That programme, Sir, is still continuing.

Because six of the original eight hotel properties intended to be part of GEMS have not come into the programme, we have become involved in acquiring other properties that can be rehabilitated to bring it up to a critical mass of 650 by the year 2 000 and hopefully to have 1 000 new rehabilitated hotel rooms. Phase 1 of the GEMS is going to cost about $60 million of which $18 million is Government equity and of that $18 million in Government equity, I want to stress $10 million has been the equity committed by way of money from the Public Enterprise Fund. I want to stress that point because there have been people in Barbados who have been saying that the Government has put money into GEMS to improve the net worth of politicians. It is not true.

That $10 million has gone into Government equity and I would look to the day when the Government will be able to divest itself of that equity in the GEMS in small blocks to other shareholders of Barbados once they can get the bank up and running. We would like to have a phase 2 that would see the number of rooms in the GEMS go from 650 to 1 000.

As I mention phase 1, $18 million in Government equity, $1.3 million in other shareholders' equity and the rest of the GEMS is being financed by a syndicated loan to which the institutions in Barbados satisfied of its viability have already subscribed. All of the documentation pertaining to GEMS has been put out - prospectus - and they have met with the institutions. Any further

expansion will have to take the form of substantial equity expansion because we obviously cannot overload the new institution with excessive debt.

Commonwealth Hospitality which is a Canadian company has expressed an interest to participate in it as a shareholder if we proceed with plans to expand the number of hotel rooms in GEMS. Mr. Speaker, that is a proposal that forms part of an overall package of interests by the Commonwealth Hospitality not only in making equity investment in Barbados but making equity investments in other parts of the Caribbean.

Sir, I find it refreshing that a company that has been engaged to do the management of our hotel property would also want to share the risks by interesting itself in taking out part of the equity. We have had too many cases of economic wreckage in Barbados where companies have come in, managed hotels at a substantial fee, took off theirs from the top, but have not been as concerned with the viability of the institutions as they would have been, had they had part of the equity risk. 1 want to commend Commonwealth Hospitality for expressing that interest. It has to be properly evaluated in the context of the financial circumstances of the company.

Mr. Speaker, an issue of some contention has been raised that the Government should have put the money in the other small hotels on the South Coast that were not in debt to the BOB. We came to the GEMS Project not by any desire of the Government to be involved in owning and managing any small hotels, or any hotels, for that matter. We came to the GEMS because we felt the need to put in place a framework for rehabilitating the small hoteliers to avoid selling them out at a bargain basement sale. It is not the Government's wish to be involved in managing hotels.

[therefore want to say that if other small hoteliers who are not indebted to BDB want assistance providing they can put up investment proposals to the Public Enterprise Fund, Government will consider them for financing as investment proposals in the same way that we have accepted proposals put up by the GEMS for financing from the Public Enteqrises Fund. We can only provide that financing if we see investment proposals.

] also want to say, Mr. Speaker, Sir, that we are satisfied that the Commonwealth Hospitality company is a world class company and that it is in the process of devising world class standards systems of reservation, marketing management, for which other small hoteliers can benefit and we are not adverse to the services of GEMS being franchised to other small hoteliers who want to buy into these services and have access to the reservation and marketing or whatever else without necessarily having to come into the project as equity owners.

I want to stress that point because it would enable us to spread better the cost of acquiring Commonwealth Hospitality services if the full range of the benefits they can bring to Barbados in the form of reservations systems of marketing and management could be spread ^over a broader base of economic activity. We would look in time for the GEMS brand to become a franchisable brand and that people can buy services as they would under any other franchise.

I want to make those few points clear that the Government is not adverse to assisting other small hoteliers and in fact I would like to say on the Floor of this House today, Mr. Speaker, Sir, that the Barbados Hotel Association would do well if it stops seeing itself as a lobby group and recognises that it has an obligation to the small hoteliers who constitute the vast proportion of its membership.

What we are doing with the GEMS has been recognised as something that should have been done for the small hoteliers for the last 15 years and that it would be a good thing if the Hotel Association were to seek independently to do with the small hoteliers what we have done with the GEMS, organise them and try to get a common marketing and common reservation in place for them and neither do they have to buy into the services of the Commonwealth. We would facilitate that. But we have this carping criticism of the Government, based only on the view that we have money to dispense, that we were giving it away to politicians and what we should be doing was to give the money to them. I would like to demystify Members of the House as regard the intention and practice that has obtained as regard the GEMS Project. 12.50p.m.

We have sought to get the best management team available. We have not used any compulsion of people being involved in the project. Who wanted out were allowed to get out, but settle with the BDB. Those who have stayed in have been given a value for their equity that takes into account their debt to the BDB and their debt to third parties.

GEMS have been allowed to buy in, Mr. Speaker, entities that were not in debt to the BDB to create the critical mass to make the project viable. I am pleased that it has come thus far. Managing and upgrading small hotels in Barbados is always going to be a very difficult undertaking and I wish the GEMS of Barbados well.

Mr. Speaker, I do not want to conclude now but I have discussed how we have dealt in part with the old portfolio of the BDB. We have created the CRL to deal with the performing loans and the non-salvageable loans. We have created the GEMS to create a new entity to manage the hotel properties.

The last point I want to make, Sir, is that the Government also decided that we were not going to put the fishing portfolio on the block. We were not going to sell out the fishing boats of people who had created a new fishing industry in Barbados using the resources of the Barbados Development Bank.

Indeed, up to 1995, the BOB has provided some $11 million in loans to the fisheries sector amounting to some 360 loans. What we have done is, Mr. Speaker, that at January 1998 there were some 91 accounts involving fishing boats still on the books of the BOB with a principal outstanding of $3.8 million of which $3.5 million was for ice boats and $296 000 for day boats. What we have done is, we have decided not to allow anybody to just sell the people's boats or put them on the block. So we have constituted the fishing portfolio as a separate portfolio. We have allowed the loans to be restructured. We have taken into account all the problems facing the sector. We are now rescheduling the loans. We have written down some of the debts and there have been some compromised settlements in which we have written down portions of the clients' indebtedness to the Bank.

The Barbados Development Bank is also, Mr. Speaker, working with the Fisheries Division to organise the clients of the old BDB whose loans are on the books of the CRL into a cooperative and has sought to assist in the financing of a new fisheries management plan. That accounts, Sir, for how we have handled the affairs of the old BDB.

After lunch, if it is the will of the House, Mr. Speaker, I will speak briefly about how we are meeting the need for new development finance through the creation of the successor institution. I sense that the Leader of the House wants to ask for the suspension of the House temporarily.

SUSPENSION OF SITTING

Hon. G. W. PAYNE: Mr. Speaker, I beg to move that this Sitting be suspended until 2.15 p.m.

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

The question that the Sitting be suspended until 2.15 p.m. was put and resolved in the affirmative without division and Mr. SPEAKER suspended the Sitting accordingly. 1.00p.m.

RESUMPTION Mr. SPEAKER:

This House is now resumed.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I believe that I have covered that aspect of my presentation that deals with the arrangements to manage the affairs of the old Barbados Development Bank. I turn to two final issues.

Mr. Speaker, the history of development finance institutions in the Caribbean has not been a happy one. It is not therefore to be assumed automatically that a sustainable market for development finance exists or necessarily has to exist. Over the period in which the Barbados Development Bank was in existence, Jamaica in fact had three attempts at putting a development bank in place and keeping one in place. In fact, over the course of the last twenty-five years two quasi-development banks have collapsed in Jamaica and they are in their third experiment with development banking.

Similarly, Mr. Speaker, in Trinidad & Tobago the old Development Finance Company that performed a role similar to the Barbados Development Bank collapsed in 1998 and has had to be replaced with alternative institutions. I am told that the institutions of a nature similar to the Barbados Development Bank that existed in most of the countries of the Eastern Caribbean are under a similar pressure. In our own domestic jurisdiction we will be aware that the National Development Foundation and Women in Development, two institutions that were geared towards providing development of finance particularly for small enterprises have collapsed.

I say this, Mr. Speaker, not to say that misery loves company but to indicate that we should have proceeded with the definition of new successor institutions to the Barbados Development Bank conscious of the difficulties that are experienced historically and even today with the functioning of institutions of its nature.

As a result, therefore, Sir, before the Government proceeded to define a successor institution we had a study prepared on the demand for development of finance in Barbados. I think, Mr. Speaker., that I speak subject to correction but a copy of that study has already been transmitted to the Opposition for their information in the issue. That study, Mr. Speaker, has in fact established that there is a market and an unmet demand for development of finance particularly equity financing. But the study was very clear that we should seek to constitute successor arrangements to the old Barbados Development Bank within the context of a new culture for the development and the support of businesses benefitting from the provision of either loan or equity financing.

Mr. Speaker, I would have already given the House in a previous debate the benefit of a full exposition on the features of the structure and operation of the Barbados Agency for Micro Enterprise Development otherwise known as Fund Access which is a lending institution geared to the micro enterprise part of the Barbados economy. The aspect

of the Enterprise Growth Fund which is an institution intended to provide equity financing for decimated businesses. I would also have indicated to Parliament, Mr. Speaker, that it was envisioned that Government would play a catalytic role in the structure of these new institutions to the effect that Government and its agencies will hold a limited shareholding but that the bulk of the financing to provide the capital base of the Micro Enterprise Development Limited and the Enterprise Growth Fund would come from the private sector attracted by generous concessions for the purpose.

Mr. Speaker, I wish today to use the benefit of this Parliament on the Floor of this Parliament to express my profound disgust and concern at the way in which the commercial banking sector in particular has responded to the concessions that have been provided to raise the capital especially for the Fund Access. We have been operating in this country in the context of excess liquidity and we have been operating in the context of a situation where vocal calls have been made particularly by the private commercial banking sector for the Government to allow some of the citizens savings to be held abroad in foreign accounts and for the Government to help devise instruments by which some of the excess liquidity could be sopped up or used for investment purposes.

The Government has created a very attractive regime whereby investments by the financial community in these institutions that are geared to provide development finance particularly for micro businesses, Sir, could be more attractive than anything else on the books of Government for tax concessions.

It is a very great disappointment to me, Mr. Speaker, Sir, that to date whereas the banks have responded to the request to raise capital for the Equity Growth Fund that the banks have shown a great disinclination to contribute to the capital being sought for the Micro Enterprise Growth Fund, a fund that is intended to do what the Barbados Development Bank never succeeded properly in doing, to really provide loan financing to the genuine micro enterprises of Barbados.

This is despite the existence of excessive liquidity, despite extraordinary concessions, despite the fact of Government putting up capital, despite the Central Bank of Barbados putting up capital. It augurs poorly for our development prospects when this genuine hostility to the development of micro businesses still continue to be in the bosom of our traditional financial sector. The sector has failed gloriously in meeting the development needs of small businesses in this country even when Government is providing a framework of concessions, capital itself and guarantees to make their own contributions relatively safe.

I must say that notwithstanding this, Mr. Speaker, that the new Fund Access has been pressing on with its work. In the period January to May of this year, some 79 loans have been approved to small businesses totalling just over $800 000. The limit is $50 000 and I remember specifically that well over 115 new jobs have been already created by Fund Access in the short time that it has been available. It has already serviced 79 applicants despite the reluctance of the tradition of the financial sector to help contribute to its capital.

The Enterprise Growth Fund, Mr. Speaker, Sir, is now in the process of finalising its appraisal of investment proposals for potential equity involvement and I look forward eagerly to the day when a new chapter of Venture Capital financing of business is opened in this country. I wish these two institutions well and I recognise, Mr. Speaker, Sir, that the Government itself may, in the future, have to look to assisting the growth of these institutions by subscribing to their capital.

The last part that I want to deal with is the political economy context within which this matter is being dealt with. The Opposition will obviously make merry that this is an IDB matter.

Asides.

Rt. Hon. O. S. ARTHUR: Well, somebody ought to. Sir, from 1992 when an investment sector loan was first conceived, it was always intended that the investment sector loan was intended to help provide the framework within which the reform of the financial sector in Barbados would have been undertaken. That was its concept from the very start. It was recognised then, Sir, that the financial sector, particularly the Barbados Development Bank and the Barbados National Bank needed to be reformed and assistance was sought in funding the studies for it and setting the parameters within the reform was to be undertaken.

From the outset, Mr. Speaker, Sir, matters pertaining to the Barbados Development Bank was always set out as issues to be dealt with within the context of the investment sector loan.

I want to say this, Sir, that the investment sector loan at one stage was conceived of by the IDB as giving them leverage to play a macro economic role in the Barbados economy. That was at the time when the World Bank pulled out from the structural adjustment loan and the IDB felt that it had a mandate to do what the World Bank had failed to do. 2.30p.m.

We made it very clear in our first series of meetings with the IDB that this Government would not have proceeded with the investment sector loan if the Bank insisted on believing that it had a fundamental role to

play in Barbados' macro economic management. The point I want to make, Sir, is that the way in which we have gone about restructuring the Barbados Development Bank and creating successor institutions to the Barbados Development Bank is entirely different from the advice that has consistently been rendered by the IDB on this matter. Left to the IDB we would have followed a recipe which would have seen the BDB and the BNB amalgamated because that was their first position. They felt that we should have amalgamated the BDB and the BNB and failing that they felt that we should just simply have put all of the loans of the BDB on the books and auctioned them out for what they were worth. The fact that we are not following that recipe in this particular matter indicates the extent, Mr. Speaker, Sir, to which the IDB has not had a role to play in determining the character of this restructuring.

I just want to say by way of a general policy that the influence exercised by the IDB, the World Bank and the IMF in a country's economic affairs is directly proportionate to the dependence of the respective state on financing from those institutions. This Government, Sir, hardly depends on financing from the IDB. The investment sector loan matters not to us now as a balance of payments support loan. If we did not disburse it, Mr. Speaker, Sir, it would be no big thing. Our foreign exchange reserves to date, prior to the payment of the Japanese Yen Bond was well over $700 million. Even with the payment of the Japanese Yen Bond our reserves are still well over $600 million, twice as much as they were when the IDB investment sector loan was conceived.

Aside.

Rt. Hon. O. S. ARTHUR: And if we do not get from the IDB we will go to the market. And the fact, Mr. Speaker, Sir, is that when you have to depend upon the IDB or the World Bank it is precisely when they will want to make conditionalities as exacting as possible but we have made it very clear to the Inter-American Development Bank that we would have been prepared not to proceed with the investment sector loan if they had stood on this business of having an IMF enhanced surveillance programme in place. We have now drawn down the second tranche for the investment sector loan, Mr. Speaker, Sir, and the investment sector loan is now no more than another loan that we are drawing down in tranches, depending upon achieving certain stages in the achievement of the conditions for drawing down the loan. It is the same process that is being followed in drawing down money for a road programme. There are conditions, precedents, you meet them and you draw down. But it is not a factor affecting the overall macro economic policies of this Government and it is really, Sir, a gross misrepresentation for anybody to say that this country is under an IDB tutelage because it is an investment sector loan in place. If we did in fact, Sir, have to depend heavily upon the IDB for balance of payments financing, Sir, I am absolutely sure that they would want to exercise some very stringent conditions on Barbados.

Mr. Speaker, Sir, it is part of the relationship but I just want to say that it is not a major determinant of the policies of this Government. I have covered all of the points that I believe I should speak to in this debate. It cannot be a happy thing for us to have to close a bank, particularly a development bank, in a country that is still in the initial stages of its development. But the old BDB found itself, Mr. Speaker, Sir, in an utter mess, such that the cost of restructuring it would have been more than the benefits as ensuing to the country from its restructuring.

I am satisfied, Mr. Speaker, that the arrangements to be put in place for the restructuring of the bank are sound and will allow the successor institutions to get on with their work. We are being sensitive in dealing with all of the clients of the former BDB to ensure that their concerns as investors are sensitively balanced against the obligations that could accrue to taxpayers unless we make sure that the successors to the BDB are able to meet the liabilities of the former institution.

Mr. Speaker, Sir, I am satisfied that the Hotel Resorts Limited, given the opportunity, Sir, will be able to establish a brand of which Barbados can be proud and I look forward to the access and growth enterprise fund becoming major players in the market to develop finance in this country.

I believe, Sir, that it was a former Prime Minister who in a famous ode, I think in Brazil, once said that in order to rebuild we must first destroy and ...

Aside.

Rt. Hon. O. S. ARTHUR: I will read it again, Sir, but it was such a very long ode, Sir, that you must forgive me if I do not remember all of it.

Sir, there comes a time in a country's development when we have to face certain brutal realities and be strong and decisive in what you have to do. Whether or not there was an investment sector loan in place we would have to address the BDB problem. There was an attempt to deal with it even before there was an investment sector loan in place, Sir. This is a necessary action that is being taken and I hope, Mr. Speaker, that as we repeal this Act today that we will recommit ourselves to making sure that the exercise of a development finance institution in this country will never be an exercise that we lose sight of as a Parliament because Barbados, Sir, still has a very long way to go in its development as a society and I would want as I close to thank all who have since 1990 spared the effort to examine the affairs of the BDB.

Sir, I really would like to say this again. I would like genuinely to, from the Floor of this Parliament, express appreciation to all those who, since 1990 have been party to examining the very hard options that have faced us in dealing with the problems of the BOB. I would like particularly, Sir, to thank all those who have the very difficult and agonising challenge today of bringing the affairs of the BDB to a satisfactory conclusion and to raising from its ashes worthy successors.

I am obliged to you, Sir, and beg to move that this Bill be now read a second time.

Hon. G. W. PAYNE: I beg to second that, Sir.

Mr. C. A. MASCOLL: Mr. Speaker, I rise to join this debate and to deal with the more peripheral issue of the political economy within which this decision is being taken. The question of the IDB and its involvement in the closure of the BDB is minor in the scope of the debate about the BDB because we well know that the IDB itself has a role to play and has continued to play a role in the affairs of the Barbados economy.

We well understand that the IMF remains present and will do so for the life span of the Barbados economy by its very involvement and contribution under the Constitution of Barbados. So that the IMF will always be present in the laws of Barbados. But the question here really has to do with what really is the function of the BDB or what would have been the function compared to whether it should have been retained in the affairs of Barbados.

What I have learnt so far in Parliament is that you have to be very careful as a politician when you are in Opposition as opposed to when you are in Government and the positions that you take because only in 1986 the now Honourable Prime Minister in a debate of February 18, 1986 said:

[k]Mr. Speaker, I rise to give my support to this resolution because the Barbados Development Bank from its inception has played such a very important role in providing venture capital for Barbados enteiprises that we have a responsibility to ensure that it is kept in funds and that it may continue to be a source of long term capital in this country." 2.40p.m.

Asides.

Mr. C. A. MASCOLL: The Barbados Development Bank really should still be an institution in the affairs of Barbados given the importance that it certainly had to play in providing venture capital for businesses in 1986.

I wish to suggest that whether or not we have a BDB should not even be a bone of contention. In fact, when 1 listened to the Right Honourable Prime Minister delivering his speech, I got the impression that he was really justifying the preservation of the Barbados Development Bank on the basis of its role to provide capital and the fact that many of its clients never repaid the loans that they were supposed to repay. So it had little to do with the organisation itself and more to do with other factors beyond the scope of the management of the Barbados Development Bank.

While I make that point, I daresay that on the basis of information provided this morning, that around 1981 to 1984, we saw an escalation in the number of loans given approval at the Barbados Development Bank as well as the value of loans. And, while we understand that the institution was supposed to play a political role, I am very concerned that perhaps we can assign and attribute some of this failure to the chairmanship of the Board, around that period.

In that we cannot, and I said it in the last debate in the House, believe that once a person has proven that he is a manager capable of deriving and generating profit within a private sector enterprise that that same individual will have the capacity to take an institution that has a developmental thrust forward. And that is because the two objectives in the private versus the public institutions will differ. So that you may have an individual who is a successful businessman dealing with mark ups and profitability and selling and importing items but then you are asking that individual to be chairman of an institution that has a purpose of developing a system in the development of the Barbados economy.

Therefore in that regard, one always has to question whether you can simply transplant an individual from the private sector into an institution of such importance in the affairs of the economy of Barbados. I am not sure who he is, but I am saying that around about that period when you look at the information, this person might have felt that here are resources available to me and my Board to dispense freely without consideration for the underlying nature of the institution over which that person presides.

We must not continue to believe that because an institution is Government that the funds there are free and can be dispensed without any greater consideration for the capacity of the individual or individuals to repay loans. I would not go into that because it is quite evident that the institution has transcended both Governments and therefore to pick a period out in the early 19SO's and to try to demonstrate that it was a result of an administration, perhaps would be unfair. My greater concern here is to show that individuals in the private sector who control resources simply by importing an item and putting a mark-up are not necessarily geared to the greater challenge

of managing public sector institutions which have a completely different objective and dimension.

Now, the whole question of economic development which I can simply describe as growth plus change, must be seen for what it is. It is a process which has to be facilitated by the political directorate with the full recognition that there will become points in time when challenges will confront the political directorate. You cannot always expect smooth sailing to occur. Perhaps what could have been done better this morning, rather than a simple address about the assets and the liabilities and the shareholders' deficiencies and numbers being given which really address the size of the institution, perhaps we could have heard more about the structure of the Barbados Development Bank. I am saying that I was waiting for that, because it is not just the size of the institution that mattered in the failure of the Barbados Development Bank, but it would have to be of more concern that the structure was perhaps not correct. And there could have been more concern for an explanation as to why the overall failure of the Barbados Development Bank can be attributed more to its structure, rather than to the lack of financial resources which would have gone in the direction during that 26-year period.

Now, I wanted to find out more about the structure and I will delve into that later, of the loan portfolio of the Barbados Development Bank to see whether or not we can assign or attribute certain causes and effects to certain sectors in the economy, whether or not the tourism sector was not addressed appropriately under the Barbados Development Bank reign. That is in the early 1970's when the Canadian market in tourism was very buoyant, the Barbados Development Bank made a decision to limit the size of hotel rooms to *25* in terms of access to a loan from the Barbados Development Bank. Now certainly in today's environment, a hotel of only 25 rooms would find it extremely difficult to survive. While a lot has been said about the sector, perhaps more could have been said about certain policy guidelines which were introduced at that critical period in the history of the Barbados Development Bank.

Now, we all know about the lack of profitability. We aii know about the accumulated deficits and the liabilities and assets of the Barbados Development Bank, but I am saying that some other things could have been given more consideration. We never heard this morning in the debate, mention of the amount of assets of the new CRL. What we heard was that 93% of the equity is owned by Government. Under the GEMS Project, what we heard is that 93% is owned by Government and that 7% is owned by the hoteliers. But in a very clever twist, we never at all heard about the level of assets under the GEMS Project. We were told that at some point they are looking for $67 million in the first phase and then we were told that the Government was providing $18 million of equity of which $10 million came from the Public Enterprise Growth Fund.

I think it is more critical for us to understand how really these funds would be raised, how they would be utilised and whether or not the GEMS would have on its staff, the capacity to carry this project way beyond what presently exists. I am not here seeking to disrespect anyone, but I am saying that even when we establish in a full way the GEMS Project, are we saying that we have the capacity within that enterprise to truly carry the small hotel sector forward?

The other thing that we were told is that the project now has a capacity of 350 rooms in phase one and that we will move to some state of 1,000 rooms at some point in time in phase two. But phase two was never identified. Neither was phase one. When does phase one end? And when does phase two begin? We were never given any information at all on that particular matter and that becomes critical in terms of planning for the future and in terms of how really can the Government find a way to effectively provide the kind of financial resources necessary to ensure that this project becomes a success and we do not find ourselves back to square one. 2.50p.m.

Now, in a pretty deadly attack on the commercial banks the Right Honourable Prime Minister accused the commercial banks of not making the kind of contribution to provide venture capital in spite of the fact that all sorts of concessions concepts have been identified for the other project. When you are looking for $67 million but you are only able to provide $18 million from the Government then those funds will have to be raised either locally or internationally. What I am saying is, how have they been raised? We have not been given any explanation as to how they have been raised.

Rt. Hon. O. S. ARTHUR: On a point of elucidation, Sir. If the Honourable Member will give way. I indicated that the funding for the GEMS in Phase 1 was raised in the form of part equity, part loan and that a syndicated loan involving the domestic institutions have already provided the loan financing for the GEMS. The problem in raising funds are for fund access which is the micro enterprise successors to theBDB.

The funding from Phase 1 of the GEMS has already been raised and I would mention as well, Sir, that as regards Phase 2 the full details are now being ironed out and there is a possibility of raising additional equity, possibly with the Commonwealth Hospitality Institute which is a Canadian company. I did outline that, Sir, but I could not go into full details without dealing with the full aspects of this.

The member is moving from GEMS to the other successor institutions and might be confusing himself in the process.

Mr. C. A. MASCOLL: This matter becomes critical because of the environment in which the Government presently finds itself. While we are hearing all kinds of boasts, and rightly so, of the level of foreign reserves and while we have heard about the fiscal position of Government, it is well known recently, and those of us who work at the Central Bank would know this, that in spite of the safe financial environment in which the Government finds itself that a repayment of the recent loan would in fact have caused the Ways and Means account at the Central Bank to have skyrocketed. It would have moved significantly because what you are doing is making a foreign payment and you did not in fact get any foreign loan to match that, therefore the offsetting balance would have to be an increase in the Ways and Means account.

I do not know the extent of the loan repayment so that the Ways and Means account itself would have jumped overnight from zero balance by $43 million.

Having said that, what I am suggesting here is that when you cannot find resources beyond the domestic market in the private sector or even the foreign market then it will fall on the Government to have to provide this kind of funding and ultimately it would lead to the kind of pressure on the printing of money which we saw in the early 90s and the early 80s.

The matter here really is when the IDB does not show its face in providing financing, or you are not able to access the foreign capital market as you would like, you ultimately then have to rely on your domestic market and predominantly on the Central Bank for raising such capital and that is going to lead to the kind of pressure being placed on the Central Bank, the printing of money and things which are not so desirable even in an environment in which we are professing to have and which we know we have excess foreign reserves and a low fiscal deficit environment.

From that standpoint, then, it still is important to have a certain kind of capacity in terms of cash flow. That is why it was particularly interesting to listen to the Right Honourable Prime Minister talking about one of the owners of a local hotel who said that since his property had been valued at over $8 million that he can simply rush to a commercial bank on that basis and get a $2.3 million loan and then pay the Government. It shows the extent to which this sector may be in crisis.

If a hotelier does not understand that he has to pay back by way of a cash flow situation and not by way of the value of his assets, it shows the limit to which we have the sort of required management skills within that particular seetor. It is like an individual having a house valued at $100 000 and on the basis of that decides to go to a commercial bank for $25 000 but he is not working. Therefore, he does not find himself in a position to free up the cash necessary to repay the bank. It is particularly interesting to hear that one hotelier in fact tried to use that as a way to get around the system in order to beat the GEMS project.

Whether or not we support the closure of the BDB has more to do with the financial aspect of it than just the political aspect of it. There is no way in which it could have been sustained given the way that it was managing itself over the last 26 years. I think that in the Caribbean, I can only point to St. Lucia, the St. Lucia Development Bank, as perhaps an example of a fairly successful development bank in the region. I cannot think of any other development bank in the region that can boast of having successful tenure. Only the St. Lucia Development Bank that I know of can boast of that. Again that largely depends on how you measure the success.

Having accepted the commercial banking system is not willing to provide the kind of venture capital necessary, do we think that the establishment of smaller entities like the Micro Enterprise Fund and^the other smaller financial enterprise, the utilisation of the Urban Development Commission and the Rural Development Commission Fund, do we think that these particular institutions will guarantee us a pool of resources necessary to satisfy low, small and medium-sized businesses in Barbados?

While I respect again that we need to start, I am saying that basically you are dividing up the larger pie from whiph you could have derived some economies.of scale into several different small pies. And do we not run the risk again of not only assigning a fairly large sum to the administrative costs of delivering these services? Do we not run the risk of making institutions too small to be able to deal effectively with the kinds of loans and the kinds of businesseses that they are required to deal with? I am saying that while, small is beautiful, too small may not be beautiful. While small may be good in terms of cost, small may very well not give you the option that you require to have in terms of making effective and efficient decisions in relation to the distribution of loans in Barbados for small and medium sized businesses.

I say that with the full understanding that the CRL which now is a company that has $ 14.4 million in assets has a staffing of 17 employees. I. do not know how they are distributed across and I do not know what the structure of the CRL is. I am not so sure, apart from collecting repayments from clients of the former BDB and apart from looking at those in arrears, I do not know what are

the larger objectives of the CRL. Is it just an institution designed to perform these two functions? 3.00 p.m.

If so, why should it require them to have a staff of almost 17 employees to perform these two tasks? The BDB when it closed only had an asset portfolio of $50 million so by a simple process of multiplication, the BDB should have had about 2.3 times this amount of staff which should give me about 35 to 40 people under the BDB.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. The Honourable Member is inadvertently misleading the House. I spoke about the net assets of the CRL and not the total assets. I said they had a net worth of $15 million which would have been the difference between its assets and its liabilities. The Honourable Member is going down a road where he is about to mislead himself and, unfortunately, mislead the House in the process.

We had reconfigured the balance sheets of the old BDB to deal with the fact that it had a shareholder's deficiency of $26 million. What we did was to convert a loan of $17 million into equity and agreed that the Government would pay $22 million and therefore we would start the CRL not as a bankrupt institution because it could not trade as a bankrupt institution under the Companies Act but an institution with debt net worth. That was all I was saying but it is managing a portfolio of over $50 million.

Mr. C. A. MASCOLL: I have here in my notes that the assets were $14.4 million. Perhaps, you did not state net, so I have assets total. However, another interesting thing about this institution is that it has about 117 loan accounts or 114? Again, I was a little confused. At first I heard 114, then I heard 117 loan accounts. The more interesting part about that though is this that so far 47 loan accounts have been dealt with and the institution has been able to recover $2.7 million in loans. That is the information I have here. Again, I was taking notes, and I am pretty good at taking notes, so I have $2.7 million from 47 loans.

The other part is this. That gives an average of $57 000 per loan. That is the recovery. Now, however, you have $21.3 million still remaining to be collected from 67 loans outstanding which is an average of $310 000 per loan. On this very basic information the CRL has been able to recover loans, yes, but an average, as I said, of $57 000 per loan.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. I would not want the Honourable Member to mislead the House and himself.

The performing portfolio of the old BDB was transferred and loans that were current are being kept current so that those loans that have been dealt with do not mean that they have been settled in full, but arrangements for the repayment of them have been put in place.

I would also mention, Sir, that there is a whole set of other arrangements going from putting in receivership to legal settlement so he must not believe that arrangements are being put in place mean that they are settled in full, Sir. Loans that have been current before are now still being kept current and that was what that was referring to. If I spoke in a way that confused the Honourable Member, or the House, I apologise but that was not intended.

Mr. C. A, MASCOLL: It is not a question of confusion. I am simply utilising information which I heard and I hardly would misunderstand it. What I am saying is that I have been told this morning that under the CRL there are 47 loans which have been addressed and there has been a recovery of about almost $2.7 million, and that of the remaining 67 loans, $21.3 million will be recovered utilising the services of the CRL.

Then we are further told that some decision was taken to allow 16 cases not to be dealt with, that is, no action will be taken on 16 cases. They will be written off. What would be more important in that exercise is not necessarily to again address the number of cases but to address the structure of these particular loans in determining the criteria which were used in reaching the position of allowing no action to be taken on these particular 16 loans.

Now, in the absence of that information, I do not know what to conclude and neither would I conclude. I am saying that in terms of this debate it would have been in my interest, and I get the impression that the general assembly would agree, that an understanding as to why 16 cases were dismissed as no action cases would be more important.

Rt. Hon. O. S. ARTHUR: Again on a point of order, Sir. Less the Honourable Member mislead the House, I was very clear to indicate that in the 16 cases involved the criteria were manifold and expressed that these cases had no remaining security. I said that very clear, or that the pursuit of these cases was likely to lead to no cash result such that the expense incurred would have far outweighed any benefits that would have ensued and therefore it was better to treat them as a total write-off. There was no security whatsoever. There was no cash that could be recovered so all we would have done is to incur expenses to recover no cash and it was best to write them off. I said that as clearly as possible and those were the criteria spelt out on the Floor of this House, Sir.

Mr. C. A. MASCOLL: Mr. Speaker, I understand the clarity. What I did not get either was the total amount for these 16 cases.

Aside.

Mr. C. A. MASCOLL: I am not concerned about that at all. The political thing will fall out eventually. In the 16 cases I would like to know simply the amount in terms of millions that would not have been considered to see what it constitutes as the overall ratio of the arrears or the repayments to be made to this new organisation which is acting on behalf of the former BOB. I repeat. It is not important to me whether or not it is a $1 million exercise or whether it would have been too costly and expensive for the CRL to pursue 16 cases but to be able to determine what was the criteria used in reaching that conclusion.

I am not here to see whether it is a fellow who supported the Barbados Labour Party, or somebody who supported the Democratic Labour Party, or if he is a supporter of the National Democratic Party. I am not interested in that. I must tell you that I really am not interested in that. It is no concern to me at all whether or not that is the case. I am interested in how the taxpayers' money will be utilised in this new organisation called CRL, whether it will redound to the benefit of the people of Barbados and whether we can avoid the pitfalls of the former BDB.

I am saying that in all this new arrangement which we have, is it at the end of the day going to guarantee us in here that the money spent will be spent effectively and efficiently in the interest of the poor, small working class black people of Barbados. That is my concern. I am not interested in B and D. Sometimes I do not know who is B or D. When people look me in the face, I cannot tell. I have not been able to decipher yet as a young politician whether or not a person is a B, D or NDP and if you have a model that can tell me, I would love to have it because it would save me a lot of time. I am not interested in that.

The point is, whoever utilises the money under this arrangement is utilising money belonging to Bajans and I am concerned about that and that alone, so I have no concern whatsoever in that.

Aside.

Mr. C, A. MASCOLL: If you care to, you can provide me with the information just to tell me how much money it is, what criterion was used to determine why 16 cases will not be taken action on, and on that basis and that basis alone you can provide the information.

Now, I need definitely to address some of the other concerns raised in this new arrangement. I did not deal with it in total but we have been told that eight hotels have, in fact, agreed to be part of the GEMS Project while another eight have opted...

Aside.

3.10p.m.

Mr. C. A. MASCOLL: Only two hotels are part of the GEMS Project? Well, something is wrong. This makes it worse. I really thought that there were eight hotels.

Asides.

Mr. C. A. MASCOLL: Of the original eight hotels only two hotels have now agreed to the GEMS Project. Is this what is true?

The hotels have objected to the valuation performed by a local firm.

Asides.

Mr. C. A. MASCOLL: It would have been some local firm.

Asides.

Mr. C. A. MASCOLL: Since you are the representative for Christ Church which is really the hotel belt of the south coast, I was seeking your approval on this matter.

Mr. SPEAKER: Please address the Chair.

Mr. C. A. MASCOLL: Mr. Speaker, what happened is that I was thinking about the.South Coast Project.

Asides.

Mr. C. A. MASCOLL: What I really wish to understand about the two hotels - it would have been interesting to find out what valuations were made on the two hotels? Having done that, it means that those hotels which decided not to join the GEMS Project might have felt that their properties were undervalued and that no consideration was given to the equity involved in building these hotels to a certain level of performance up until 1994.

We were also told that the owner's equity was determined by taking the valuation of the hotel minus the owner's debt to the Barbados Development Bank and debt toother institutions and from there you would get the owner's equity. That is what we were told. Since we were told that, it means that for Government to own 93% of the GEMS Project given this valuation methodology utilised, it means that the two hotels remaining either

owed Barbados Development Bank a substantial amount or the valuations were extremely low. That is even after we take the valuation and we minus the debt owed to the Barbados Development Bank and then you subtract the debt owed to other third parties, we would then have a situation where we arrive at owner's equity in the GEMS Project. So that if for argument sake the figure came to $100 at the end of the day that Government owns 93% of that $100. Why really is the GEMS Project being pursued?

Asides.

Mr. C. A. MASCOLL: Because the real hoteliers only own 7% so there is no need to have a GEMS Project. The only thing that can make the GEMS Project worthwhile pursuing would be for the relationship between Government ownership and the share of the hoteliers to be fairly equitable. To have a lopsided equity with 93% being owned by Government and 7% being owned by the hoteliers, really is to be pursuing a line that is going to be very difficult to justify under any arrangement.

I am saying to you then that perhaps the decision as to whether or not you go into a GEMS Project should have been based on some established criteria that at the end of the owner's equity being valued the way it is defined here, that that owner's equity, there should be some established criteria either on a 60/40 basis or a 50/50 basis or a 40/60 basis or a 70/30 basis. Something should have been established for Government then to realise that this particular project is worth pursuing on the basis of financial grounds and on no other grounds whatsoever.

In the absence of that, it means that Government has now given 93% of the equity capital to this project. We are even worse off today than we were under the Barbados Development Bank.

Asides.

Mr. C. A. MASCOLL: Think about it. You are even worse off today in this project because Government has more liability if you equate the liabilities with the assets. Government has more liability in this project than the hotelier. The only thing that would have happened then under this project is that you have effectively relieved the hoteliers of their outstanding debt to the Barbados Development Bank. But unless there is a substantial turnaround in the affairs and the operation of this GEMS Project, that is, realising a change in the bottom line, some improvement in the profitability, some accumulation of assets, some increase in wealth over time, this whole exercise is one in which Government has effectively found a very creative way of bailing out hoteliers who owed the Barbados Development Bank.

What is my concern about that is that while what I am saying is true based on the information, it therefore leaves me to wonder why would six out of the eight hotels not have accepted the GEMS Project?

Asides.

Mr. C. A. MASCOLL: If this is so, at the end of the day we have a situation where Government has accepted everything here because it carries 93% of the equity. Why is it that six out, of the eight hotels refused to enter this arrangement?

I am not going to apportion all the blame to Government. I well understand, having dealt with some of the smaller hoteliers in the early 90s, I understand that a lot of the small hoteliers do not have the capacity to carry their hotels forward.

When I dealt with the owners in the early 1990s and I suggested to the owners that it was in their interest to pursue Government to have a zero rating on accommodation, the owners said, no, go for the exemption route.

Asides.^ /

Mr. C.- A. MASCOLL: Yes, I am speaking about under the VAT system. I am on the Government side as an advisor saying to die small hoteliers of Barbados that they should ask Government for a zero rating of the accommodation sector and they told me, Mascoll, we want an exemption.

Asides.

Mr. C. A. MASCOLL: I have not called any names. I only called my .own name. They said that they wanted an exemption and therefore I could not understand how small hoteliers in the business of looking for profitability, in the business of increasing their competitive edge, found it difficult to understand why under a Value Added Tax system, that they would be much better off asking for zero rating of accommodation.

Asides.

Mr. C. A. MASCOLL: What happened is that I was not being paid because an accounting firm then produced a ten page document for the same hoteliers for almost $ 15 000. But a poor youngster on the Government side could not give them proper advice.

I think I understand the misery that we find ourselves in as policymakers now that I am on this Side in getting small hoteliers to respect what you are trying to get them to understand.

At the end of the day I still need to ask the question, having said all of that. 3.20p.m.

Why is it that these hotels refuse to come to the GEMS Project when the evidence is there to show that the Government has indeed accepted 93% basically in the provision of the equity? It really is a baffling thing. Perhaps one of these days I will understand that but for the time being I really do not understand why. I am naive.

Now, some other things struck me about this whole project. Do we now have therefore only 350 rooms under the GEMS Project? This is the information that was provided this morning but I cannot see how we can have 350 rooms since there are only two hotels and a small hotel...

Asides.

Mr. C. A. MASCOLL: But how many hotels do we have in this entire project? I really need to understand. How many hotels do we have in this entire project? We had 2 of the original 8, there are 350 rooms. How many hotels do we now have?

Asides.

Mr. C. A. MASCOLL: I am now being told that only two of the original 8 hotels entered the GEMS Project but there are 350 rooms. I want to know how many hotels are really in the GEMS Project. If there are 350 rooms and a small hotel by definition is supposed to be a hotel with at least 50 rooms, are we suggesting therefore that there are about 7 hotels in this project?

Mr. Speaker, this is truly vital information because once there is an increase in the number of hotels in this project...

Asides.

Mr. C. A. MASCOLL: There are 5? I do not know how many there are but I want to know because it is critical to the point which I wish to make which I have been making all along but it would reinforce my point. Once the amount of hotels increases then it makes it even more difficult to understand why Government in this new calculation of owners' equity would still be providing 93% of the equity capital. So I am pleading, could someone really tell me what is happening in the GEMS Project?

The other thing is that while there are small hotels I am well aware. In fact I have had opportunity on more than one occasion to be in St. Lucia. I actually worked with 2 consultants here on small hotels in St. Lucia and produced a development plan for small hotels in 1996 and in fact not because I assisted in the project, but St. Lucia is quite a good place to look at in terms of small hotels and I say that because the sector is not homogeneous so you are going to have different kinds of small hotels within the small hotel sector. It therefore means that when you decide to have a marketing programme that you might be marketing different products. There are products which may only have 5 rooms. There are products which may have 75 rooms. There are products, even though they are small, they may be luxury. There are products even though they are small they may be class B hotels so in going the route of marketing jointly, in going the route of buying in bulk purchasing, in going the route of having common reservations systems, in going the route of promoting the small hotel sector, you are really talking about having different products within the small hotel sector and it complicates the matter.

You will also have a situation in which there are different styles of management. We have been, as we well know in these Chambers, we have been accustomed to people in privileged positions on the South Coast being owners of small hotels. Those persons however use the approach of personal contact similar to how a small shop in a village uses the approach of personal contact as opposed to a big supermarket chain as their weapon, as their means of progressing. That now, under this new system, cannot be. That is by way of example.

If you had a property whose owner played the most intimate part in delivering the services to the guests who are predominately repeat guests and you are now converting to a GEMS Project you have changed absolutely the management structure of that enterprise and therefore the product that you now perceive that enterprise to be offering will differ substantially from the product that it offered under the previous ownership. So we are not talking here about dollars and cents. We are not just talking about size in terms of assets portfolio, we are talking about structure, we talking about what it is that that small person, I do not want to call names, on the South Coast would be delivering, what it is she does when she goes into the kitchen and provides breakfast for her guests. She is certainly completely different to a structure which has that impersonal kind of approach so what I am saying to the GEMS Project is that the task at hand is not a simple task at all. We are really talking about redefining many things. We are talking about pooling resources, yes, but we are also not talking about the same product under the small hotel chain. It is diverse, it is extremely diverse and therefore it has to be addressed in a very scientific way and that is the reason why I ask the question.

Whether or not the GEMS Project will have within the ranks of the institution the capacity to deal with

the many diverse parts of the small hotel sector. If that is not so will the GEMS Project have within its coffers the capacity to hire the persons necessary to deliver this new product under the small hotel sector in Barbados? So there are many facets of this thing which we have to discuss.

I am not very satisfied at all because I thought that having dealt extensively with the GEMS Project as an aspect of the renewed BDB, reinvigorated and everything that I would be more clear this afternoon as to where the project is going but the evidence is there to show that I am in no way in possession of the information to make any judgement as to whether I can give full support to this new initiative called the GEMS of Barbados. I really need to know. It is in my interest to know.

Aside.

Mr. C. A. MASCOLL: I am not that type of politician yet. I am a politician with a certain specialisation. I do not know about the political things. I heard all kind of talk about people on this Side and that Side who know intimately the details of what is happening to other small hotels and people who represent this and who represent that. I am in no way familiar with that kind of information so I am speaking to the information which I have before me. In fact my script really is all the notes I took this morning when the Honourable Prime Minister spoke. I came with nothing and now I think I have something on which I can deliver.

Now, in terms of the new entities that we have, the micro enterprise fund, we were told that it has so far been able to deliver 79...

Aside.

Mr. C. A. MASCOLL: We were told that. But we were not told that there were over 1 400 applications made to this institution. Remember the story that was told initially. It was said that these new enterprises in Barbados would in fact not be like commercial banks. The advertisement said, if you are turned down by a commercial bank, come and we will deliver. That is what the advertisement said. I well recall hearing that, that all the stringent criteria put in place by commercial banks will not be adhered to under this thing. 3.30p.m.

That is what was said. You just come we will take into consideration that you have a project with a certain level of risks, but since we are who we are, providing and looking after the poor, small working class man in Barbados that we will not in anyway put you through those measures. You can come once you have a good idea and have free access to financial resources and certain technical assistance will be provided. Yet still when we check the track record of the enterprise, we find out that it is even more rigorous in its approach than the commercial banking system.

So that the approved loans out of the total loan applications are less than 5%. In short for every 100 persons going to this funding institution, five people will walk away with a loan. It is remarkable. So that again there is a balance here. The balance here is, can we really enfranchise that sector of the Barbados society and population whom we want to enfranchise through these various institutions that have been established. Could we really do it? Are we really going to be in a position to offer the, kind of financial and technical assistance to small black businesses in Barbados which we will like to see offered even through the commercial banking system?

So far it has been proven that the management has been more tight-fisted under these new arrangements than under the commercial banking system. But that does not surprise me because the Right Honourable Prime Minister of Barbados is even more tight-fisted than the previous Prime Minister of Barbados in the financial affairs of Barbados. Anyone who checks the information would know that while the former Prime Minister was accused of being tight and not having social engineering space...

Rt. Hon. O. S. ARTHUR: On a point of order. I suggest that the Member, Sir, the word tight-fisted has certain pejorative connotations to it, Sir. If he is saying prudent in finances, yes. But if there are any pejorative connotations to that tight-fistedness, I would want him to withdraw them.

Mr. C. A. MASCOLL: Mr. Speaker, the evidence is there to show that this Administration, maybe because of the excessive performance of a revenue side, because of VAT, perhaps because this Administration has abandoned a capital works programme, there is no real capital works programme in Barbados of the magnitude that was predicted.

Aside.

Mr. C. A. MASCOLL: There is no real capital works programme, do you understand? When you look at it, you have built a few roads, you have taken out a few things, but no real capital works programme of the magnitude anticipated under the reign of the Right Honourable Prime Minister. In fact what has happened is that we have seen a shift from the capital side to the current expenditure side. So that we have seen the swelling of the ranks of the Government from the public sector, such that between 1994 June and the most recent information provided, the amount of people working in the public sector has increased from

20 000 to 25 000. Without a major capital works programme, again in the words of the Right Honourable Prime Minister, a capital works programme does not generate any substantial job creation. So perhaps he has taken the opportunity to shift the emphasis from capital expenditure to current.

Asides.

Mr. C. A. MASCOLL: He cannot challenge me. How is he going to challenge me when the information is there. I cannot be challenged on this. The information is there to demonstrate what I said is true. There is no real capital works programme, but I am using that argument to say that perhaps the new institutions are equally tight-fisted in the financial affairs of those institutions since only 5% can boast of having received a loan from these new institutions, only 5%.

I am not suggesting for once that we go out there and give away Government's funds. But I am saying while there is a measure of prudence that you have to exercise the whole objective - was an act to make the playing field easier for small businessmen in Barbados and that the new institutions have not so far demonstrated that they can deliver the financial resources necessary to carry the process forward. So I have difficulty in understanding the real purpose of these new institutions and whether or not they can really fulfill the objective suggested.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. The Honourable Member is misleading the House, Sir. The 79 applications approved by the new institution in the first five months of starting up, Sir, is a commendable performance when it compares with the fact that the old Barbados Development Bank approved only 13 loans in its first year, 24 in its second, 33 in its third, 42 in its fourth, 29 in its fifth, 69 in its sixth and 54 in its seventh, Sir. In the first seven years the Barbados Development Bank never approved more than 50 loans.

This new institution, Sir, has approved 79 in five months. It is now starting, Mr. Speaker, Sir. It is really grossly misleading the House to castigate the institution for approving 79 new loans starting from scratch.

Asides.

Mr. C. A. MASCOLL: Mr. Speaker, let me just start out by saying that the original functioning of the BDB as an institution for development perhaps was not taken as seriously as it could have in terms of understanding fully the role that the BDB had to play. But I also wish to say that just to establish small institutions may not necessarily give rise to the sort of income that you want. On that basis again, this is what I usually do, I like to quote the Right Honourable Prime Minister, April 24th 1990, at page 5296,1 quote,

> "There is, Sir, a tendency to tokenise the small people of the society by throwing institutions behind their problems". I repeat "There is, Sir, a tendency to tokenise the small people of the society by throwing institutions behind their problems." I have spoken already in the case of Jamaica where you had about seven different institutions, ostensibly supposing to be providing grants, promotions, and technical assistance on behalf of the small businesses."

This is the Right Honourable Prime Minister of Barbados and that is the end of the quote. So, he again here is saying, the Right Honourable Prime Minister that there is a tendency to tokenise small people by throwing these institutions at them. This was in 1990. Now the Right Honourable Prime Minister of Barbados has presided over the establishment of the Urban Development Commission, the Rural Development Commission, the Micro Fund, Small Business something, something else, a whole range of small institutions to provide grants and perhaps loans and technical assistance to the small people of Barbados. 3.40 p.m.

One therefore has difficulty in understanding whether or not the Right Honourable Prime Minister is fully committed to the cause of providing venture capital to Barbadians in the amounts and of the nature and kind that will truly help in transforming the Barbados economy to provide small businesses with the kind of venture capital that they need to ensure that there is a certain measure of economic democracy that attends to our desire as politicians in that we consistently want to uplift the lot of the small people of Barbados.

When you get these contrasting signals you are left to wonder whether or not this position taken is a position out of principle and out of concern and within the context of the matrix of a policy initiative that can truly take us forward and transform the Barbados economy in order to redistribute some of the wealth that we are now seeing on the shores of Barbados.

Having said that, when you look on the west coast and you see the abundance of real estate, when you look on the south coast, can we truly say that the process of ensuring that some of the gains we are seeing will truly go to the least fortunate in this society?

I am not convinced that it will happen. I am not convinced that there is an organised structured framework within which it is supposed to happen. I am not even convinced that the Minister of Finance is convinced that

he is truly approaching these matters in a structured way. If so, it therefore means that once again while not wishing to respect and recognise the presence of the IMF and/or the IADB we are simply performing a task and then we have sought to justify that it is not as a consequence of being governed by the IADB or the IMF but that it is an initiative taken with the full recognition that it is part of a framework designed to achieve the objectives of growth and change and development in the Barbados society.

I am not convinced of that. As I said before, I think we are arriving at a point and then we are looking back to justify the path that we have taken, rather than truly assessing where we are going, making a clear determination as to how we can get there and when we get there we can then boast proudly that we truly arrived at this destination in an organised fashion. The same thing happened in this debate.

The Prime Minister has supported BDB all along for venture capital. Because a few clients did not repay we felt that we needed to restructure the BDB. It may be okay but I am saying that we cannot now put in place several other institutions of much smaller size to deliver the same service. It cannot happen. It will not happen. The new institutions just do not have the capital base individually to do the job. The new institutions will never be able to grow to the size necessary to make that job an accomplished job. The new institutions will always have to rely on external agencies to deliver many of their services and therefore we will always be operating in an environment of uncertainty.

It is on that note of uncertainty that I say that the future of providing venture capital and financial resources for small business will continue to rest. We are not certain as to whether or not these new arrangements can deliver the goods necessary to carry small businesses where they should go in the 21st century.

I am therefore not totally happy with the new arrangements but I think time will determine whether or not we have made the right move. I am not happy because to this day I do not understand the GEMS Project. It is like EduTech. I still do not understand it and I would wish to understand it because I would wish to know that the financial resources of Barbadians are being spent in the interest of the wider country and, more importantly, in the interest of small people in Barbados.

I therefore end by saying that I hope that while the grass is growing the horse is not starving. Thank you.

Hon. R. N. GREENIDGE: Mr. Speaker, I want to say just a few words on this Bill to repeal the Barbados Development Bank Act. When the Bank was established I was told that the Barbados Development Bank was set up to encourage small Barbadian businesses and that it was a financial facility through which small business could access development loans. In other words, Mr. Speaker, if you had a project, or if you had a feasible idea the Bank saw itself as having a moral obligation to provide funding at a rate and under the terms and conditions conducive to the small businessman.

Mr. Speaker, the Bank took a different approach to the borrower than the traditional banks did. It did not concern itself solely with profit. It was clear that Government wanted to jump-start certain activities and the Bank was its way of giving these activities a shot in the arm. The Bank was supposed to stimulate activity.

A lot of money, Mr. Speaker, was borrowed for building fishing boats and for tourism related projects. I believe that those would include water sports, taxis, restaurants and so on.

In the early 60s, Mr. Speaker, tourism was beginning to blossom and we had to get it off the ground and Government therefore assisted. As I said, the traditional banks would not have seen a lot of those things that I mention as being profitable. They were more high risk. Indeed, as far as the banks were concerned, as was just said there was a very high element of risk where these particular things were concerned.

Banks would not for instance have felt safe with something like fishing boats but Barbados had to develop its fishing industry and it made loans available to those persons who had an interest in the construction of fishing boats. Even now, as the Honourable Member for St. Lucy is asking why, it is quite clear to me today that even when a bank seizes a fishing boat very often to get it off its hands the only person who will want to buy the fishing boat is another fisherman or somebody who is interested in fishing. It is not like a house that a nurse or a policeman or anybody else would want to buy. It is not like that.

This is why I am saying that there was this element of risk attached.

Mr. Speaker, at the same time, the demands for collateral, and other forms of security did not really exist to the same extent as would have existed with the traditional banks. There was a certain latitude given to the borrower because of the nature of his investment. We know that traditional banks very often work according to certain banking principles. If you go to the bank to borrow $300 000 and after the interview the bank realises that your salary is not going to allow you to service that particular loan you will not get the loan. 3.50p.m.

The rules are very strict indeed and they hardly exercise any discretion where that is concerned.

I believe, Mr. Speaker, that because of its ethos and its focus that the Bank ran into difficulties. In many cases, the Bank tended to surrender its sensitivity and, as far as I am concerned, financial prudence seemed to have given way to other considerations.

A lot of loans, Mr. Speaker, were not properly policed. Even when there were obvious losses, and even when prospects were becoming dimmer and dimmer, the Bank still threw a second and sometimes a third loan behind the same individual. This is something that happened and something that I positively know about that they had cases where they could see no light really at the end of the tunnel and the Bank kept pouring the second and third loan behind the same business and the same individual. It was clear that some of the Project Officers within the Bank were reluctant to say to the individuals: "This is not working. This will not work."

Also, Mr. Speaker, the Bank was supposed to assist with management systems but accounts very often were very badly dealt with. The BDB either made or accepted sometimes very lame excuses for poor management. The Bank's attitude continued to be: "I still hope that you are going to realise your dream. I still hope that there will be a turnaround." That turnaround, very often never came. So today, Mr. Speaker, some of these enterprises have come to nought. The Bank did not provide them with resource personnel or the management systems which would have assured that they would have avoided the calamity which they eventually faced.

I know, Mr. Speaker, of two projects in St. Philip which could have benefitted greatly if only those individuals had some assistance with putting good management systems in place. So, they were virtually destroyed for that precise reason.

I believe, Mr. Speaker, that the Bank's focus should have been on the end result and by that I mean that if you had three restaurants and two of them were being well run and well managed, and you had a third one which clearly was floundering, and for which there was absolutely no hope, that the Bank should have stuck with those two at the expense of the one that was not doing so well.

Mr. Speaker, this is something I know for sure too, that very often that one that was floundering was floundering and, perhaps, had strong connections somewhere or somehow. Therefore, there seemed to have been a reluctance to offend or to tell the person: "Well, yours is not working." The point I am making, Sir, is that the Bank very often saw personalities rather than the total package. So, weak individuals were allowed to manage their projects very often without a single word of caution.

I believe, Sir, a lot has to do with the perception which people have about Government's money. A lot of people tend to think that Government's pockets are very deep, sometimes not only deep but, perhaps, there is no bottom and therefore once you are dealing with Government's funds there is no enthusiasm to repay, there is no enthusiasm for anything.

The Bank has lost a lot of money, Mr. Speaker, but I do not believe that we should trivialise the Bank's contribution. I feel that it was Government's way of moving forward. It was Government's way of revolutionising business in Barbados. I think too that it was an admission that we had to move from a plantation economy to a more diverse economy, an admission that we had to look for alternative areas to feed the economy and that is what the Barbados Development Bank was all about. It allowed some small businessmen actually to become true entrepreneurs, so even though it has actually come to this, I think we did derive some benefit from having the Barbados Development Bank.

I recall, Sir, that the Prime Minister began his speech today by saying that what is happening today is sad, but necessary, in as much as we have to bring the life of the Bank to an end. The experience, I think, of the Barbados Development Bank has not been wasted because, as I said, we have witnessed some development and so there is still something to be learnt. I think the lesson which it teaches Government is that if Government is going to get into the business arena that Government has to do its job efficiently. In other words, if a harsh decision has to be taken, Government has to take it. I think this is what we are seeking to do today.

I feel, Mr. Speaker, that is why public sector reform is so very crucial. In fact, I see the creation of the two companies which will look after the performing loans and the non-performing loans as being in keeping with the whole concept of public sector reform. These two new agencies will never be able to collect all the money owed to the Bank but, hopefully, their approach to collections will be different from the Barbados Development Bank's approach. I guess some may call it a whitewashing exercise. In fact, you can call it whatever else you want, but I think that this provides a break in the perception that the BDB was an institution which was not functioning. 4.00 p.m.

I believe that you know, Mr. Speaker, as well as I do that a break is good sometimes.

I thank you, Mr. Speaker.

Mr. D. St. E. KELLMAN: Mr. Speaker, I enter this debate at this time after we have heard many great things, many wise things and many things that should not have been said.

One must understand from the outset, Sir, that the Barbados Development Bank was a development bank and not a commercial bank. One got the impression after listening to some speakers today that the Barbados Development Bank was formed to perform the role of a commercial bank. We must first understand, Sir, that the role between a development bank and a commercial bank is quite different.

It is regrettable that when the Barbados Development Bank was formed that the development bank did not go around and put up a sign like how the Rural Development Commission and the Urban Development Commission is now putting up, Sir. That was its only failing, Sir. It should have gone around and put up a sign on every project in this country that it helped to finance. If it had done that, Sir, then we would have realised that the Barbados Development Bank was a successful bank and not a bank that failed. We cannot look at the losses of the Barbados Development Bank and call it a failed bank, for the simple reason that the role that the bank was supposed to perform was not the same role that a commercial bank is supposed to perform.

It is regrettable that we come to this Parliament every time and talk about the Barbados Development Bank as if we are talking about a commercial bank. We must understand that when the development bank was formed that it was formed to uplift poor people and that it has done that.

Asides.

Mr. D. St. E. KELLMAN: It is true that some large corporations who sometimes operate in the construction field have gained and have been successful off the Barbados National Bank and sometimes we fail to recognise that some of the largest corporations in this country were financed by the Barbados Development Bank. We cannot talk about closing down the Barbados Development Bank and feel proud about it, Sir.

We, in the 1990s, Sir, should be ashamed of ourselves to be talking about bringing a Resolution before this Parliament to close down the Barbados Development Bank. It is regrettable and it is a backward step that in the 1990s when we are talking so much about the upliftment of the small man that we have closed down the avenue to uplift the small man.

I am saying that the only failure that the Barbados Development Bank has is that it did not go around and show what it has done. When I say go around and show what it has done, I do not mean to identify who they have helped. But sometimes, Sir, to prove a point you must do things like that.

The same way when I drive through Barbados that I can tell where there is a road that is being built by the Rural Development Commission or the Urban Development Commission that the Barbados Development Bank should have done the same.

I cannot understand how a Government that formed the Barbados Development Bank to perform a development role could now come to Parliament to bring a Resolution like this to close down the Barbados Development Bank. There are two completely different roles and we must understand that, Sir. We must understand that it is two completely different roles. I do not buy the argument and I support my comrade from North West that setting up seven different organisations do not necessarily mean that you have more money to give the small man.

Asides.

Mr. D. St. E. KELLMAN: All you are doing, Sir, is dividing the amount of money between workers and the amount of money to be lent to the same small man. All you are doing is depriving the small man of having the slice of the cake that he deserves.

I am saying, Sir, that the same money that has been put into those seven organisations you could have restructured the Barbados Development Bank and you would have achieved more.

Asides.

Mr. D. St. E. KELLMAN: IMF what? I keep hearing people talk about the IMF and the World Bank and the IADB but I have no respect for those organisations and I will continue to say it and I will tell you why. They have their role to play and sometimes what they dictate is to suit the countries that they operate in their interest.

I am saying that the IMF, the IADB and the World Bank agenda cannot be the same agenda as the agenda for the small man. When you look at even the land use policy that they dictate, it cannot be the policy that we want to push in this Parliament on behalf of the small man. The Honourable Member for St. George South will agree with that.

Asides.

Mr. D. St. E. KELLMAN: This is the Barrow's dream that I am defending today. It is the Barrow's dream and you know that I have a close connection with that.

I want to say that when one looks at the original plan of the GEMS of Barbados and now looks at what is happening out of the GEMS of Barbados, I am saying that the Government could close down the GEMS of Barbados, tear up the paper and go home for the simple reason that in the beginning there was a good reason for the GEMS of Barbados. Hotels that did not have beaches, there were supposed to be amalgamated with hotels that had beaches. I can understand that. Now you are telling me that you have a situation that only two of the original hotels still remain in the plan, I am saying that the plan has failed already even before it has started.

I am saying that if you look at the study, Sir, it was well thought out, it was well planned and well organised. You take it - Ocean View near to the Club, there was logic in amalgamating these hotels, you could understand why because they were saying that these hotels that stood alone could not compete in the market the way they were structured before and that you would bring them together in one big group and do the advertising etc. It made sense.

What you are bringing before me today, Sir, I cannot accept and I will not accept it. The GEMS of Barbados is a failure before it has started. I would tell anybody that, and anyone who is prepared to challenge me on it can come and let us debate it now in this Parliament. The original plan is the plan and if it means that Government needs to go back and negotiate with the original owners, I am saying, seeing that you tell me that the hotels on the South Coast are small hotels, that you need to go back to the hoteliers and tell them that we are prepared to give way. That the 92 to 7 ratio....

Asides.

Mr. D. St. E. KELLMAN: I agree with my comrade that something is wrong.

Mr. Speaker, if the Government wanted joint ventures, they did not have to form the GEMS of Barbados and give away a lot of money because that is exactly what is happening in this country. The mere setting up of GEMS of Barbados has destroyed this country of a lot of money that could have been spent on poor people in this country. What has it achieved but two hotels from the original plan. I am not interested in the ones that came along after, Sir. I am interested in the original plan. I am saying that if you do not have the original plan constructed, organised and implemented the way it is, that this will fail. 4.10p.m.

It is regrettable, Sir, that I would have to talk in a negative vein. As you know I am not one for that but when you see negativity you will have to deal with it and I am saying, Sir, that the GEMS of Barbados has lost its Gem and it should go where it should be placed, in the churchyard somewhere in Christ Church.

I am also saying, Sir, that we must ask some serious questions. Are we really serious about helping small hoteliers in this country or are we seriously keeping them away from the economic activity of the country? If you are telling me that the GEMS of Barbados when it was first formed was to make sure that the small hoteliers on the South Coast get profitability and now you have a GEMS of Barbados and it does not have in the small hoteliers something is wrong. I want to know what is the new agenda because the original agenda and the new one cannot be the same and I am calling on Government to rethink its plan and to go back to the drawing board because in the nineties what we need to do is to make sure that we are selling a product that is so competitive that when we go into the twenty-first and twenty-second centuries that we have a product that can compete with anybody.

It is a waste of time making people believe on the West Coast, just because they have money, that they have all the management skills and at the same time you have a situation in this country where Government is prepared to give away concessions as much as $35 million to one hotel plant and they cannot understand that to go on the South Coast and to give some equity to the owners up there that you might be doing something better than to give away so much money to one group of people or one person.

So we have to have a clear policy in this Parliament, Sir, because on one hand it seems to me, Sir, that if you give something to the South Coast people that what you are doing is making them rich and making them not committed to their product but at the same time you go on the West Coast, waive concessions. Let us face it, both of them happen to be a cost to the country. When Government refuses to collect taxes it is the same thing and people must understand, Sir, that the tourism product in this country cannot only be on the West Coast and that the South Coast is also important to the tourism product. It is not only the rich and famous that this Government must cater for and it is known that the West Coast is the land of the rich and famous. The South Coast is also important too and I am calling on this Government to make sure that they come up with a policy for the North Point Hotel.

It is regrettable, Sir, that they can have a GEMS of Barbados Project and North Point is not included in that project. How can you, Sir, have a project called the GEMS of Barbados and do not include North Point? The Gem of Barbados you do not include. So, Sir, from the beginning the Government started off on the wrong footing. They have a plan now and they need to go back to the drawing board and include North Point. They also need to include the Naval Base. Two of the best locations right now

in Barbados for Tourism and I am not just talking about pooh-pooh tourism, Sir, I am talking about good quality health tourism.

Aside.

Mr. D. St. E. KELLMAN: I know you want me to include your golf course but I would deal with that another time. I am saying, Mr. Speaker, that we are at a stage in Barbados, Sir, where if we are serious about developing tourism we cannot see tourism as something that you play with, where the Government spends billions of dollars developing a plan and then all of a sudden, Sir, they are prepared to put down that plan and go to an *ad hoc* plan. That is not proper planning, Sir. The Government of the day must come up with a sensible plan to make sure that tourism is going forward. It is regrettable that the tourism Minister is not in here today because this would have to be one of the Honourable Member's plans and even though it might come under the Ministry of Finance it means a lot to the Deputy Prime Minister. I feel that the voice of the Deputy Prime Minister should be heard on this matter. It is regrettable that a debate like this could go on and the Deputy Prime Minister is not here to defend the tourism industry. I cannot understand how the Deputy Prime Minister can agree with the closure of the Barbados Development Bank, a bank that has done so much for tourism and for the development of people on the whole.

I am saying, Sir, there is this belief that tourism is seasonal. People must understand that the fishing industry can also be seasonal and the same treatment that you are prepared to give the hoteliers you must be prepared to give to the fishermen who own boats.

I heard the Right Honourable Prime Minister saying today that tourism is seasonal and how the banks should structure payments to suit the hoteliers but I would also like to tell the Right Honourable Prime Minister that payments must be structured also to suit the fishermen, especially those in the North and in Barbados as a whole.

So, Mr. Speaker, we are at a stage in this country where we cannot afford to continue planning the v uy we are planning. We are wasting valuable resources, Sir, and we are not getting the end result so I am asking the Prime Minister to look at this again, Sir. Have a second look because it is my honest opinion, Sir, it is better, Sir, to have one organisation where you can pool your resources and where everybody can come together, thrash out their thoughts and come up with a suitable and a workable idea.

The closure of the BDB will have to be 20 or 50 years from now the biggest disgrace that Barbados ever had in banking history because the BDB was formed for a particular reason and this country's economy must be prepared to carry institutions like the Barbados Development Bank. The Barbados Development Bank is just like the Transport Board or better to the development of this country and this foolishness where the IMF and the IADB come in here and feel that everything that you do you must be able to show a profit must stop. We must stop taking foolish decisions from the IMF and the IADB and we must understand that this country must be ruled by us and not that because we want a loan that we are prepared to take decisions from people who do not have our interest at heart. Thank you, Sir.

Mr. W. C. C. CALLENDER: Mr. Speaker, the demise of the Barbados Development Bank is not anything that we should be joyful about. I think it is a sad day when we could come into Parliament and decide that we are going to close the Barbados Development Bank. Those who have done economics at any level would know that development banks serve a purpose of national development. That they are distinct from commercial banks and of course Central Banks. We have traditionally been learning that development banks operate, not essentially to make a profit, but to serve for the development of economic enterprises in the respective countries.

Sir, the Right Honourable Prime Minister having been schooled in those theories also holds that view. So that when he in 1986 on Tuesday, February 18th said what I am going to quote, he knew exactly what he was saying and I believe he is still of that same view/Therefore when he rises in Parliament to speak about sending back the IMF gentleman from whence he came and speaking in such terms of IADB and those international institutions as if we do not need them, as if we are not depending on them, as if we are not to take any guidance from them, I was amazed, Sir.

It looks, Sir, as if in this period of our history a lot of the textbooks would have to be rewritten because we are hearing people come and say something completely different without any explanation. I quote from the Prime Minister's speech on Tuesday, February 18, when he said:

"The Barbados Development Bank from its inception has played such a very important role in providing venture capital for Barbadian enterprises that we have a responsibility to ensure that it is kept in funds so that it may continue to be a source of long term capital for potential investors in this country." 4.20 p.m.

His words were very clear and his words adhered or whatever you like to the thinking of all persons who have studied economics as it relates to developing countries.

Then of course, Sir, there was not the advice such as was being given by the IADB and so on. To replace the BDB by all of these smaller entities is a shame. I was at BMEX over the weekend and I saw a section there in BMEX with about six or seven display centres, all of them dealing with funding. It was very confusing to me. There were about six or seven entities dealing with funding. How is the average person going to deal with that?

Sir, it reminded me here again of the Right Honourable Prime Minister's words when he said in Parliament some time back.

> "There is, Sir, a tendency to tokenise the small people of the society by throwing institutions behind their problems. I have spoken already in the case of Jamaica where you had about seven different institutions ostensibly supposing to be providing grants, promotions and technical assistance on behalf of the small businesses"

Sir, when I went through BMEX these words of the Right Honourable Prime Minister rang through my ears, because I was seeing the same thing before my eyes. These seven institutions. I will call some of them. I have a book here from BMEX with all these institutions and you have them providing financing. The Barbados Youth Business Trust, The Rural Development Scheme, The Urban Development Commission, The Industrial Credit Fund, The Barbados Agency for Micro Enterprise Development, the Enterprise Growth Fund and you also have The Industrial Credit Fund.

Sir, there are others as well, I did not call the Youth Entrepreneurial Scheme. It is not in this book. They give technical advice. So here you have all of these entities set up and it would probably take you about two hours to go to get this advice. In addition to that you had the IDC also giving advice and luckily the IDC, I must say are doing a pretty good job. At least they were able to give us a book with all of this other information. And what that told me, Sir, is that if the IDC could give me a book with all of this information in it, why we cannot have one institution providing all of these services. Why cannot one institution provide all of these services instead of tokenising the small people, confusing their heads and at the end of the day they do not know what to do so therefore they go nowhere.

But another point that I found very interesting, Sir, and reading the information that I received from BMEX was that I read in the document of the Urban Development Programme, I saw that if you wanted to borrow $5 000, this is what you have to do. I am quoting from their papers. I did not make up anything.

> "In cases where the loan is up to $5 000, the applicant is interviewed by a Committee comprising Members of staff, the technocrats."

But listen now...

> "A document, loan proposal which gives information of the loanee and the project, is prepared and submitted in recommendation to the Finance and Planning Committee, a subcommittee of the Commission, which may not accept the recommendation of the Staff Committee."

So the staff looks at it and they have to send it on to this Committee of the Commission.

Now, I want to make the point, Sir, do you know of any commercial bank where a man is applying for a loan of $5 000 and the Loans Officer has to take this little loan up to a Committee or to the Directors.

Asides.

Mr. W. C. C. CALLENDER: Does anybody know of any bank where a loan of $5 000 had to go all the way to a Committee of the Board of Directors of the bank?

Aside.

Mr. W. C. C. CALLENDER: But for a poor man to get a loan of $5 000 he has to have the political appointees on these Boards determine whether or not he should get these loans. It strikes me as very strange, but not too strange because the interest rate on these loans is of the lowest, 4%, whereas on the others it is about 11% or 12%. On these 4% loans the political appointees have to determine whether the small black man is going to get that loan.

Worst still, Sir, if the loan is over $5 000, it says the applicant is interviewed by Members of the Finance and Planning Committee. If the loan is over $5 000, the political appointees on this Finance and Planning Committee have to interview this person. A loan proposal is prepared and submitted with the recommendations to the full Committee for approval and they may or may not accept the recommendation of the Finance and Planning Committee.

Sir, this is in the Urban Enterprise Commission document. This is what it says. If you read also in the Rural Development Commission document, if you are getting a loan for $5 000 you have to go through the same procedure. The staff, and then the staff passes on to this Committee. If it is over $5 000 the Committee and then you have to go straight up to the Board to determine whether you are going to get a $6 000 or $7 000 loan.

Sir, when we come to a stage where political appointees have to determine who will get loans for business and this kind of situation replaces one where essentially technocrats ostensibly dealt with such matters, then, where are we going from here? I think we need to look at a policy approach to these matters instead of throwing organisations around and trying to bamboozle people that they are getting assistance.

But, Sir, a business is a serious thing and when I am also going to be told in these documents that you are not going to get funds unless they tell you that the business once developed must be the prime resource of income and employment for the applicant. So that you know, God help you if you start and you are not getting any money, you are dead. They also tell you that your family must be involved, too, so all of you are dead now. You start and there is a slip, everybody in the family has gone. So the poor black man is further down the road, destroyed. They tell you that you must commit yourself to be totally involved in this business and your family must be involved too in some cases in order to get the money. Sir, this runs counter to the knowledge of people who have written on small business where they say that it is advisable to start part-time. In most businesses, especially small businesses, you start part-time. I am quoting from a book dealing with services - "Become a Top Consultant, How the Experts Do It" by Ron Tepper and on page 32 of this book it says:

"PART-TIME - THE WAY MANY START

Part-time. It's an opportunity that many prospective consultants ignore. Yet it is one of the best ways to start a business. In fact, in many cases it is not only conceivable but advisable." 4.30p.m.

So you are telling me that a man must devote all of his time and his energy and the little piece of money he has to a business and if it fails he is done with. He cannot get money from a bank now. They will not lend him more money. Where will he get money from? He probably will go down in Baxters Road and lay down beside the road and then you will hear he is mad. This is the kind of thing that we want to encourage.

Sir, we must ask the question, why did these businesses that have had loans from the BDB not succeed? I do not know if any research has been done on that. By the Prime Minister's presentation, I am led to believe that they did not pay because they were not honest. This is what I was hearing. That is what I was led to believe.

Sir. those people who know business know that as in everything you will get some people who are honest and some who are not but to try to make the insinuation that people did not pay back simply because they were dishonest and to make that generalisation as I would think he was trying to make is totally unfair. What should be done is that a thorough research should be done to ascertain why those businesses could not pay back the loan, why were those businesses not profitable.

There was a particular business, Sir, that was going very well but it had to depend on the retailers down town and when those retailers decided that they could get involved in their own thing and cut him out he went down the chute. This is a story that has been told over and over again.

A friend of mine told me that he was dealing with the rental of televisions to a certain hotel and he was doing fine. He was studying. H£ had left his job at one of the commercial institutions. As he was studying he was renting TVs to 2 hotels and the money was coming in good. Then one day he got a call that they did not want anymore televisions that they had somebody else. What happened was that somebody's family in that business got wind that that business was a profitable business. They entered the business and he was outside. The first contract was gone.

Sir, some weeks later another call came and it said they were not renting TVs from him any more. That contract was gone. So he was scrambling. Lucky for him he qualified with an accounting professional certification and he now has to have a job in the Government simply because the people with connections used their economic connections to disenfranchise the regular poor black man of this country. This is happening too many times. This is the reality of business in this country. This is one of the issues that we have to deal with.

People like the Honourable Member for St. Andrew can walk out of this Chamber as many times as he feels like. He is no poor black man anymore; So he does not want to hear the message that will come from us when we speak of the cries of the poor black man and the economic disenfranchisement. He does not want to hear because he is not poor anymore.

Those who are not poor anymore do not need to listen but I was down the East Coast Road and River Bay yesterday and let me tell you all, if you do not address the plight of the poor black people out there, there will be trouble. Ask anybody who was down River Bay yesterday. So it is about time that we sit up and listen to the problems of this country and those of us who walk about among these people and who know what their cries are will listen to what we are saying. This is no time to play cheap politics. This is a time to address seriously these problems, not this tokenism that was spoken about. The tokenism

that characterised Jamaica has now reached Barbados. The tokenism that was in Jamaica has now arrived in Barbados and the characteristics of the Jamaican society have now arrived with this same level of tokenism. So that when we see people in gay abandon smoking whatever they want to smoke and doing whatever they want to do they are doing this because there is no hope for them.

People need hope and those who know the experience of Jamaica should try to give the people real hope and stop with this tokenism and political charade that we are getting in Barbados. We are the ones who have to address the problem because if we do not we will realise that we will be prisoners in our own homes. Because if the youth cannot see people being successful in their own businesses, if they can see the frustration of their families who when they start businesses are not getting through because those who are powerful economically will seek to disenfranchise them, then they will understand or then they will think that nothing matters instead of each one matters as they say, nobody matters and they will do whatever they have to do once it will get them where they want to go because they see no models, they see no standards, they see no hope.

Tell a man to set up a business and tell him his family has to get involved, you tell him he has to be involved totally and you tell him how to do it but you are not seeking to remove the barriers that prevent him from making a profit.

Sir, a case was made for the St. Lucia Development Bank and we heard that that was the successful development bank in the Caribbean. One must ask the question why.
4.40 p.m.

I have gone to St. Lucia on many occasions and I can see why. People in those islands support local industry. That is the first thing. There are fewer hindrances to business in St. Lucia than there are in Barbados so that businesses can thrive and once their businesses can thrive then they can repay the loans. If only certain businesses can thrive and others cannot, then how are the loans going to be paid? In St. Lucia black businesses thrive. In Barbados they have many difficulties and that is why the case would be different in Barbados from in St. Lucia. This is why there is a stronger case for funding the Development Bank in Barbados while at the same time trying to beat down the barriers that exist.

Sir, we have given assistance to hoteliers in this country. Hotels employ people. That is fine, but what about the manufacturers? They do not employ people too? What about people in the fishing industry? They do not employ people too? How do we determine who will get help and who will not get help? People need to see the reasons for these things. Why he and not me? There has to be a rationale that is clear for the average man to see.

The average man in the street does not walk about with anybody who owns a hotel. The average man in the street walks about with a man who is involved in fishing, who is involved with small manufacturing, who is involved in retailing, who is involved in construction, not with owners of hotels. There is nothing wrong in assisting hotels. There is nothing wrong at all with that.

Sir, the boys I see on the road driving mini vans they would know people who own mini vans and who own buses. What is wrong with helping the people who are responsible for the transport system in Barbados? Instead of cursing the people who are involved in the transport system, instead of punishing the people who are involved in the transport system why do you not give them help? Those are the ones who are employing the boys and girls that we see on the streets.

You are going to tell me the Indians own some but conductors and drivers of those vans are the average people in the streets and if you jeopardise them, Sir, you are going to cause difficulties because these ones are some of the leaders in the communities so you have to keep them happy. That is clear straightforward logic. So if you affect the people who have these buses, it looks to me as if the Honourable Member for St. Michael East understands this because he walks about in the Ivy. He walks about in the Pine, Silver Sands, Parish Land and all those areas so he understands the connection between the transport system and the local community. He would understand why if you give a licence and you can employ more people at that level then the society would feel it. It would reverberate because you are making contact with the poor black people of Barbados.

Sir, this discussion has to be informed by an understanding of Barbados and where it is at, and when you have a situation where a few people in this country believe that they know everything, it is about time people stand up and let them know that they must listen because it is only when they listen will they feel the vibes of this country otherwise you will have a skewed affair where the voices of the business sector would only be heard and that is why you will make the mistake of allowing these people to bring in products to the disadvantage of others who employ a lot of people at that other end.

Sir, we need balance. We need communication. We need to understand what it is all about instead of making decisions that sound good but then five years down the road we realize these decisions were not really that good. This is a dynamic process we are looking at, not just about closing down the BDB. It is about how do you provide

a mechanism to develop industries that need assistance. How do you fund these people? You close the BDB so what are you going to replace it by to give people hope, to allow people to really get into a business?

All these rules that I see in all these documents, where did these rules come from? Who made these rules? These rules are not relevant to business on an international scale. The international books tell you that is foolishness. The people out there in the streets say it is foolishness so where these rules came from? Who made these rules?

Mr. SPEAKER: The Honourable Member has two minutes to conclude.

Mr. W. C. C. CALLENDER: Sir, those who will hear, let them hear. Those who cannot, that is their business.

Sir, let me wind up. We are looking at the marketing at the local end. We are also looking at regional involvement and it seems to me that Barbados is always getting a bad deal. We are dealing with Trinidad and they are giving us a bad deal. Now we are trying to get into the OECS and they like they want to give us a bad deal too. We have to look at how we can assist people really and genuinely getting into the regional market.

Then what about the extra-regional markets? What arrangements are there in place so that when people set up businesses they are going to get their products out there? What example are we setting? The Government is claiming it cannot deal with the Export Packaging Unit. It cannot get it run. They cannot get things sold on the international market but you want to tell people now that they can come and do it. I would have figured that you would have tried to do it and use it as an example to show what can be done. So what models do we have? Do we then have to follow those who set up that thing up in Welches and then closed it down in a few minutes? The Government has to take the lead in Agro business, Sir. The private sector has shown it cannot. You set up a business today in Fairy Valley and in two twos it closes down. They have gone down in Welches and they close it down too.

Mr. SPEAKER: The Honourable Member conclude, please.

Mr. W. C. C. CALLENDER: Sir, in conclusion, I am saying that much more thought has to go into these things otherwise down the road you will find all of this would have been a waste of time.

Thank you.

Hon. Sir HENRY FORDE: Mr. Speaker, I do not know if the ovation is because of the summary of findings of the Audit Commission in Guyana which I have just passed on. I hope these findings would go a long way to helping us find a solution to, at least/one regional problem. The Honourable Member who has just spoken will be satisfied that we are on the right track in trying to solve the problems of regionalism and whatever is happening in the Caribbean.

Sir, I want to speak on this Bill because I too regret the fact that we have to close the Barbados Development Bank. But, Sir, having said that, one has to recognise that the opportunities for saving the Bank have slipped by without much constructive work having been done to close the chasms that occurred in the Bank's lost position.

I believe it was in 1985 that the first significant losses were highlighted in this House. I recall the debate then because the Government of the day the Barbados Labour Party Government came in order to replenish some of the resources of the bank and the then Right Honourable Member for St. John, the late Errol Barrow said that there is no reason why a bank should lose money, even a development bank, which is a little bit contrary to the views held by the Honourable Member for St. Lucy, if it is under proper management. 4.50p.m.

I want to repeat, Sir, that there was no reason why a development bank should lose money if it is under capable management. That was the statement of the Right Honourable Member for St. John, the late Errol Barrow. He certainly did not see the development bank simply in the role of a bank that made loans and at the end of the day ended up in a lost position.

The tragedy of this situation, Sir, whether it is because of bad loans being made or bad management, that the bank during the thirteen years subsequent to 1985 continued in a loss position. So that by the period certainly when I was the Leader of the Opposition we were making the point then to the Government that the bank was technically insolvent and it moved from being technically insolvent in law to being substantially insolvent. Unfortunately we have now seen the demise of the Barbados Development Bank.

I do not believe[1] there is any division on any side of the House that there is the need in this country for continuing venture capital and developmental capital. We may argue about the institutions who should be dispensing such capital but that need exists and will continue to exist for some time. I believe that we have to answer that need.

It is significant that Barbadians are saving more. It is a sure sign that the economy is in a good standing. What is even more significant too, Sir, is that last year there

was such high liquidity within the banking system that the Government itself was able to borrow money at an interest rate of 1.5%. Indeed the banks themselves were borrowing from the private savers at interest rates as low as 3%. Even the National Insurance Fund, we had to be looking around in order to find areas for investing the people's money safely.

I do not think there was any lack of capital or that there is any lack of capital within the community for lending for valuable and worthwhile projects. Honourable Members have said that there is some difficulty when you want to access small loans. In fact despite what the Honourable Member for Christ Church East may say, I believe that the Government had to answer the problems of the people who wanted quick access to $5 000, to $10 000, to $25 000 to start the sort of projects that I have seen started in my own constituency. I can speak from fact.

Asides.

Hon. Sir HENRY FORDE: No, they are getting it. People who are going out there, the small man who wants to start a business, the young lady who wants to start a business of designing, or a small computer business and they want a quick loan, they have not got the collateral and they have not got the guarantors so they are prepared to go to an institution to find that. That is my experience. I do not know what is the other Honourable Member's experience. I believe that my experience in this regard is no different from the experience of the Honourable Member for St. Michael South East because if you study the Pinelands Creative Workshop, if you study their project documents and what not, you will see that they have zoned into this area of need and how to access capital in a short while.

Let me say that if there was one failure of the Barbados Development Bank it was in that area. I wpuld wish to commend, therefore, the Urban Development Council in circumstances where the UDC is now able to dispense small loans and dispense them quickly. I have no difficulty with any committee, you have to have some committee, whether it is the committee of the directors of the UDC or committee from the Pinelands Workshop. The Honourable Member for St. Michael South East should tell the Honourable Member for St. Michael East that you have to have a committee to assess the situation, you have to make an application to somebody. Sorry, I mean Christ Church East not the Honourable Member for St. Michael East....

Rt. Hon. L. E. SANDIFORD: On a point of order. The Honourable Member for Christ Church West has called my name. I hope I will be able to speak after him but I have not spoken in this debate yet but I heard him say St. Michael South, Sir.

I would like to correct the Honourable Member. I am sure he does not set out to mislead this HouSe. He did make reference also to an Urban Development Council. Sir, the Urban Development Council or Urban Renewal Council was the proposed institution which the Democratic Labour Party had promised to set up in its Manifesto and the Barbados Labour Party then came in with an Urban Development Commission. Sir, I hope that the Member will correct himself and recognise the fact that the then Democratic Labour Party Government of the day was on the right track.

Mr. J. O. TUDOR: On a point of order. The Honourable Member has been here a very long time but he does not know if he is north, south, east-or west. Maybe he should be clear in his mind. The Honourable Member must not confuse himself when he is referring to Members. He should know where he is and find his location. He is talking all over the place. •'"• *'

Hon. Sir HENRY FORDE: Sir, I find it a little bit difficult to understand the Honourable Member for St. Michael East but I think^ Sir, that he introduces an element of comic relief that is very necessary at'times in this House, Sir, and to that extent we understand him^Sif. ' <

I was making the point that there is a continuing need for small amounts of capital for people with ideas and enterprise. Usually it is the small person in Barbados in terms of the size of his economic pocket. There is a continuing need and I am saying that that need was not being effectively answered by any institution whether Government or non-governmental other than I would say,'the co-operatives and the credit unions. But when they sought to answer the need, they were answering the fteed* more in terms of consumer durables, cars, fridges and that sort of thing.

There are several people who want money not for a car, not for a fridge, hot for a trip to the United States or for a trip to Puerto Rico. They want that money because they want to be.self-employed. They have an idea which is capable of being made into a practical operation and they cannot find the seed capital for that purpose. I believe that the Urban Development Commission, call it what you want, Sir, has answered that and I do not care which institution answers it, I want the answer. And therefore in my constituency I distribute without any qualms whatsoever the literature from the Urban Development Commission and I follow up as much as I can on a regular basis, and bdmbard the officials working at the Urban Development Commission in order to ensure that there is quick disbursement. Because if I have, as we have had, Sir, young ladies and young men who have

gone through training courses in computer skills who cannot find a job in private enterprise but are willing themselves to band together in a joint venture in order to provide this service. They want $25 000. They cannot get it at the bank. 5.00p.m.

We have had young men who want to be landscape artists. We have had people who have been trained in dress designing and dress making and come out of the classes. They have ideas and skills but they want $5 000 to buy machines and they want that quickly and have not got the collateral.

I think that every Member of Parliament knows that we can sit down all day signing nothing but guarantees for our constituents because they come to you exactly for this purpose. The banks send them to people in the community to sign guarantees, to produce all sorts of mortgage documents. So I feel the needs are now being answered and if there is one plea I would make is that more of that money at 4% interest be made available for (hose persons who have the skills and the ideas and the enterprise.

I am asking as well, Sir, that we in political life make it quite clear to these persons that their performance by repaying promptly is necessary for a continuation of this sort of project.

I am told, Sir, that not many of them fail to make repayments. That is probably the history of the Honourable Member for St. Michael South East too. Not many of them fail to make repayments and if they are failing in the repayment and you get in touch with them you will find that there is some reason why they are failing and therefore you can reschedule their debt portfolio. So I have no difficulty with the fact that the Government has found venture capital institutions outside of the Barbados Development Bank to answer those needs.

I believe we should look forward to some time in the future when we can streamline these various institutions to ensure they are rid of the bureaucracy that had overtaken the lending policies of the Barbados Development Bank and that they are quick reacting and that the institutions which replace the several dispensers at the moment are quick reacting.

I want, Sir, specifically in this debate to address some of the problems of my own constituency in terms of the Development Bank and what has gone in the past. More than any other member in this House, I probably have in my constituency several of the borrowers in the hotel sector from the Barbados Development Bank. Between the Garrison and I would say Silver Sands, maybe more of the small hotels, I have come along in an atmosphere where I have seen women who have shown the enterprise to establish a guest house taking 2 or 3 people from Trinidad, St. Lucia, down the islands and build on that foundation until they have expanded into 20 rooms, 30 rooms as high as 70 rooms and 100 rooms. So that I represent an area to see a small person, these days everybody likes to talk about the small black man but I have seen both the small black man and the small red man and the small mixed colour woman. I have seen them all strive very hard to provide for themselves and their families by being owner/occupiers and producers and service persons and in the process have provided jobs for the community, not only in which they have their buildings but for Barbados as a whole.

Every Member here will admit that their contribution to the gross domestic product over the years has been very significant, Sir. So that is the area that I represent, Sir.

I have not always been pleased with the bureaucratic approach of the Barbados Development Bank under successive governments in the way that they have answered the problems of some of these people who have been entrepreneurs in this field.

I believe and I agree with the Right Honourable Prime Minister in this, that the Development Bank did not take into account the necessity to schedule repayments to match the seasons and found interest growing and growing when people defaulted and there was not enough vision to know when to write,off interest and to reschedule debt in certain circumstances. Not all of them got into difficulty, Sir, because they were refusing to pay but several of them got into difficulty because of the high interest rate.

We must remember, Sir, another thing that has happened is that like all banking institutions, the Barbados Development Bank was not charging simple interest, their interest was compounded. That interest was capitalised and you ended up paying interest on interest so to this extent the Barbados Development Bank throughout its whole history has been no different from a commercial bank in Bridgetown and therefore I can say within my own constituency there are persons, small business people, who have repaid the amount they borrowed but the interest is still, more than they borrowed. That is the truth. That is because of the interest rate policy.

Now the Development Bank is entitled to say that they were borrowing from other institutions and had to repay and what not but I believe that they are under an obligation to show great sensitivity in how they approach the issue of collecting from what are now called some of the most indebted persons. I am not going to call names in this House but in my constituency I have for instance one person who has never defaulted but at the time when the Barbados Development Bank was to make a loan to her

it was during a structural adjustment period. The BDB was cash starved and although they had committed themselves to this borrower, this borrower could not get the money to honour an obligation in relation to the hotel and had to pay interest on interest and we have spent 3 or 4 years arguing with the BDB about making up for that compensation. We never defaulted once. 5.10p.m.

Asides.

Hon. Sir HENRY FORDE: I am talking about my own constituents, so I am talking about situations and I say that you have to show sensitivity in this respect. I make the point as well, Sir, that those persons who may not come into the GEMS Project, you have to approach them on this particular basis, Sir.

There is still in the Barbadian a tremendous amount of individualism. Take the lawyers, the profession to which I belong. I thought that with the Barristers the fusion of the profession that we would have had big law firms.

Asides.

Hon. Sir HENRY FORDE: I thought that with the fusion of the profession, we would have big law firms, but it is the hardest thing to get the lawyers to give up that individual enterprising spirit and everybody wants to operate on their own. So you do not get the combinations.

Now, that spirit is typical of the Barbadian businessman. What I say to the BDB is that they must understand the culture of the people. Now I am firm in my mind and my belief that eventually, even among the lawyers we are going to have to answer the regional and global challenges by combining and becoming bigger firms and greater expertise in rendering quicker service. But it is going to take some time to bring people together in this way and the same applies in the hotel industry.

Therefore, those persons who are restructuring under the project should not use any pressures, whether direct or indirect on those persons who are hesitant at this time to bring their properties within the project. I have made that point and I am glad there are people here who are administrators that are listening to me. Because, if you go around and talk to persons they are not against the concept of the GLMS Project, but you have to sell the project to them by performance and you also have to sell the project by stages. And you may be able as some of them have indicated to me to sell the franchising aspects of the project to them sooner than you are going to sell the equity aspects of the project to them, Sir.

Therefore I am asking the administrators of this project and the persons who are the directors of BDB or CRL or whatever is the new institution to get. a complete understanding of the Barbadian spirit of enterprise in dealing with matters of this nature. I believe,, Sir, that my constituency will continue to provide the outstanding quality of service in the hotel industry that we have provided in the past. But I will be failing in my duty to the very owners .if I did not say that we have to upgrade the product in the South Coast, if we are to answer the competition that is coming to us in the wider Caribbean in particular as Cuba especially comes more and more on stream.

There are several institutions, whether it be in Worthing, those who are renting on Government lands and are running guest houses, whether it be in Hastings, whether it be in Rockley, whether it be in Silver Sands, whether it be internally now because we have some of our guest houses also there like Rendezvous Ridge, but most of them are in St. Lawrence. We have to refurbish and renovate and upgrade and that calls for money.

I believe that the Government should explore the possibility of a project for helping those who have not come into the GEMS Project as well, find ways of benefitting from the expertise that will be there. Whether it is the reservation system, whether it is the marketing system, as well as benefitting from the provision of some money as well at lower rates of interest, or the waiver, some concessions, some waivers to assist them in renovating and upgrading their properties.

I want to see the entrepreneurial spirit of Barbadians remain. It is going to take them some time to understand the investment spirit through an equity arrangement. But I want that spirit to remain. I want to see the spirit of the late Vi Copping. I want to see the spirit of the late Nellie Weekes. I want to see the spirit of Mrs. Maitland and the late Mrs. Talma. I want to see that spirit continue as part of the enterprise of Barbadian women and Barbadian men-.Those are the people who made the South Coast projects.. So I do not want everybody necessarily at this moment to come into one block enterprise. I hope that is understood by those who are now responsible for the germination and the fulfillment of the GEMS Project.

Now, Sir, I regret very much that the Barbados gossip machine has so, in my view, uncharitably and incorrectly and unjustly tried to characterise the GEMS Project in terms of the fact that two families who had the vision to invest in hotels have seen fit to have gone into the project mainly because some of the shareholders of those two companies happen to again make the sacrifice to be in public life.

Now you see, Sir, when the Right Honourable Prime Minister was speaking he said I looked as though I might

have been giving him a hard time or something like that and to let him finish his speech. But one of the reasons that I would never commit my mother's property to any project with any Government, BLP or DLP, is because I am frightened for the people's mouths and for the politicians' mouths.

I could have said that I would have put in our estate in order to widen the project that is being done on Sea View, Sir. But I am sure you will hear on the platform, because I am in political life that that is why I am doing it. And it is one of the viciousness that is going to keep a lot of people out of public life. I study these things because I keep saying that we have to rise above these matters.

Asides.

Hon. Sir HENRY FORDE: No way. It does not owe anyone a cent at all. It is not that I do not trust GEMS. It is that I do not trust people in politics themselves not to misuse a situation such as they are trying to misuse in the GEMS' position. And in fact, the gossip machine has therefore blighted the GEMS Project by making certain allegations.

Mr. D. St. E. KELLMAN: Mr. Speaker, on a point of order, Sir. The Honourable Member is misleading the House. The Honourable Member is giving the impression that because of gossip, only two hotels out of the original eight, are now in the GEMS Project and that is very much misleading and the Honourable Member knows better.

Hon. Sir HENRY FORDE: I do not know what the Honourable Member is accusing me of because I have said no such thing. He is smart enough, Sir, to understand some of what I have said, he is not clever enough to understand everything. But at least he should have understood the beginning of some of it.

Asides.

Hon. Sir HENRY FORDE: The Honourable Member must know that I have not said any such thing, Sir. Whatever the reasons, I am speaking like the Honourable Member for St. Michael West would have spoken, I see he is shaking his head, Sir, but sometimes he hits back in that way.

But whatever the reasons whether six of the eight have stayed out, I am saying that those who have gone in have unfortunately suffered at the tongue of political gossip and that is a great tragedy for our island. Because if there was any lack of transparency, all we had to do was to ask for the details to be disclosed fully here in Barbados and that is why some people including those who are not in politics in my own constituency and who are not indebted, but who find part of the project very attractive say they do not want to go in as well. They are afraid of the politicians.

Now we have a duty to rise above that and to guide the public, Sir. I have no difficulty at any time if one of my colleagues has erred, to not only approach them but even to make a public issue of it. But I get deeply disappointed when they are being attacked in a manner that is unwarranted and therefore you get the misunderstanding because you think that there are some votes to get out of this.

I do not get votes out of things like that, Sir. You get votes when you faithfully look after your constituency and 1 suppose there are a few of us in here who can look back on 27 years and say that we have done that, or 20-odd years, so you would not get votes out of that, Sir.
5.20p.m.

Sir, in the winding-up time I have, let me raise one issue that concerns me about the Bill, a legal issue. Section 2 of the Bill is repealing the Barbados Development Bank Act and section 3 proposes to preserve power in respect of proceedings that have been commenced by or against the Barbados Development Bank before the commencement of this Act. Such proceedings may be continued by or against the Development Bank.

The section does not cover circumstances in which people may, after the repeal of the Act commence proceedings that are not statute barred but breach of which occurred before the repeal of the Act. There have been no assignments.

Therefore, this Bill should have dealt with a clause dealing with the assigned positions and allowing actions. I believe that the Bill is defective. It is not drawn like some of the other Bills I have seen. So that they have not dealt with that situation and if they had been assigned by an agreement between CRL and the Barbados Development Bank then I would have expected that to be made a Schedule to this Bill, so that persons could know that their actions can continue even if they have not commenced an action. But if they commence the action after the winding up they have the power to commence those actions against CRL to whom the rights and obligations of the BDB may have been assigned. It is a very vital matter because there may be people who have causes of action, that have not yet commenced those causes of action and they need to have their rights preserved so that they cannot suffer from the winding up of the bank.

I am much obliged.

Rt. Hon. L. E. SANDIFORD: Mr. Speaker, I wish to make my contribution, a brief one, Sir, to this Bill that

is before us entitled the Barbados Development Bank (Repeal) Act, 1998.

I will not address myself to the legal point made by the Honourable Member for Christ Church West. I will leave that to the attorneys to deal with.

Mr. B. M. TAUT: On a point of order, Sir. They had on my microphone and not his. The fellow like he cannot count from the top. One-two-three-four. This is the third one. I am not speaking. This is the fourth one. He is speaking. Thank you, Sir.

Rt. Hon. L. E. SANDIFORD: Sir, I rise to make my contribution on this Bill that is before this Honourable Chamber, the Barbados Development Bank (Repeal) Act, 1998 and I will not address the legal point about deficiencies in the Bill itself. I will leave that to the attorneys nor will I address the issue of the big law firm where we have not had the kind of integration of the profession that we anticipated. The most enterprising I am told is the law firm of Thompson and Patterson, whoever those are, and Sir, I have been told that even that enterprising firm in the good constituency of St. Michael South has not included a solicitor in that enterprise. I suppose as it broadens out and other law firms broaden out, they will see the wisdom of doing that.

Sir, I speak today in this debate with a sad heart. I say so because it was some 35 years ago that the Barbados Development Bank was established by a Democratic Labour Party Government in the high hope of bringing what was termed genuine economic development to Barbados.

The aims and objectives of that particular piece of legislation were very high-minded. It was to encourage development in Barbados to provide resources to persons wanting to establish or expand development enterprises in Barbados and it was to encourage small business and to encourage as well the formation and the development of cooperatives. It was therefore speaking to an area of development in Barbados which was urgently required, which needed resources, which needed technical assistance and which was an undeveloped area as far as the economic enfranchisement and as far as economic development hi Barbados was concerned.

Those issues, those needs and requirements, have not been solved 35 years later. A start has been made and along the way I believe some mistakes have been made but the needs are still there and I regret that you have to take a decision or that the Government has taken a decision to close down an institution committed to those objectives when the need for which the institution was set up is still there to be met.

I do not believe, Sir, that it was necessary to take the step of repealing the Barbados Development Bank Act. I say so because if something is wrong with an institution there are ways in which what is wrong can be put right. It does not mean that you have to repeal or to remove the institution from being a functioning institution.

There are other ways in which corrections can be made. Sir, let me put it this way. A Democratic Labour Party Government would not have taken this decision to repeal the Barbados Development Bank Act What we were talking about was the restructuring of the Bank and of all the options taken or all of the options available to the policy makers today in my view the worst one has been taken.

It was perfectly within the possibility of the Government to do otherwise, if the Government was bold enough. But you know, we talk about taking bold and courageous steps but when it comes to the crunch we tend to be somewhat pusillanimous in our approach. 5.30 p.m.

Sir, I say this. There is nothing wrong with the word or its context. I say this because it is possible that the Bank could have been restructured in collaboration or in relation to other financial institutions like the Barbados National Bank. I am not saying that the emphases for micro enterprises, venture capital, equity injection or what other areas it was thought...

Aside.

Rt. Hon. L. E. SANDIFORD: I believe that all those areas, the areas to which importance is being attached now could have been done within the framework of a restructured BDB. Appropriate divisions could have been developed in a restructured institution to achieve those objectives.

Sir, when proposals are put up by international institutions, or when they are suggested, the Government has to do its analysis and it has to take appropriate decisions that suit the circumstances of Barbados.

The decision to repeal the Barbados Development Bank Act and to close down that institution, in my view, is the wrong decision. It should have been restructured, Sir. I want to say that the successor institutions and the alternative arrangements, even though they will not achieve those economies of scale or return to scale, that efficiency in the operation of institutions called for - I hope that the Government will see its way to restructure those institutions rather than having ipsy-bipsy institutions here - that is colloquial. You will not find that in the dictionary - to deal with this problem.

I do not think it is really fair to those officials who are called upon to run those mini institutions. I do not think it is fair to their talents, skills and their obvious devotion to the tasks in hand. I can speak that way, Sir, because I myself have spoken with some of them and have found them to be very forthcoming, very knowledgeable and very much hopeful that they can use the resources of those institutions to achieve the objectives for which they have been set up.

We are talking about a framework. We are talking about an institutional arrangement and we are talking about efficiency and on re-examination, I am sure it will be found that an error has been made and that it will be left to the next Democratic Labour Party Government when it comes into office to correct those errors.

I want, Sir, to put this matter in a wider context, however. When the occasion arises, we can talk and give reasons why as politicians we will not take certain actions, and we can attribute those reasons to a fear of what other politicians would say. Sir, out of my long experience in this Chamber, and also out of my professional study of the area of politics in Barbados, I have come to the conclusion that politicians are their own worst enemies. When it suits them they say that politicians are badly treated, but they themselves treat their own politicians with scant regard for their status, their position, or the actions, or the thoughts which guide the actions of politicians, and if we do not set the example who is to set it?

When we have a certain kind of behaviour in here we send wrong signals to the people out there and we wonder why there is indiscipline in this society. I wish to call upon us, Sir, to be more analytical of the consequences of our actions and realise that they have a broader impact than we ourselves may realise. And that is why in my own political career you will never find that I attack another Member of this Chamber in a personal capacity because I do not believe that *ad hominem* comments represent a substitute for thought, or a substitute for the expression or enunciation of sound policies. 5.40p.m.

I believe that each person in this society is entitled to hope and is entitled to have access to whatever resources may be going according to law.

I believe, Sir, that we are not going to transform or uplift this economy unless a number of institutions and a set of new resources are put in place to bring about that transformation. The financial institutions of this country will play an important role in that transformation. And by our words and by our actions we should not do anything to upset the delicate balance whereby we have been seeking over the years to bring the Various segments of our economy and society together for the common purpose of increasing the total output in this country and developing the opportunity for people to make a better living. After all, Sir, those are our objectives, to make life better for the people of Barbados. I do not think that those goals are going to be achieved by pulling people down or pulling institutions down.

I believe, Sir, that if any sector in this economy is not performing at the level that we expect or if that sector is not reacting in a way that we would wish, that we should try suasion first of all. I think the days of reading out people, that kind of politics I think is the kind of old-fashioned politics which we should try to avoid. A little more....

Asides.

Rt. Hon. L. E. SANDIFORD: I am a new man. A new man with a clock. Your friend gave me a clock yesterday.

Asides.

Rt. Hon. L. E. SANDIFORD: That is one interpretation.

Sir, we have to do those things because our restructuring in this country has not yet finished. There is a lot of work still to be done. It still calls for all of the sectors in this economy to work together in order to achieve our objectives.

We are still very fragile and let us not feel that because our external reserves may be at a certain level today that we may have access to the capital markets for loans, but a situation can change dramatically. It may have little to do with our own internal situation. There may be factors outside of our control that can affect us adversely. We still have to bear that in mind. The management of this small economy is a major challenge and we all must seek to understand it. We all should resolve to make our best contribution, to contribute or to increase the wealth of this country in whatever endeavour we are engaged in.

Sir, I do not think on this particular matter that I wish to add anything else. I believe that the two areas in which the Barbados Development Bank was called upon by its founding Act are two of the most treacherous areas in investment in this country. They were specially urged to look after small business, they were specially urged, Sir, to look after co-operatives, they were specially urged, Sir, to look after small retail businesses. And, Sir, there are more start up and more business deaths in those areas than in any other area of activity in this country.

Sir, I believe that was known when the institution was established, or should have been known and it should have been known as the institution developed. Now, we are blaming the institution for operating in those areas, blaming the institution because there have been some failures in the loan portfolios. Because of the very nature of the investment, Sir, some failures were to be expected.

Countries, Sir, fail and were it not for the fact that what they incurred was sovereign debt, countries would have been declared bankrupt. But we do not do that with countries. I do not know that for an institution such as the Barbados Development Bank we should take that particular approach to declare it dead after *rigor mortis* had set in. I think, Sir, we have to be a little more creative in this country. I think that we have to use our policy options in a much more imaginative way.

I would not like to come to the conclusion, Sir, that because this bank was established under a Democratic Labour Party regime that this is part of the clearing of the debts of a programme set by...

Asides.

Rt. Hon. L. E. SANDIFORD: There are other policies which one, who wishes to come to such a conclusion, could come,

I do hope, Sir, that this Act will in turn be shortly repealed and that we will be able to set up the institution that is required to empower the people of Barbados to seize those opportunities which are necessary to advance the cause of the people of Barbados particularly those who are disadvantaged.

1 thank you.

5.50p.m.

Mr. L. R. TULL: Mr. Speaker, I had intended to sit this one out but the contribution of the Right Honourable Member for St. Michael South who has just spoken has moved me to make a few comments. He promised that he was going to be brief but he was half an hour. I am going to be brief this time, Sir.

All the way back in 1987, Sir, when the Democratic Labour Party was the Government of this country a detailed review of the BDB portfolio revealed that 60% of loans were not generating interest and 40% of the portfolio was unrecoverable. The Government at the time looked at the situation and set in train a number of courses to deal with it. I had to mention this because the Right Honourable Member has revealed that there is an institutional amnesia in the Democratic Labour Party since 1987. To correct this problem a number of things were done and in 1990 the Government got a study done by the First Washington Associates in the United States to do a study on the restructuring of the Barbados Development Bank. The report was submitted and no decisions were taken by the Government at that time to do anything about restructuring the BDB.

In April of 1993 another study that was commissioned by the then Government, done by a Robert L. Wagner Associates of the United States of America... They did the study and they made the submission to the Government about restructuring of the Barbados Development Bank and nothing ...

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, on a point of order. There are some things which might be a bit too high for the Honourable Member for St. George South in respect of this matter. He is misleading the House. He is quoting from some document. I do not know what it is. But what he is saying is not correct. The Wagner Report to which he referred on that brief, and that is why I am saying that sometimes things are a bit too high. You have to understand before you just get up and read from a brief. The report was done by the 1DB for the IDB. The Government then commissioned the Peat Marwick Report. There were no recommendations to the Government of Barbados out of the Wagner Report. Those were recommendations to the IDB which of course Government looked at but the Government, arising out of the Wagner Report commissioned a further study by Peat Marwick. Those are the facts.

Mr. L. R. TULL: Mr. Speaker, Sir, I continue. The Wagner Report was done in 1993, was made available to the Government. Contrary to what the Honourable Member for St. John has just said it made a number of recpmmendations. Those recommendations were in the hands of the Government and ...

Mr. D. J. H. THOMPSON: Mr. Speaker, on a point of order, Sir, the Honourable Member is misleading the House. Wagner was an IDB Consultant working for the IDB who made recommendations to the IDB. The Government was not, other than having sight of the recommendations, being advised by Wagner. One of the recommendations Wagner made was that the Government have a subsequent consultancy and that is what happened. The Honourable Member for St. Peter and I discussed this matter already today. Those are the facts.

Mr. SPEAKER: The Honourable Member for St George South did say that recommendations were in the hands of the Government. This is what I heard him to say just now.

Mr. L. R. TULL: I repeat, Sir, that the Wagner Report was made available to the Government of Barbados.

It had recommendations for the restructuring of the Barbados Development Bank. There were about 6 or 7 recommendations and the Government did nothing about those recommendations.

The Honourable Member mentioned the Peat Marwick Study. The Peat Marwick Study came again, commissioned by the Democratic Labour Party Government and a number of recommendations were made for the restructuring of the BDB, nothing has happened. So you see, Sir, two things are important here, one is and I thought we had all agreed on that, that for a number of years the Barbados Development Bank was on a very rapid downward slide and something had to be done to arrest the decline.

I also thought that was the view shared by both the Democratic Labour Party Administration at the time and this Administration. Therefore when something is finally done about it what we are hearing, Sir, is that the bank was set up by the Democratic Labour Party and the Right Honourable Member for St. Michael South is hoping that this is not a way of this Administration jettisoning it. That was not his word, Sir, but jettisoning something that was created by the Democratic Labour Party. As I said from my seat I do not believe that that was worthy of the Right Honourable Member and if that was all that there was to it the least I would have done is remain sitting.

A lot has happened since the establishment of the Barbados Development Bank in 1963. In those days it was not easy for modern enterprises to have access to the commercial banks. You have to throw your minds back. These things happen in phases and in 1963 it was not possible for many of those groups that we wanted to assist to have access to funds from the commercial banks. Therefore there was a crying need at that point for a development institution such as was set up as the Barbados Development Bank. That has changed considerably in the past 35 years where many of the enterprises that could not access commercial banks in those days can easily do so and that must of necessity affect the nature of these institutions today.

I do not have to name any because it is a fact. What we need in Barbados is that small entrepreneurs, small ventures, small business people must have an institution that they can approach for funds. What I understand from all this ..

Aside.

Mr. L. R. TULL: We will talk about Golden Sands and my brother if you want to talk about it. It is a good thing that you do not mention me because I am not involved in it.

Mr. B. M. TAITT: On a point of order, Sir. The Honourable Member obviously heard a comment which 1 made from my seat and he is putting it in the record that we want to talk about Golden Sands and it might be misconstrued, Sir. I was not saying or no one over here was saying anything negative about his brother. We were merely marvelling at how the Honourable Member is not as *aufait* with the reality of the situation as his brother is because week after week his brother is on the radio saying how difficult it is to access the banks.

Mr. L. R. TULL: Mr. Speaker, Sir, on the one hand ownership of a hotel is quite often attributed to me and then when I speak as one who they attribute ownership to and speak as an owner they tell me I am not *au fait* with the situation. I go on, Mr. Speaker.

As I said, Sir, the banking system at the time at which the Barbados Development Bank Act was passed was ultra conservative, it was difficult for most people to go and get money and that situation has changed. We are now in repealing the Barbados Development Bank Act setting up a number of other institutions that allow access to small business people so that the gap that the Honourable Members on the Other Side keep referring to does not really exist.

I would like to think, Sir, that in setting up these micro enterprise funds and venture capital funds and all these things that we are providing the opportunity for a number of persons who hitherto were not given the kind of ready access to funds and who could not have prepared their own projects under the old system will now find a ready home in this area, Sir. 6.00 p.m.

So, as I said, I have no intention of getting into this debate, but the Right Honourable Prime Minister must be careful, as he said, he does not mislead anybody, but he has effectively misled, whether he sought to do so or not, those who would believe that somehow what is happening is that this Government has seen a Barbados Development Bank Act passed in 1963 by the Democratic Labour Party, one of their proud offsprings. And that the only reason why there is going to be a restructuring of development finance institutions in Barbados is to get rid of that institution.

There is the question of whether we are being conservative about it or whether you must take bold initiatives such as to suggest...it is not the question at the moment. The question is whether we are making windows of opportunity for financing for all sectors of small business in whatever field that one wants to consider. I am not convinced that the repealing of the Barbados Development Bank Act, assisted by the other institutions that are being set up will result in that loss of opportunity.

I want to make one other point in relation to this Bill before I take my seat.

One of the major problems that has confronted the Barbados Development Bank over the years, has been the interference by outside people into the operations of the bank as far as loans are concerned. Now I do not want to get into referring to specific cases although there are many and I have seen quite a few in recent times. But the bank was not allowed for much of its period to operate as a business. A lot of political considerations were brought into the making of loans and in the granting of additional loans before initial ones were repaid.

It is also true, Mr. Speaker, Sir, that one of the problems also was that when action was taken against those who were defaulting in their payments, that telephone calls from persons from on high would stop the bank from taking the action that was necessary to keep things in an even keel. And there are endless examples of that. The unfortunate thing about it, Sir, is that those who were the beneficiaries of this intervention by persons on high were very seldom small businesses or small operators. The large sums of money that were not being paid back to the Barbados Development Bank was not the accumulation of money owed by small borrowers. But was to a very large extent money that was borrowed by those people who were in big enterprises in all sections. Whether it was in manufacturing where perhaps most of the wrong was done and in the hotel industry and in some areas of the transportation industry. Now, that is an incontestable fact, that persons were interfering and preventing the bank from operating as a proper unit.

If we are to succeed, Mr. Speaker, Sir, in this new dispensation in all these myriad units as stated by the Honourable Member for Christ Church East, whether they are to operate successfully will depend to a very large extent on how much independence is allowed to these units in carrying out their mandate. If the history of interference in the Barbados Development Bank is any indication of what might happen, we might be back in here before long dealing with new forms of restructure. But I am satisfied...

Aside.

Mr. L. R. TULL: Well, if you think somebody should be locked up. I can think of a few who should be.

Asides.

Mr. L. R. TULL: I am sure, Mr. Speaker, if we can have the kind of independence built-in to the operation of these new outlets for funds for small business, non-interference by persons who want to look after their own interest, their friend's interest and the like, if we can get that, Sir, I am satisfied that there will be opportunities for all of those types of persons who were customers of the old Barbados Development Bank. Also, the new single solo operator and micro business operator, I am sure that there will be greater opportunities for them to be able to access the funds for whatever agency is set out for them and that we will be able finally, to have a system of development financial institutions in Barbados that would meet the objectives that were set out in the original Act of 1963. 6.10p.m.

I hope that will bring some comfort to the Right Honourable Member for St. Michael South, unless he does not believe that I am speaking on behalf of this Side.

Mr. B. M. TAUT: Mr. Speaker, it is very difficult to speak after the Honourable Member who just sat down with a plea for us to believe that he is speaking for that Side when Honourable Members on that Side made it so obvious he was speaking for himself, if the history of what had gone on prior to his speech is any indication. But I am not going to develop that because that is not my purpose in speaking.

I believe that today is a very sad day. The Prime Minister and the Minister of Finance in his last budgetary-statement in 1997 - it does not seem that there is going to be another one before this House is sent to oblivion - but exercising his prerogative as a Minister of Finance he addressed the issue and made a statement of policy that in 1995 the Government decided that the operation of the Barbados Development Bank should be terminated and he went on to say because of the cumulative losses of over $70 million incurred by the Bank since its establishment. Sir, in that statement - I said it is a very sad day today - is the clear philosophical divide between that Government and Honourable Members on this Side in our perception of how this country should develop and where it should go.

Mr. Speaker, to the Minister of Finance who unfortunately is not now in his place $70 million over a 30-year period appears to be a large amount of money so cumulative losses of $70 million over that period would justify his closing down the Development Bank and starting a whole new ball game. At first he said he would have a development financial institution but that has evolved into 7 or 8 bits and pieces, which have resulted in our having 7 or 8 different sets of managers, 7 or 8 different sets of governors. There are so many chairmen of financial institutions in Barbados now, Sir, that it is hard to tell who is what. Sometimes when you look at it you cannot believe that all of these persons who have been pulled out of the woodwork who are now specialists in development financing that they used to exist here. But that is a separate matter which is probably better dealt with on the political platform because I adhere to the view that it is no

point appearing to be making negative remarks about persons who cannot respond. I make negative remarks about the people in here because they have a chance to respond.

I think, Sir, as I said, that there is a clear philosophical divide. One has to go back to the genesis of this development bank. You go back to the 1960s when the Government of the day recognised that the only way forward for those who did not have the opportunity through birth to get into the economic development stream would be for the Government to take the lead and hence you had a series of development acts which combined the lending function with the industrial development function.

It is not always remembered that the development board had as a function much of what could be found in the development bank expanded and the development board's responsibility was to bring economic development, industrial development to this country. In the first 10 years of its trying the Government of the day was so phenomenally successful, the country itself embarked on such phenomenal growth that it became impossible for the same set of managers and directors to run both the industrial development and the lending function.

It was agreed on all sides that we had reached the stage where we needed to expand and to separate the two functions. Out of that was born the Development Bank.

Now, Sir, it is no secret that Honourable Members on both sides and their progenitors were not experts in development financing and those kinds of things. We have learnt sometime by trial and error but we have been evolving.

The fact that this present crop of decision makers of the country are now at a different level is a tribute to what has gone before us but in the 60s the will to see that people like us develop was very clearly there, irrespective of one's political perspective, the will to see that there was growth in development was clearly there.

In the 60s, if Your Honour will remember, there were a lot of people who had up until then no hope of participating in the economic development of this country who found themselves in a different position, on a different plane altogether and industrial development became a reality in Barbados. Development financing and the need for it became part of the economic landscape of this country.

We can recall and look back with pride on companies that developed out of almost nothing and reached a level of operation of which Barbadians could be proud. So the Bank was created. I try very hard in commenting on these kinds of things to be as non-partisan as possible but I have always believed that the then Prime Minister, Tom Adams in his capacity of Minister of Finance and he was a good Minister of Finance except in this particular, it was he who returned us to the position where only one kind of person had the capacity to make some of the decisions concerning economic development in this country.

The first contamination of the Development Bank was the appointment by Tom Adams of a chairman of that Bank whose interests were not coincident with the interests for whom the Development Bank had been created. That is when the rot set in. From that day forward the Development Bank became a tool...

Mr. SPEAKER: The Honourable Member can I caution you here a bit. You have not said anything unparliamentary or anything like it but in this debate all day I could feel the restraint of the members as they tried not to go down a certain route even if as some have alleged that they have evidence.

Mr. B. M. TAITT: But I am not alleging, Sir.

Mr. SPEAKER: I am telling you, Sir. I would like you to continue how we have been going here all day. I would not like you to impute any kind of motives to any members, past or present, any persons known or unknown. I believe that what we have been doing here today members must be commended and I would suggest that the same kind of restraint guide our debate for the remainder of the afternoon. I will not have it where you call names and you impute certain motives to members, former members or any persons.

That kind of debate will not go on here for the remainder of the evening.

Mr. B. M. TAITT: Mr. Speaker, Sir, with the greatest respect, there is in the literature which Your Honour and I have had to contend in our lives and one of the pieces which Your Honour and I have become committed to is a phrase which says, "To thy own self be true."

I cannot participate in a debate in here discussing the economic development of the people whom I represent and whom I have represented for the last 30 years and not be true to the history that I know of my own knowledge.

Now Sir, at any point when I step off and I go outside the boundaries of debate here Your Honour will put me to a seat...

Mr. SPEAKER: Honourable Member, please! The Chair is not asking the Honourable Member not to be true. All I am suggesting is that...

Mr. B. M. TAITT: The Chair cannot speak for the Honourable Member, Sir.

Mr. SPEAKER: All I am suggesting to you is let the same restraint that guided us all day continue to guide us now,

Mr. B. M. TAITT: Mr. Speaker, Sir, this is the first time I am speaking so I am at the bounds of such restraint as I am able to have in the context of this debate.

Mr. SPEAKER: The Chair will guide you, Sir.

Mr. B. M. TAITT: I will be guided by the Chair each time, Sir. Every time that I am about to go off the reservation I am sure that the Chair will bring me back. But it is my professional and political opinion that the Development Bank started going in the wrong direction from the time that the Prime Minister of the day who was Minister of Finance, the late Tom Adams, made a certain appointment to the Chairmanship of that Board. That is my position. 6.20 p.m.

If I am not able to go beyond that, Sir, I will stop my speech here but I am not, with due respect, going to be able to debate this issue without calling the shots as I see them. It has nothing to do with any individual. It is a matter of policy.

Aside.

Mr. B. M. TAITT: Mr. Speaker is not always familiar with these matters and therefore Mr. Speaker may properly feel that the tenor of debate which we have had so far is the uppermost limit of which this debate will go. But we are killing an institution dead. We are repealing the Development Bank Act, a development bank which has been the basis of growth and development of a substantial number of black people in this country.

All of us in here today are passing a law which is going to kill it dead. The newspapers will put in a few things tomorrow and then that will be the end of that. Then we will have these seven institutions not a single one of which is capable of bringing to this country's development the fundamental, philosophical, psychological depth which a development bank by its very nature was able to bring to the development of this country. 1 would be a criminal to myself if 1 stood up in here and did not say that, Sir. There are those who can have fun on that. I have no quarrel with that. As I said, I accept that they on that Side can attack me at any time in the full knowledge that I will respond.

Mr. Speaker, in 1963 when the Development Bank was created, a whole new vista was opened up for people of a certain kind in this country. Mr. Speaker, I say this with due respect that the creation of certain kinds of institutions - I make bold to say that had the late Louis Lynch had access to a development bank at the time when his school was functioning, that the Modern High School would still be an institution today bringing to this country some of the greatness that it has brought and all that that implies.

A development bank is not merely for lending, for the importing and selling of goods. A development bank is an institution, or ought to be an institution that allows all manner of development to occur in a country if that development is going to redound to the credit of the country as a whole.

Aside.

Mr. B. M. TAITT: That is partly true. The Honourable Member is saying from his seat that the building of many secondary schools may have helped to kill off the school of which I just spoke, but the fact is if a development bank was available because financing - Your Honour knows thi& better than anybody else here - upfront not that the institution would not survive, but the necessity for a certain kind of finance upfront which cannot be provided by equity financing ought to be provided not by debt financing of the kind of the commercial banks but debt financing of an institution that understands development.

I am saying, Mr. Speaker, that is not what happened in this country. 1 am saying further, Sir, that there were raids on the Bank by people who had no right to be able to benefit from the Bank. Such raids occurred in this way. They borrowed larger sums than a Golden Sands or a Miss Maitland would have been able to command. They for the first time during that time, Sir, and the history would show, I have the records at home. I have kept every Cabinet Paper relating to the development of the Bank and some other institutions, and if you look at the record of the people who owed the Bank, a ad if you looked at the record of the debts that were written off in this country you will see that they bear very scant relationship to the kind of development which was envisaged when the Bank was created. There were raids on the Bank. This $70 million of which the Prime Minister spoke in 1997 comprises large quantities of money that have been written off in this country with not a word from anybody here or there.

Mr. Speaker, it is not in my place to give you chapter and verse and put it in the record. That is where my restraint comes in. But all Honourable Members in here who have been here longer than five years know of what I speak. The Honourable Member for St. George South could get up and give you chapter and verse on it because that Honourable Member, this Honourable Member, and

to a lesser extent that Honourable Member, and certainly the Honourable Member for Christ Church South because he is here a long time, they know of what I speak. The Honourable Member knew about what I speak before he came in here.

The fact is that there were some people who could get access to credit at the commercial banks who discovered they could get a lower interest rate, that they could get better time, and they could get it at the Development Bank and that in due course they would not have to worry about it.

Aside.

Mr. B. M. TAITT: I am willing to take on anybody on this anytime, anywhere because I know of what I speak. It has been on the political platforms. We have gone on the political platforms and we have read out the list. There is no one who is going to cow me into being unable to speak my mind on these issues inside or outside of Parliament. There are people in this country who have benefitted who had absolutely no right to benefit from the largesse of the Development Bank, nothing to do with nobody looking like anybody over there. Honourable Members know of what I speak and then for the Prime Minister to say that as a result of cumulative losses of $70 million he is shutting down the Bank and he is creating some new institutions.

The problem we have, Sir, is the problem of underdevelopment. Whether it is in Africa, Latin America or the Caribbean we have to be renewing every 5 or 10 years. The British create institutions and they last for centuries. The Americans create institutions they last for centuries. The small business agency its equivalent in the United States was created out of the Depression.

The Depression gave rise under the leadership of Franklin Delano Roosevelt to the creation of a number of institutions which were designed to lift the small people out of the mire and those institutions still exist. They have been improved upon. They have been reshaped, but they continue. It is only in countries like ours that every 10 years some five or six men come down from Washington and do a report, go and check with the people who live in this country, find out the best things they are thinking, write them in, put it in an executive summary and then we make the decisions and come in here and start all over again. 6.30 p.m.

Sir, I hope when the times come for us to say goodbye to the Honourable Member for Christ Church South that I am still in this House.

Asides.

Mr. B. M. TAITT: I have been here long enough that I can leave. I wish that I can say the same for you.

Mr. Speaker, the Honourable Member for Christ Church South did not have a long enough term as Prime Minister to show the Members of the Barbados Labour Party how development should be done. The Honourable Member, unfortunately, had only one year in which to put into practise a number of the things that he talked about for years. The Barbados Labour Party Government, I am not criticising it, I am merely saying....

Asides.

Mr. B. M. TAITT: Sir, please protect me. The point is that those countries, the United Kingdom have their institutions which go on. We have people who come down here from the so-called international agencies and they are always recommending something for us. Some things that we have that are better than anything that they have and they recommend that we eliminate them. And they have to write reports and they have to go back and report to their principals and so their recommendation is a close book as far as they are concerned but they leave us with some of the intellectual rubbish which then passes as part of our policymaking equipment.

Mr. Speaker, if you examine in detail the institutions that are replacing the Barbados Development Bank you are going to find that we have attempted and are attempting to put plaster on every little sore and find an appropriate plaster for each little concept of what is required in this country. At the back of that the Honourable Member now says that we now have greater access to commercial lending and that is true but we still have the need of those who do not have access to commercial lending.

Mr. Speaker, I have used an overdraft facility to assist persons in my constituency because I can get the overdraft facility and they could not. Over the last 25 years or so, I allowed members of my constituency to use my overdraft facility to do their projects that they would not normally get funded and I can say that I have had 100% repayments.

Asides.

Mr. B. M. TAITT: The Honourable Member is probably the only one over there who would be able to get away with that because if one of the other Honourable Members had said that, other than the Honourable Member for St. James South my response would have been swift but I could not say it to the Honourable Member for St. James South.

Asides.

Mr. B. M. TAITT: Yes, we are poetry readers.

Mr. Speaker, Sir, there are still those who do not have access to financing who have serious businesses to run.

Sir, when somebody tells me that we will be able to get access to a window for $5 000 but I read in the newspaper about people with an idea who can go and get $5 000, there is nothing that stopped that from happening along with the existing facility. But if a man and his wife are thinking of selling off what they have and starting a small hotel, there is no institution in Barbados at the moment to whom they could go like Mrs. Maitland went, like most of the projects in the GEMS Project now, all of them are where they are because they first went for development financing.

It is not a crime to have a deficit. It is not a crime to find yourself in a situation where you do not have enough capitalisation because most of the small businesses in this country started out being undercapitalised. I think that institutions and certainly Governments have to understand that there comes a time when you have to write off and start afresh so that people can get a proper start. This business of every time we look around...

Asides.

Mr. B. M. TAITT: If you are borrowing and you belong to that class and you are borrowing from the commercial banks and you fail you simply start another business and if you were Eddie Sandiford & Co., you become Eddie Sandiford & Co. 1998 and you went on as if nothing happened. It could not happen for those persons who benefitted from the Barbados Development Bank. That is why the Barbados Development Bank should be a bank that is in a position....

Asides.

Mr. B. M. TAITT: Mr. Speaker, Sir, the Barbados National Bank has taken on all of the attributes of the commercial banks. There is no assistance that will come to any poor person from going to the Barbados National Bank that they would not get from any other commercial bank.

Asides.

Mr. B, M. TAITT: When the Barbados Government set up the Barbados National Bank they had critical support. The Honourable Member should be ashamed of himself to be there *sotto voce*, trying to give the impression that it was not voted for. The point is though, Sir, and I am not criticising the Barbados National Bank because once the Government charges them with having to show a profit at the end of the year, they have no choice but to function like any other commercial bank.

The assistance which ought to come to certain persons in the society from the Barbados National Bank cannot be expected and hence the Barbados Development Bank or some facility of that kind was desirable.

Sir, the Honourable Members are saying that the same businesses will benefit but the Honourable Member for Christ Church West Central runs his own business and he knows that with a commercial bank unless you are showing a certain movement in your accounts as perceived by them or as perceived by their inspector who invariably comes from a different climate, who comes from a different country and whose aspects of understanding of commerce are different from ours...

Asides.

Mr. B. M. TAITT: The commercial banks will restrict the overdraft facility. The result is that even though the Honourable Member might require a certain level of stock, the Honourable Member finds himself unable to bring the requisite amount of stock which would in turn give the Honourable Member the opportunity to make the profit that would really turn the business over.

So, small businesses in this country are kept constantly at a certain level. They are not allowed, as the fellow said, they are not allowed to 'go clear' whereas other institutions in this country and other businesses in this country get an opportunity to 'go clear' because even if they cannot get the funds from their commercial bank they have an association elsewhere through which they can get their funding.

A development bank of the kind that we had gives that kind of commercial aperture, if you will, through which a small business of a certain level can go. I am not talking about somebody who is starting up with a $5 000 capital or somebody who needs a $ 10 000 capital. There are businesses in this country, Sir, that need $100 000 in order for them to prosper but the people who are running them, even though they have the capital because equity financing is not a normal part of Barbadian living, they find themselves unable to satisfy the terror of the bank and as a result they are restricted and kept in the same place running fast to stand in the same place while others are allegedly moving ahead.

The Barbados Development Bank provided that kind of help and I am suggesting that the new institutions which we have created, most of them are new and have to start from scratch, are unable to provide that. 6.40 p.m.

A Government of Barbados, whether it is a Barbados Labour Party Government or a Democratic Labour Party Government must accept that it has certain responsibilities not to throw away taxpayers money but

to provide taxpayers money to assist in the growth and development of other taxpayers. If this is not done, Sir, we are going to be forever talking about enfranchising, about giving people an opportunity, but we will be watching as others fly while we continue to walk. Mr. Speaker, it is in the context of a Government providing a financial institution.

If the Prime Minister had come and said he is going to have a new finance institution that is going to wipe out the debt such as it has to and recover the debt of the old one, but he was going to rename it and have a larger capitalisation than what I have seen in the 7 institutions I would have to say, well he is trying something new. But I do not like this idea that we are to give the impression that we have a plaster for every sore when in fact we are very quietly putting to sleep the fundamental institution that allowed a number of agencies, a number of companies and a number of individuals to grow and flourish over the last 30 years. I would humbly say that this repeal of the Barbados Development Bank is not a day for rejoicing, it is a day for us to reflect and the Government does not have to feel embarrassed if in a year from now or the rest of the short time that they have, if they feel that they have to come back again with a consolidated concept other than the 7 institutions to replace this.

I do not speak in financial matters for the Democratic Labour Party but I certainly would be trying to get my voice heard within the Democratic Labour Party that we should continue to look at what kind of institution we really need to provide Barbadian small businessmen and medium size businessmen of a certain kind with the opportunities and the financing to carry them beyond mediocre up to the levels of excellence in business. Thank you very much. Sir.

Hon. Miss H. E. THOMPSON: There is no doubt that the Barbados Development Bank, during the course of its history played a tremendous role in the development of Barbados and provided an avenue for opportunity for a core of persons who would not have had access to development capital otherwise. But the question today, I think, before this Chamber is whether or not that institution has outlived its role, and if in fact it has outlived its role how best then do we replace them?

The question of the role of the BDB and whether it had been led by persons whose interests were adverse to the development of people who looked like you, me and the Honourable Member for St. Michael West rertlly is not best answered by reference to emotive considerations or the political rhetoric of the other side as it has emerged over the last few years but by reference, Mr. Speaker, Sir, to the evidence of what existed in terms of the figure on the books, in terms of the capital existing and in terms of the opportunities then being provided to those persons who sought to access funding.

It is a reality, Mr. Speaker, Sir, that during the 1976-1986 period and I am using notes for reference, Sir, the Barbados Development Bank in fact provided the largest number of loans to the public of Barbados, that in 1984 as much as 284 loans in the sum of $25 543 000 was disbursed. That is not the problem because in fact if that is the kind of money that the Bank was disbursing then it shows that capital was then available to provide loans to that sector of persons who in fact the bank was created to target.

The problem existed, Mr. Speaker, in relation to the collapse of the bank, related to a number of avenues. First of all the fact that over time the organisation and operation of the bank was such that the portfolio of the bank was not being managed in a way, and this was over a long time, Sir, that allowed recovery of the loans given to come back into the pool and then provide resources for other persons. That is a reality and I am unable to say whether or not that was in fact the policy position of the Democratic Labour Party since during their tenure in Government it was persons very highly connected to them at the level of Ministers and personal assistants who were getting some of the loans that have not been repaid. Therefore the people on the other side are going to be making statements which would suggest that it was policy when it would have had to be the policy of that Administration.

Mr. W. C. C CALLENDER: Mr. Speaker, on a point of order. Sir, in keeping with your earlier ruling about references to personalities known or unknown, people present, past or whatever, I am calling on you, Sir, to ask the Honourable Member to respect the rules of this House when she mentioned about personal assistants and we could look back and see who they were. I am saying, Sir, that since I do not know of her giving notice to call people's names, I think she has to withdraw those remarks.

Mr. SPEAKER: The Honourable Member, as I stated earlier I agree with the Honourable Member, let us keep the debate at a certain level as we move on. 6.50p.m.

Hon, Miss H. E. THOMPSON: I certainly, Mr. Speaker, Sir, do not intend to call any names as the Honourable Member for Christ Church whatever he is for a short time remaining now, Sir, only.

Mr. B. M. TAITT: On a point of order, Sir, the Honourable Member is violating the rule about insulting people. You cannot call an Honourable Member the Honourable Member for Christ Church whatever he is. Sir, that is clearly disrespectful.

Mr. SPEAKER: The Honourable Member, please you cannot address an Honourable Member like that, please. The Honourable Member is the Honourable Member for Christ Church East.

Asides.

Hon. Miss H. E. THOMPSON: My understanding is, Sir, that he is still East, but it is unclear how long that will be so.

Asides.

Hon. Miss H. E. THOMPSON: The reality is however, Sir, that over time what we saw emerge in relation to this bank were a number of things. That the economy went through several recessions and therefore those persons who had established business with reference by loans some with loans from this bank found it increasingly difficult to retain. It is also a reality that those persons who have loans who fell into debt given the way in which the bank's affairs were operated and organised resulted in persons ending up owing far more than they have in fact borrowed.

There are several situations where persons said that they borrowed sums of about $700 000, paid back sums of $1 million and still ended up owing sums in excess of half million dollars. Often, Sir, the reporting mechanisms of the bank were not such that they followed up with their clients who had difficulty and were allowed to know on an ongoing basis what in fact was the nature of the difficulty they were having and the extent to which this problem was impacting on the viability of their own businesses and on the viability of the bank credibility and sustainability.

Further, it has been agreed and I think there is no dispute, and I have not heard it disputed in this Chamber today, Sir, that during 1994...

Mr. SPEAKER: Order, please, order please!

Hon. Miss H. E. THOMPSON:...in mid year, well before we came to Government, Sir, there was an agreement with an international finance institution that the Barbados Development Bank would be closed. But there is reason for that. A number of studies done over time have proven that the viability of the bank was seriously in dispute.

By 1990 the bank was being described as being in deep crisis, needing a substantial capital injection and a tremendous need, Sir, to improve their loan collection. This is the issue to which I spoke just now, though it seemed to cause so much disharmony on that Side.

By 1993 the bank's survival was being described as highly doubtful and by 1994 it was recognised that the bank was insolvent. This is the reality. It is not that the Government has taken a decision to close down an institution which has continued to play a developmental role in the life of Barbados or in the Barbados economy. That role had topped and the question therefore was how was this bank to be restructured? There were at least six or seven reports by various consultants and efforts were made up to June of 1994 to consider what was the nature of the restructuring that was to take place. It reached the stage where the Government had to guarantee the bank's operation. This clearly demonstrated that we were dealing with a bank which really was not viable.

Therefore looking at restructuring, studies were undertaken by this Administration to determine what was the greatest niche and need for financing. It was determined that that greatest need existed at the level of what the Honourable Member for St. Lucy consistently describes as the small man. That there was a core of Barbadians who now could not access loans, either because they could not put up the requisite collateral, because they could not deal with the bureaucratic processes of the commercial banking sector, because the sums they wanted were small, because they could not find people to guarantee them in the way that the commercial banks were requiring. Those persons who wanted to buy a few chickens and start a small farm, those persons who wanted to start up a dressmaking business, those persons who wanted to buy a Suzuki van and go to construction sites or to various places selling food, for example, the people who wanted to set up a mobile canteen, the people who wanted to start a small operation as a suitcase trader and then to go into a smaller mall operation or booth operation. It was that sector of Barbadians who were finding the greatest difficulty accessing lending in Bridgetown.

In looking at what was to replace the Barbados Development Bank or how in fact, the operations were to be so restructured, it was determined that the institutions which should replace it, would not duplicate what the bank was doing before, but would fill those niches and needs which existed. It is therefore significant, Sir, that since the establishment of fund access, the Micro Business Enterprises Scheme, that a large number of persons have applied within a small time frame that the sums being lent to them so far, a selective amount, have been substantial and that large numbers of people keep applying for those sums that will allow them to set up exactly the kinds of operations of which I have spoken.

It is also significant, Sir, that that organisation has done something which was not being previously done by the Barbados Development Bank, which was, that very often people came and borrowed sums. No assistance was ^iven to them in organising their businesses. Nothing

was done to help them do the marketing. Nothing was done to help them deal with getting proper accounting systems in place. Nothing was done to help them manage and operate their businesses or equip them with the tools and skills that would allow them to manage and operate successfully these enteiprises which they dreamed of and conceptualised and legitimately wanted to establish. That was one of the failings of the bank. The replacement institution of fund access is now providing that particular need, not only is it giving funding, but it is ensuring that those persons who access capital being provided by the Government through this enterprise have the opportunity to make a greater success of their business by having access to the tools and skills which will allow them to properly operate and successfully manage their business over time and keep those businesses afloat.

It is also significant in looking at the evolution of the Barbados Development Bank that across the Caribbean Region all of the development banks almost that were set up at the same time to provide exactly the same kinds of roles have gone through several different types of metamorphoses, have gone through several types of restructuring and still remain inviable entities to this day. Therefore, there are very few surviving successful development institutions left in the Caribbean.

The Honourable Members on the Other Side would have us believe therefore that even with that historical precedence and evidence that it would be prudent to continue a Barbados Development Bank in the same name and operating in very much the same way or to put it through some other kind of metamorphosis, but not to, so substantially restructure in the way that it has come to this Parliament by bringing it to an end and by setting up several different types of institutions to fill these various needs that exist in the economic landscape of Barbados and in the need of the person for upward mobility.

It is through means like fund access and it is through means like the Youth Entrepreneurship Scheme and Mr. Speaker, I want to make the point that the Youth Entrepreneurship Scheme is a particularly important institution which can also help with the development of Barbados. When you consider that a lot of black people in Barbados do not have an opportunity to have business people in their families and to have a record of successful businesses in their families, they do not have business role models within their own families to whom they can go for guidance or advice. Therefore, in helping to set Barbados on a new development path it is critical that those persons who have the vision of being an entrepreneur, of being a businessman from an early age can access institutions like the Youth Entrepreneurship Scheme, get funding, get training into how to set up businesses and how to manage them and get some experience in doing exactly that.

It is mechanisms such as that which will allow us to make that developmental thrust of which this Chamber is speaking today. It is institutions such as that which will cause our young people to be born in a culture and ethic which tell them that they can get involved in business from a very early age. More importantly, which can provide for them the kind of support system which will save them from collapse. Because no matter how much money you lend to any single individual if that individual does not have the capacity to properly absorb that within their business, to properly and effectively manage that loan and to properly and effectively manage their business, sooner or later we are back to the BDB situation where we are going to have a collapse because people are not servicing their debt.

It is also important if we are considering the development of Barbados and social and economic growth, to consider what are the other opportunities for investment and to consider what are the other catalyst for development, which have been put in place by that policy grid work, enunciated by the Right Honourable Prime Minister and the Minister of Finance.

It is significant that the collapse of the BDB coincided almost completely with a period of structural adjustment and a period of economic hardship.

Equally important is the fact that in the present culture and time there is a high degree of investor confidence, that there is tremendous investment in the economy, that there is a tremendous amount of growth and development and that there are tremendous opportunities therefore for people to grow in exactly the kind of way that access to funding will allow them to do.

There is a situation in which because of a change in policy...

Asides.

Hon. Miss H. E. THOMPSON: ...I am quite willing to send you this and you will observe.

Mr. SPEAKER: Please, could you give me one minute, please? The Honourable Members on this Side, everybody is given a chance to speak. There is no need for that kind of claim, so please, you will get your chance to speak and some of you have spoken and it did not happen to you. So, please, there is no need for it.

Continue please.

7.00 p.m.

Hon. Miss H. E. THOMPSON: I was speaking to the fact that the Government had put in place a number of other institutions and mechanisms by which the public

can access funding. I have spoken to the Micro Enterprises Fund, to the importance of the Youth Entrepreneurial Scheme in creating a number of opportunities for young people but the loans available through the Urban Development Commission and through the Rural Development Commission are also important because again these loans provide access for a sector of Barbadians who did not previously have access or who do not readily have access to commercial funding to gain funding easily and go out there and embark on the kinds of enterprises which will allow them upperward social mobility for themselves and their families which will move them from being employees or unemployed to employers and which will create jobs and spin-over benefits in the wider economy.

The closure of BDB cannot be seen in a vacuum. It has to be seen against the background of the institutions which exist in its place and the mechanisms which exist for funding for businesses and for development and for growth. It is also important to consider that at this time there is in existence special development loan legislation. We designated special development zones in Barbados and gave businesses the opportunities for special funding to invest in enterprises in those specific areas.

It is those kinds of mechanisms that will serve to effectively replace the function that the Barbados Development Bank used to perform during the years it performed that function. I think the House is agreed that it reached a stage where it was no longer performing the functions for which it was established and it is these replacement institutions that will now play the development role of which the Honourable Member for St. Michael West spoke.

This has nothing to do with persons of any single particular colour but it has to do with the kinds of opportunities which are available to all Barbadians.

Over and above this funding we must have some consideration to the fact that there was a niche which was previously filled by the Barbados Development Bank which is currently being filled by the commercial banking sector. Larger numbers of people who could not previously or did not readily access funding in the commercial sector are now able to go to the commercial sector for funding.

There was a time during the 1960s when poor Barbadians who would have had difficulty going to the commercial banks would have gone to the Barbados Development Bank. They are now able to go to the commercial banking sector because of the growth in that sector in the economy. That is a reality that the Honourable Member for St. Michael North West during the course of his comments agreed that there has been a change in the way commercial banks in Barbados operate.

What this Chamber is being called on to do today is to repeal the Act. In doing so, we are not bringing an end to development in Barbados because those institutions which have replaced the Bank which now stand in its stead together with funding which is available in the commercial sector adequately meets the need of Barbadians atnhis time or adequately fills the niches which exist in the economy for funding.

The Honourable Members on the Other Side may laugh as much as they wish but they cannot dispute the reality of what exists in place of what we have closed.

I therefore wish to give support to the measure which the Honourable Member for St. Peter has before this Chamber today.

SUSPENSION OF SITTING

Hon. G. W. PAYNE: Mr. Speaker, I beg to move that this Sitting be suspended until 8 o'clock in the evening.

Hon. Miss H. E. THOMPSON: I beg to second that.

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

RESUMPTION Mr.

SPEAKER: This Sitting is resumed.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I rise to wind up debate since all Members would have spoken in this debate. I want particularly, Sir, to thank the Honourable Member for St. George South for bringing a very wide perspective and putting the role of the future institutions in their correct perspective, namely, that we just simply have to allow the new institutions to function in a businesslike fashion and operate with a modicum of autonomy.

Sir, I believe that there was a poet who once said that "the moving finger writ and having writ moved on." What we are doing today is no different than the replication of a process of development that has been visited upon Barbados in the past.

In the 1950s, Mr. Speaker, there was an institution that pioneered and was in the vanguard of the Barbados development called the Barbados Development Board, but that institution after a period in time came to outlive its usefulness and out of that institution eventually came the

the IDC, the Barbados Tourism Authority and the Barbados Development Bank, so that the Barbados Development Bank that was established in 1963 was a successor institution to a previous Development Board. I urge Members, Sir, to see our development in that progressive, dynamic context that institutions will come, they will serve their purposes, they will outlive their usefulness and we will have to go forward.

This institution, Mr. Speaker, the Barbados Development Bank, had 26 years of existence. It has outlived its usefulness to the extent that its last 12 years were characterised by the most savage financial erosion. I urge the House, therefore, to understand that we are just in another phase of development of this country. We have not put an end to the transformation of the Barbados society. It is in that context, Mr. Speaker, and with the very best wishes to the young men who have been given the enormous challenge of managing those two institutions, and with the very best wishes for their success, Sir, I beg to move that Bill be now read a second time.

Hon. G. W. PAYNE: I beg to second that, Sir.

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

On the motion ofRt. Hon. O. S. ARTHUR, seconded by Hon. G. W. PAYNE, the House resolved itself into Committee on the Bill Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This Honourable House is in Committee.

Clauses 1-5 inclusive were called and passed.

On the motion ofRt. Hon. O. S. ARTHUR, seconded by Hon. G. W. PAYNE, 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 ofRt. Hon. O. S. ARTHUR, seconded by Hon. G. W. PAYNE, the Bill was read a third time and passed and cited as the Barbados Development Bank (Repeal) Act, 1998.

ADJOURNMENT

Hon. G. W. PAYNE: Mr. Speaker, I beg to move that this House do now adjourn until Tuesday, June 9, 1998 at 11.00 o'clock in the morning.

Hon. R. C. EASTMOND: I beg to second that, Sir.

The question that the House do now adjourn until Tuesday, June 9, 1998 at 11.00 o 'clock in the morning was put and resolved in the affirmative without division and Mr. SPEAKER adjourned the House accordingly. 8.20 p.m.

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THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1994-99

HOUSE OF ASSEMBLY

Tuesday, June 9, 1998

Pursuant to the adjournment, the House of Assembly met at 11.20 a.m. on Tuesday, June 9, 1998.

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. Sir HENRY FORDE, K.A., Q.C., M.A., LL.B.
Mr. B. M. TAITT, B.A. (Hons.), M.P.A., LL.B. (Hons.)
Sir HAROLD St. JOHN, K.A., Q.C., LL.B.
Mr. L. R. TULL, Q.C., M.A.
Hon. Dr. 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 (Chairman of Committees)
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.
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 Rev. Father Ivan Harewood. Mr.

SPEAKER: The House is now in session.

MINUTES

Mr. SPEAKER: The Minutes for Tuesday, June 2, 1998.

Hon. R. C. EASTMOND: Mr. Speaker, I am informed that the Minutes of the last meeting of the Honourable the House of Assembly have been circulated and except there are any alterations of amendments, I beg to move that these Minutes be adopted.

Hon. G. W. PAYNE: I beg to second that.

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

PAPERS

Hon. R. C. EASTMOND: Mr. Speaker, Sir, I am commanded to lay the following documents:

1. Protocol Three for the Implementation of a Social Partnership 1998 - 2000.

2. The Ninth Actuarial Report of the Operation of the Barbados National Insurance Scheme as at December 31, 1996.

3. The Hire-Purchase and Credit-Sale Agreements (Control) (Revocation) Order, 1998.

4. The Duties, Taxes and Other Payments (Exemption) (No. 10) Order, 1998.

I am also commanded to lay a document titled Instruments Adopted by the International Labour Conference at its 82nd Session held in Geneva from June 6 to 23, 1995.

GOVERNMENT NOTICES

Hon. R. C. EASTMOND: Mr. Speaker, I beg to give notice of the following Resolutions:

1. A Resolution to note and approve the Protocol Three for the Implementation of a Social Partnership 1998 to 2000.

2. A Resolution to approve the vesting in the National Housing Corporation of land at Mount Brevitor Plantation, St. Peter.

3. A Resolution to approve the compulsory acquisition of parcels of land from Searles, Christ Church to Six Roads, St. Philip for road maintenance and rehabilitation.

PRIVATE MEMBERS' NOTICES

Dr. R. C. HAYNES: Mr. Speaker, I beg to give notice of the following Resolution:

"WHEREAS non-contributory old age pension is payable to persons who attain the age of 65 years,

BE IT RESOLVED that this House urge the Government to consider the introduction of a supplementary pension for those persons whose sole income is a non-contributory old age pension and who have reached the age of 68 years."

STATEMENTS BY MINISTERS

Hon. Miss H. E. THOMPSON: On April 2 of this year at the request of the Ministry of Health and the Environment, the Cabinet of Barbados agreed to the establishment of an advisory commission into the Queen Elizabeth Hospital. In the time since then the documents to give effect to this commission were drafted by the Chief Parliamentary Counsel. On Thursday, June 4 the oath was administered by His Excellency Sir Clifford Husbands, Governor-General of Barbados and the warrants of appointment to all the Commissioners save one were issued.

The Commission is appointed under section 3(1) of the Commissions of Inquiry Act, Cap. 112 of the Laws of Barbados which provide that

"The Governor-General may, whenever he deems it expedient in the public interest, appoint one or more Commissioners to be a commission of inquiry designated as either

(a) an advisory commission to enquire into and advise upon any matter connected with the good Government of Barbados; or

(b) an investigatory commission".

The Commission which has been set up complies with the requirements of subsection (a) and is an advisory and not an investigatory commission.

The commissioners are: Medical Specialist and Member of Parliament, Dr. Richard Christopher Haynes, Chairman, Former Head of the Civil Service and Permanent Secretary in the Ministry of Health, Sir Carlyle Burton, Deputy Chairman, with the other members being Scholar and Principal of the University of the West Indies, Sir Keith Hunte, Consultant Surgeon and teacher, Professor E. R. Walrond, experienced Pediatrician Dr. Bertie Graham, learned and experienced Professor Trevor Hassell, Economist and Lecturer of the University of the West Indies, Mr. Wendell McClean, trade union leader, Senator Leroy Trotman, nurse and health care specialist, Senator Peggy Rickinson and former Head of the Civil Service, Mr. Branston Collymore. Senator Trotman is out of the island on trade union business and will be sworn in on his return to Barbados.

The Commission's mandate is to review all aspects of the management, functions and operation of the Queen Elizabeth Hospital, to prepare a charter for the effective administration and development of the Queen Elizabeth Hospital for the period April 1999 to March 2009, to make recommendations for

1. The efficient and cost effective provision of health care to Barbadians and other persons using the Queen Elizabeth Hospital in order to ensure that the resources available to the hospital are effectively utilised.

2. The enhancement of the role of the Queen Elizabeth Hospital as a teaching hospital at both under and post graduate levels.

3. The provision of specialist care for persons referred to the Queen Elizabeth Hospital from other health care institutions in Barbados and throughout the region, and

4. The correction of any deficiencies which prevent the Queen Elizabeth Hospital from fulfilling the foregoing recommendations in a satisfactory manner.

To fulfill this mandate the Commission shall consult with individuals and representatives of organisations who can provide technical advice or skill in the various aspects of health care delivery of the primary, secondary and tertiary levels, in management engineering, information technology or any skill or service or aspect of hospital operations as may be required to fulfil its mandate and to make such interim recommendations before submitting its final report as the Commissioners deem appropriate to effect the timely improvement of the management and operations of the hospital.

The report must be presented not later than November 30, 1998. Honourable Members will recall that during the Estimates Debate in Parliament in March of this year, Dr. Haynes, who has now been appointed as the Commission's Chairman, suggested the establishment of an independent group to enquire into the Queen Elizabeth Hospital, render advice and recommendations on their findings and to develop a charter for the future development of the Queen Elizabeth Hospital.

I was immediately attracted to the idea of an independent non-partisan group of experienced Barbadian professionals drawn from several disciplines, lending their intellect, creativity, energies and abilities to the development, future direction and organisation of the Q.E.H. Within 24 hours, Dr. Haynes was asked if he would be prepared to chair this group and discussions were started on its composition.

The Queen Elizabeth Hospital is Barbados' sole tertiary health care institution. For many years it has experienced difficulties relating to the management of that institution, long waiting times at the accident and emergency Department, inadequacy of supplies, inadequacy of human resource distribution particularly in relation to interns and medical staffing generally, an absence of information systems where such systems as are present are archaic, the functioning of support services such as the laundry and engineering departments on an 8-hour schedule instead of a 24-hour basis, the absence of a management structure capable of sustaining an organisation of the size and complexity of the QEH and the extreme difficulty of managing a hospital in a bureaucratic setting.

These problems were further exacerbated during the structural period when in 1992 the vote to that institution was cut from $67 508 362 to $57 755 479 with very serious adverse consequences for the hospital and every member.

Recognising that the Queen Elizabeth Hospital needed a capital injection in the first Financial Estimates of this Administration the vote to the Q.E.H. was moved from $58.4 million to $63 853 648. It has been increased every year since then and this financial year it stands at $81275938. 11.30a.m.

The Government is committed to providing adequate human resources to the Q.E.H. and to ensuring that the Hospital be moved forward into the 21st Century. In this regard in the last two years, we have rationalised the number of Interns at the Q.E.H. carrying them to the maximum capacity of 14. The Ministry has also rationalised all other medical posts creating 29 new posts for doctors up to level of consultant. In addition, a new Equipment Maintenance Programme was put in place and improvements were made in the accounting system. New equipment has been installed, new programmes have been introduced and the Physical Plant has been upgraded. The Q.E.H is Barbados' largest single employer with a staff of approximately 2 000. It is a large and complex institution.

The plan for the Q.E.H. was developed and its site chosen by the Honourable Frederick Miller back in the late 1950s. Construction was completed and the Hospital opened in November of 1964. Over the years the Hospital has expanded the range of services it offers, increased staff, upgraded its equipment and broadened its client base. Despite recent criticisms it remains the best hospital in the entire Caribbean, providing a high level of care, saving lives every day and providing a range of high tech services of a type and quality seen in deve.loped countries. Last year alone 21 933 persons were admitted to the Q.E.H. for care, spending an average of 6.7 days or a total of 150 486 patient days. Further approximately 110 000 new cases including approximately 15 000 new ones were seen in the outpatients' clinic.

If the Q.E.H. is to move forward and to be repositioned to effectively deliver health care in the 21st Century, its operations must be taken out of its present bureaucratic structure. Since bureaucracies by their nature are not rapid response systems and that is why hospitals of necessity must give this kind of response. We must have all support services of the Q.E.H. functioning on a 24-hour basis. There must be proper human resource's management, trained engineers, proper programmes for the ongoing maintenance and upgrading of the plant and equipment, a new management structure including middle management

and appointed Chief of Medical staff. Performance appraisal criteria and quality assurance must all be put in place.

Initiatives to attain these objectives are currently on the way by the Ministry of Health and the Environment. The Ministry is committed to supporting the 'Haynes Commission', as I am sure it will come to be called, as it seeks to fulfill its mandate. We will continue to put mechanisms in place which will serve to affect improvement in the short and long term at the Hospital. All interest and professional groups at the Q.E.H. and in the wider society will have an opportunity to address or make written submissions to the Commission. It is my fervent wish that we let the Commission get on with its work.

The Queen Elizabeth Hospital belongs to all of us. We must as a people unite to ensure that it functions effectively and efficiently. This requires that the unwarranted criticisms which have caused the Hospital to function within a seized mentality must stop. There are many positives on which we must focus. It will be through our joint effort, our united and unswerving commitment as a people to ensuring that the Q.E.H. maintains its place as the Region's premier health care institution with a modern orientation which enjoys the confidence and the support of all Barbadians. This is not a political matter. It is a national issue to which all of us, the broad political directorate, the civil servants, the medical and nursing fraternity, the staff of the Q.E.H., the trade unions, the private sector and the wider Barbados must commit itself.

I commend the Haynes Commission to this House and the public of Barbados and urge you to give it your support.

ORAL REPLIES TO QUESTIONS

Hon. G. W. PAYNE: I beg to give notice of the replies to Questions 59 to 61.

SUSPENSION OF STANDING ORDERS

Hon. R C. EASTMOND: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 19, 20, 42(5), 43 and 44 be suspended for the remainder of this day's Sitting.

Hon. G. W. PAYNE: I beg to second that.

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

GOVERNMENT BUSINESS

Mr. B. M. TAITT: On a point of order, Sir. I am just wondering if the customaiy status when a statement is made in the House, especially one of such importance and length, whether as is the customary privilege of making the statement available to the Leader of the Opposition has been observed on this occasion. It is customary and I am just wondering whether Your Honour is able to assist me in that regard, Sir.

Hon. G. W. PAYNE: Mr. Speaker, I would just like to state that I have not been in this House as long as the Honourable Member, but very rarely do you have statements being read and the actual copies of the statements being delivered at the same time. I am not saying that the rules should not be complied with, but the Honourable Member is aware of the fact that it takes some time to have copies delivered to Honourable Members. I could give him the assurance that in due course, a copy of that statement will be delivered to him.

Mr. B. M. TAITT: Sir, with respect to... in the past, I am fully aware that the governmental procedure would require fundamental change to allow for copies to be available instantly in this 1998. I was asking the question about the custom, where, when a statement is made, including the budgetary statement, the courtesy is extended to the Leader of the Opposition that immediately after the statement is completed, a copy is given to the Leader of the Opposition.

I was not asking that a copy be made available to me or to any other Honourable Member. I am asking about the courtesy. If the Honourable Members want to do a little barking, Sir, I am sure they can...

Mr. SPEAKER: The Honourable Member, I believe the Acting Prime Minister has answered the question. The appropriate arrangements will be made and you will have a copy, from what I understand.

Mr B. M. TAITT: Sir, I understand that it will be delivered to other Honourable Members, but we have an Acting Leader of the Opposition. I was not aware that he was the Acting Prime Minister. Otherwise, I would throw it a little more definite, Sir. But now that I am aware that he is the Acting Prime Minister, I recognise that there must have been some small difficulty and I will defer from pressing the issue any further in light of the fact. When I came inside, I thought for a moment that the Honourable Member for St. James South was the Acting Prime Minister. I am glad that you enlightened me, Sir, because I was a little worried. 11.40a.m.

ORDER NO. 7 - RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION OF LAND AT ARCH HALL, ST. THOMAS

Hon G. W. PAYNE: Mr. Speaker, I would like to move a slight amendment to the Resolution. It states on the Order Paper that it is a Resolution to approve the

compulsory acquisition of land at Arch Hall, St. Thomas, for housing development and the construction of a fire station. I would just like the amendment to reflect that the acquisition is also for recreational purposes. This is an omission from the actual Resolution and with the concurrence of the Honourable Members on that Side... I notice from the demeanour of the Honourable Member for St. Michael West that he has always agreed with that slight amendment to the Resolution.

Mr. Speaker, this is a Resolution to which the Honourable Member for St. Thomas has alluded to for some time and he has indicated the difficulty or rather the delay in having it come to Parliament much sooner.

I think at the time I had mentioned the surveying problems which we are currently experiencing in the Ministry of Housing, the Land Surveying section, but at long last we have been able to bring this Resolution to fruition.

Mr. Speaker, this Resolution is in keeping with a policy which has been enunciated earlier in this House of this Government to ensure that lands on the periphery of existing villages are utilised for housing purposes. Indeed, Mr. Speaker, I had already communicated to members on all sides of this House that information and with the exception of one or two Members on that Side I have been given certain areas. Indeed, there are certain constituencies, in particular constituencies of St. Michael West, which are so built up that there is no land available for a purpose such as this.

I am indeed glad that the Honourable Member for St. Thomas, like some of the Honourable Members on this side, followed the lead which has been given by the members in identifying suitable lands for housing. We are hoping with the lands that are so acquired that I have so mentioned to make these parcels of land available for three basic purposes.

First, those persons who have been affected by the amendments to the Tenantries Freehold Purchase Act. There are a number of persons in St. Thomas who have been so affected, persons in the surrounding Arch Hall area who have been so affected and under this Resolution there was no suitable land in the area to accommodate them. Because of the amendments to the Tenantries Freehold Purchase Act, Government is under a responsibility to ensure that such persons are relocated and in the cases where they cannot relocate them, Government is under a duty to pay compensation.

Mr. Speaker, you would also be aware that what we have done since September 6, 1994 as well is to introduce a $ 15 000 grant to all such persons who have been so affected. This is something new and most of the persons who have been affected have been able to utilise this grant. We have also granted a discretion in some cases, especially where persons come just on the borders of this policy to accommodate those persons as well in a situation where even though they have not been a qualified tenant in the right sense of the word because of the fact that they have been living on the parcel of land for a considerable length of time we have been able to have this $15 000 policy come into effect so that low income, poor persons will be able to benefit and would be in no way inconvenienced as a result of having to be relocated.

We are also hoping, Mr. Speaker, with these additional lots to afford low income persons the opportunity to own their own house spots. Very often in this House our detractors, not only in this House but outside of it, have been looking at the number of houses that have been built during this term and have been stating that we have been coming to the House every week with acquisitions and yet they cannot see the number of houses correspond.

I think that the thrust of housing policy since September 6 is not really geared towards any great number of houses. The success of the housing process since September 6, can be judged by the amount of houses, the provision of housing suitable and affordable housing for persons and this is another element in our decision, part of our policy to ensure that enough housing is available for low income persons.

It is hoped in Arch Hall that we could have 48 additional lots. Those lots which will not be utilised by those persons who have been displaced by the Tenantries Freehold Purchase Act will be utilised for such low income persons. We have recently embarked on a policy whereby, unlike the past where you put persons on house spots and they continue renting and then in cases where you have not been able to utilise all the lots in a particular area persons from other areas would come and squat, what we are aiming to do at the outset of the actual development is to have those persons who are interested in the particular area enter into an arrangement with the National Housing Corporation whereby those persons are actually allowed to purchase the land with Government providing all of the finance.

So instead of going into a rental arrangement where later on there will be talk about monies being paid as rent being credited to the purchase price you go in and from the inception you will be able to own the lot. In this case, Mr. Speaker, the questions of qualifications for loan will not be a consideration. In other words, normally when you apply for a loan the particular financial institution would want to know your means of repayment or if you are over a

certain age they will want to see that you are over the age limit and you would not be able to repay the loan on your present income after a certain period of time. This will not be the case.

So in situations whereby you have an old lady living in Bagatelle who would like to move to Arch Hall and she is 80 years old and she wants to occupy this land, we would give her the opportunity of purchasing the land for whatever the price, if the price is $1 000, giving her a loan for $1 000 to purchase the land and at the same time we will be encouraging her if she has a relative to be part of the whole process. In this case we would not have a problem whereby the National Housing Corporation would have to monitor payments of rents and rental arrears. It would certainly cut down on the amount of work which is presently being done by the National Housing Corporation in this area.

We are also hoping... there are only 48 lots. St. Thomas unlike other constituencies in the Scotland District is not affected that badly by natural disasters especially those pertaining to land slippage but at the same time a natural disaster could occur at any time. There are also cases where there are fire victims as well. There are many cases where fire victims notwithstanding the fact that they have lost their house would still like to relocate. We are hoping that in this particular area we would be able to allocate a certain section of these 48 lots for those people who have been affected by natural disasters. 11.50a.m.

The Chief Town Planner, Mr. Speaker, has commented very favourably on this particular develop-ment. He has indicated that, if I may quote him verbatim:

> "It is a stable community and consolidation here makes sense. The additional housing would increase the viability of the settlement and make it easier for the provision of basic services.
>
> The Chief Town Planner supports this approach generally over the creation of totally new communities."

Mr. Speaker, we are not just creating a new community in St. Thomas. We are more or less adding to the settlement which already is in Arch Hall and this will complement that existing settlement.

We have also carried out certain consultations in the area with persons who are interested in housing. This is an area which has been favoured by all as a suitable location for this type of development.

With respect to the siting of the fire station, as you know, there is a fire station presently at Weston in St. James. It would mean that the fire station at Weston in St. James would be relocated. You could recall the flooding which took place in August of 1995 at Weston. It was a devastating occurrence and, certainly, in our memory, I cannot recall and I do not think you would be able to recall a flooding incident as bad as that.

Weston lies in the path of that flood prone area. We have postponed making a decision with respect to the relocation of the fire station. Apart from certain items of furniture and other areas being flooded out within the compound, there was not really any real serious damage to the station at that time. We believe that if there is a similar occurrence again the possibility of a more catastrophic set of circumstances occurring is a real possibility. In the circumstances, the relocation will take some pressure off those persons who presently occupy that building.

The Ministry of Home Affairs has commented as follows:-

> " With respect to the siting of a new fire station at Arch Hall, St. Thomas, it is recognised that response times to fire emergencies from this site would be greatly influenced by the road network and to property in this part of the island. Due to its locating on Highway 2A, this site is more suited to servicing the area to the East than the current station at Weston, St. James.
>
> The increase in population over the years in the northern St. Michael area and in St. James as a whole, together with the developments in tourism on the West Coast and being in the midst of an agricultural belt with cane fire hazards provide further justification for a new fire station at this location.
>
> Likewise, a station at this site could also react quickly to emergencies at the oil storage facilities and other industrial premises in the vicinity of the Spring Garden Highway with assistance from the Bridgetown Headquarters.
>
> Similarly, response times from Arch Hall westwards would be quicker to the various roads going downhill to the West Coast.
>
> Finally, with the Fire Service being called upon to respond to motor vehicular accidents, the Arch Hall site would provide quicker response times to such accidents on Highway 2A and related areas."

Mr. Speaker, there were other sites which were mooted at the time. There were certain people in the North who probably would have preferred a site closer to

the Charles Duncan O'Neale Highway. I had even suggested the Belleplaine area but without actually trying to be too parochial, taking everything into consideration, I believe that this site is just as good as that in Belleplaine and I therefore commend it to the House.

Mr. Speaker, I would also like to mention that part of the area will be used, as I indicated earlier, for recreational purposes. Six acres of the site will be used for the provision of house spots, as I had indicated. We have also had requests within the area from a Church for relocation in the area. As you know, Mr. Speaker, when it comes to religious matters that this Side is always willing to accommodate Churches in residential areas.

Mr. Speaker, in keeping with our policy, as you know there are many cases where we have had to intervene even to provide better accommodation for the Churches in some areas where they did not give proper assessment to their needs.

I believe the Honourable Member for St. Lucy from his feet might want to speak about the Acts Deliverance Centre which is a good case in point where we have been able to find an alternative site for them with proper parking facilities which is much better than the site they originally had which had taken up four prime lots in an area which had been acquired specifically for this type of development.

The Church in the area, the Pentecostal Assemblies of the West Indies, a Reverend Michael Alleyne, had written to the Parliamentary representative of the area and the Parliamentary representative, who is not here, had recommended very strongly to the Ministry that a part of the land be made available for that Church. If I may quote the Honourable Member for St. Thomas, he indicated:

> "This Church renders useful service among the youth of Arch Hall. It has outgrown its congregation and the area becomes congested when services are held. The Church has a rounded approach to religious teaching and activity and needs additional space to carry out its Ministry effectively."

The recommendation by the Honourable Member for St. Thomas has not been taken very lightly, Mr. Speaker, and we intend to allocate a portion of this land to the Church and, wherever possible, whenever we do acquisitions of this nature on the borders of existing villages or even if it is not on the border of existing villages, where it is in an area where we are creating an entirely new settlement, like the settlement we plan to do in Deane Town, we will certainly make provision for a Church. We will even go further. Rather than waiting on persons to make requests, it will be the policy of this Government to encourage that type of activity because we believe that is one of the ways that the people in the villages can be brought closer together.

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

Hon. R. C. EASTMOND: I beg to second that, Sir.

12.00 noon

Mr. D. St. E. KELLMAN: Mr. Speaker, I am very sorry that the Honourable Member for St. Thomas is not in his seat today because he would have been glad, Sir, to see this project, after months of asking the Honourable Minister of Housing for this project and seeing that this project was promised to the people of Arch Hall some two to three years ago in a church when we were discussing the problems at Mangrove. I am glad to see today that this project has finally been brought before this Assembly. I think that the Honourable Member for St. Thomas should be congratulated but more so the Honourable Member for St. Lucy because it was the Member for St. Lucy who pointed out to the Honourable Member for St. Thomas that he had to keep his promise for the simple reason that seeing that the land was purchased by a hotel on the West Coast that if he did not move now and put pressure on his own Government that the people of Arch Hall would have been given an empty promise.

I have all reasons to believe that if I did not continue to put pressure on this Government that today those house spots at Arch Hall would not have seen the light of day.

Sir, I have seen many other acquisitions coming before this House after the idea was scouted in Arch Hall and I kept telling the Honourable Member for St. Thomas that he had to put pressure on his comrades to make sure that this Resolution comes before this House. I am proud, Sir, to see it today. I am going to ask further because this location in Arch Hall has a lot of potential for the small man. There is an additional 52 acres of land that the present developers who have bought Bennetts Plantation, they do not know what to do with it. I am calling on Government to move in and make sure that the middle income man and the small man has an opportunity to have a piece of that land in the Arch Hall area.

I am not satisfied with this token piece of land that they have come before this House today to ask for the people of Arch Hall because the small man and the middle man deserve to have a piece of that cake. I am going to tell you why. All of the West Coast has been taken and the land sharks are now moving inland and the interest of the Barbadian must be protected. I am calling on Government to set up the land bank because the lime is right. They do not know what to do with 52 acres of land and I am saying that Government knows what to do. Every week, there are people going to National Housing Corporation asking for house spots. I am calling on Government not only to acquire this piece of land but acquire the additional 52 acres of land at Arch Hall

I also want to say something, Sir. I do not want Government just to acquire this land and do nothing about it. I believe that by next month the National Housing Corporation should be in there making sure that those lots are allocated. We cannot afford in this country to leave anything to chance because history has shown that when we leave things to chance that the land that has been acquired for people sometimes turns around to be in the best interest of somebody else.

I am not sure if some rich man would not come tomorrow and offer every single person at Arch Hall to buy them out. Seeing that Sandy Lane Estate is going to be expanded as far as the Landfill, as I have said previously, I am saying that we need to do something to protect the interest of those people in Arch Hall. Because as it stands today, those people have been set up for foreign investors to come in here and to take over their lands because when the Sandy Lane golf course is expanded that land in Arch Hall is going to become prime land. That is why I kept calling on Government to move swiftly to acquire the land to make sure that the people of Arch Hall got those additional acres.

I am also worried, Sir, because I was listening and hoping that the Minister would have been able to tell me whether they are buying the land from Barbados Farms or the present Sandy Lane group of people. It is going to be very important. I want to know who the Government is buying the land from because if they are buying land from Barbados Farms then there is a possibility that the cost might be right but if they are buying the land from the Sandy Lane group then it means that they might have to pay a higher price than they would have, if they had purchased the land when I asked them to purchase it. I want to know what consideration has been given to these matters by Parliament and the Cabinet of this country.

Hon. Sir HENRY FORDE: On a point of order. If the Honourable Member reads the *Official Gazette* as I do and the newspapers he would have seen that acquisition notices in respect of this land started as long as October last year and that the purchase and the acquisition notice is from Barbados Farms Limited. The Honourable Member needs not go down that line. The first notice was published under Section 3 in the *Official Gazette* so that Government would have gone in from last year to do the surveys. That is a fact. Do not set up something that is irrelevant.

Mr. D. St. E. KELLMAN: Mr. Speaker, 1 am extremely glad to hear that we will be negotiating with Barbados Farms and not the Sandy Lane group. I do not want to hear later that we had to pay large sums of money to the Sandy Lane group because this Parliament was misled by a respectable and Honourable Member. I am taking his word for granted because I have no reason to doubt what he has stated but I expect that the Minister will give me that commitment. That we are dealing with a sale between the Government of Barbados and Barbados Farms and not the Sandy Lane group.

I was told that the Sandy Lane group bought the whole plantation and I want to know how come on one hand I am being told that the Sandy Lane group bought the whole plantation and now I am hearing that they have purchased the whole plantation minus that piece of land at Arch Hall. I want to know which facts are correct. As I have said, I respect the opinion of the Honourable Member for Christ Church West but I still want to know these facts.

Hon. Sir HENRY FORDE: On a point of order. I am giving the Honourable Member the reference so he does not need to waste his half hour in that way. It appeared as Notice No. 1542 in the *Official Gazette* of October 23, 1997. It appeared in the *Advocate* News for two days. From my notes, it appeared in the *Advocate* News of the 23rd and 25th October, 1997. The Permanent Secretary in Housing has signed a notice in there saying that the acquisition was being made from Barbados Farms Limited. Those are the facts, there is no point trying to create argument on areas that are not factual.

Mr. D. St. E. KELLMAN: Mr. Speaker, I would like to know when the agreement between Barbados Farms and the Sandy Lane group was signed. I need to know that too. I need to know, Mr. Speaker, when it was done because if we are going to give information, we need to give total information so that everybody can be clear. There is a possibility then that we might have been dealing with a situation where the Sandy Lane group has gone in and they have an agreement with Barbados Farms only to hear afterwards that the Government came along and wanted to compulsorily acquire the land and is doing it from the wrong group of people. That is quite possible, so I need some clarity.

No member can get up on his feet and believe that because they quote from an *Official Gazette* that I am going to abide with that. Because we know that even though we are supposed to be guided by the *Official Gazette* that sometimes the information in the *Official Gazette* is misleading. We have a lot of reasons to believe that.

The Honourable Minister mentioned about this new policy of the Government about placing churches in new housing developments. I would like to know from the Honourable Minister when this has become a new policy of the Government. Because it was in the 1986 to 1991 administration when that policy was implemented. 1 challenge any member on that Side to tell me that I am wrong. Two good examples are one in St. Peter and one

in St. Lucy, the Hope Road Project and the Six Men's Project. It was a church and provision for a mini mart in each development.

I do not want to hear about any new policy about allocating land for a church because it is not new. That was started by the Honourable Member for St. Lucy when he was in here, Mr. Evelyn Greaves under the Rt. Hon. Erskine Sandiford, the Honourable Member for St. Michael South. The Right Honourable Member for St. Michael South. Sometimes you have to call names because if you do not call names people would not know who you are talking about. So sometimes if you break the rules justice will be served. 12.10p.m.

Mr. Speaker, this Arch Hall Development goes a far way because on top of this commitment that was given to the people in Arch Hall about land there was also a commitment in 1995, Sir, that the landfill would have been removed from Arch Hall. So I do not want part of the story to be told. I want to hear also, Sir, when the Housing Minister is going to say that land has been found to remove the landfill from Arch Hall that had been promised a year ago, Sir.

Hon. G. W. PAYNE: On a point of order, Sir. This Resolution has nothing to do with any landfill. There was no commitment at the time about any landfill.

Mr. SPEAKER: The Honourable Member we would not want to pursue that point relating to landfill.

Mr. D. St. E. KELLMAN: Mr. Speaker, I agree with you but if you were living at Arch Hall and if you had to pass through Arch Hall on a daily basis as I do and if you frequent Arch Hall the way I do, Sir, you would realise, Sir, that any expansion of the housing stock at Arch Hall must mean that the landfill at Mangrove must go first because it would be a wrong act to ask the people of Arch Hall to continue to live under those conditions and expect them to expand their housing stock when the landfill is still up there. That commitment was given in a church and anything that was told to me in a church I believe. The same church that the Honourable Minister spoke about he now wants land to relocate that church. A good church and that is why I believe, seeing it is a good church and what is said in that church must be holy, that the commitment given to the people of Arch Hall must be holy commitment and that the landfill should be removed.

Mr. Speaker, there is no way any Honourable Member in this House would have purchased a lot at Arch Hall with the landfill still up there, Sir. I have already said, Sir, that Sandy Lane purchased the landfill when they bought Bennetts so we need not worry about when the landfill will be closed.

Mr. SPEAKER: The Honourable Member, please ....

Asides.

Mr. SPEAKER: Please, I am speaking. The Honourable Member, I am not going to entertain any discussion relating to any landfill. Let us pursue the discussion relating to the Resolution before the House. Do not take the discussion along that line.

Hon. Miss H. E. THOMPSON. Mr. Speaker, Sir, the Honourable Member has so grossly misled the House as by your own recent ruling introduced extraneous material and I am going to ask Your Honour to have it expunged from the record because the Honourable Member has put on the record of this Parliament that Sandy Lane has purchased this landfill. You cannot allow it. It is totally untrue. It is totally erroneous and if in fact, Your Honour has determined that this is material that cannot be introduced it has to be expunged from the record.

Mr. SPEAKER: Continue, please. Order, please. Order, please. Let us hear the Honourable Member, please. Could you continue, please?

Mr. D. St. E. KELLMAN: Mr. Speaker, I can understand your ruling, Sir, but I must remind you that in placing any housing development that the environmental impact on people is important.

Mr. SPEAKER: I folly understand that. Listen, please. I fully understand the point you are making. It does not mean that you can take this topic into another topic.

Mr. D. St. E. KELLMAN: I will not do that, Sir. I am just relating the two because if we are going to be talking so much about the environment of Barbados and we are going to be going all over the world hoping to get funds for the environment of Barbados and at the same time we are going to be calling ...

Mr. B. M. TAITT: On a point of order, Sir, for my own edification, Sir, when the Honourable Member who introduced this legislation introduced it he brought an amendment which he amended to include "and recreational purposes". Now if in fact the acquisition is for recreational purposes I would wish to submit, Mr. Speaker, that recreational purposes would have to allow some debate about the environment around which the recreational place would be and whether this is a suitable place for recreational purposes.

Mr. SPEAKER: You have made your point.

Mr. D. St. E. KELLMAN: Also Sir. It is important for the House to know. Sir, that a new road is being constructed to the east of this said same land and I

would also like to know the reason for the construction of a new road, Sir, and whether that is going to have an environmental impact on the people of Arch Hall. I want to know the reason why that road is being constructed because it is important, Sir, that when the land is given to the people of Arch Hall that they must be given a piece of land that they are happy to live on. It is regrettable that when we are dealing with poor people that we are prepared to do anything without putting other things in place and I am saying that we need to know these facts.

I also would like to know, Sir, what are the other infrastructures to be put into Arch Hall. When one considers that you are going to be putting a fire station, you are going to be relocating the church, most likely you are going to be creating, and I have not heard it but I am asking the Honourable Member for St. Andrew to take the commercial site into it and also allocate lots so that some of the people who have businesses in Arch Hall to relocate them closer to the road and they can have more parking areas.

I am saying, Sir, with a development like this we need to make sure that the people in Arch Hall have enough land that they can do what they want. We do not want to have a situation, Sir, where the people of Arch Hall get land and people living and purchasing land on the Sandy Lane Estate can now come and get the commercial sweets from the sweat and brow of the people in Arch Hall.

I am saying, Sir, that the Government should move tomorrow to acquire the additional 52 acres of land that the Sandy Lane Group do not know what they want to do with it because there is a dire housing need that Government could fulfill by acquiring that land. If we do that, Sir, we need not to interfere with any small man. We would have a policy in place, Sir, where we have enough land to divide up in lots so that everybody could get housing lots.

I do not want to see a situation, Sir, where new land is brought to the fore and when I say new, I mean new in terms of commercial because somebody would get up and say the land is not new, it has always been there. That side is capable of saying that but I am talking about new housing land and we need to make sure that when this is done because Government has put in the infrastructure by putting the new highway into that land they should be the beneficiaries from that investment. 12.20p.m.

I expect, Sir, that this Government will take the advice and they would not only put a Fire Station in Arch Hall, but they will consider putting other infrastructure, that will benefit the people of Arch Hall. The Honourable Member said, Sir, that the Fire Station in Weston would be relocated, a very interesting point and he used the flooding of August as his main point and main reason for relocating the Fire Station. I would ask him to reconsider that point and come again.

Thank you very much.

Dr. R C HAYNES: Mr. Speaker, I rise to make a very short intervention in this debate because it seems to me that the current resolution for small tracks of land for housing, tend to trigger the same kind of debate over and over again. It is not dealing with the fundamental problems facing the people of Barbados.

I believe, Sir, that what the events in St. James over the past years have shown us, is the capacity which Barbados has to generate new dimensions of activity from its land resource base. Perhaps that is a very important lesson which we should learn that we have a lot of dormant capital tied up in land in Barbados which can be mobilised by constructive thinking into far more dynamic use to meet the modern needs of the development of Barbados. It is with this in view, Sir, that I have consistently brought to the attention of this House, the need to try to satisfy the demand for housing in Barbados which I believe at the moment amounts to some 10 000 house spots and/or houses. That is the kind of demand that we face at the moment.

Barbados has the land resource capacity to absorb the impact of this need without in anyway affecting other form of economic activity in this country. Therefore, it seems to me that on a cost-effective basis, this can only be dealt with if we embrace the concept of two or three very massive developments in Barbados for housing and house spots, to generate some 10 000 of those houses and house spots over the next few years.

Now, Sir, this is going to involve a fundamental rethinking of the use of our land resources in Barbados. If we do not do this, we are going to be constantly complaining about those wjio use the resources effectively, whilst we do not use the resources as effectively as we can.

I believe that in the new Barbados, in the Barbados of today, as it is evolving in the context of the world that the demand for agricultural land in the context of new technology is going to progressively decrease in terms of acreage and this is what has been happening naturally. You could only produce X amounts of agricultural products in Barbados on an economic basis. This is a reality where the economy has taken us in this direction. Nevertheless, we are thinking in another direction. Also there is a reality that it is quite impossible today to produce economically any form of agriculture on marginal agricultural lands except perhaps some form of, not even cattle raising, maybe sheep raising or something like that. But I am talking about

large scale agriculture on marginal lands in Barbados that is a thing of the past. If you cannot produce it, Sir, on lands that are of the highest quality it is quite clear to me that we will never ever again be able to incorporate marginal lands into productive and economic agricultural activity in Barbados.

This is where I have invited the Minister of Agriculture again and again on the Floor of this House to come up with some kind of policy in close relationship and association with the Minister responsible for Housing. Sir, the people of Barbados can see very constructive thinking as to what is happening in relation to providing housing from marginal lands in Barbados. As far as I am concerned there is no better thinking than to look for an alternative source of productive use for such lands. And whether we like it or not, we cannot postpone the day when this is going to happen.

I am still looking forward to the New Physical Development Plan that is coming on stream, to see whether this notion is taken into account at all, because we cannot postpone doing something about this over the next ten years. In other words, Sir, we have a whole lot of land designated as agricultural land which is marginal and which cannot now or will never in the fiiture produce agricultural products on an economic basis, even for the domestic market, far less to export. On the other hand we have this tremendous demand for housing by Barbadians and if we are talking about Barbadians having a stake in Barbados, then I think the opportunity arises here in order to develop a policy which can give rise to large economically viable communities on marginal agricultural lands which will never again be compatible with economic agricultural production in this country.

Sir, it is not often appreciated the changing pace of agriculture in Baibados. It is not appreciated by many. It has undergone very significant changes over the past 20 years, not only in terms of sugar versus non-sugar production and the different levels of production, but in the type of inputs required and the type of results that you get in relation to different soils in Baibados. This has been a dramatic change that has taken place. And any land that cannot conform to those basic requirements of mechanisation, *et cetera, et cetera,* then becomes irrelevant as far as productive agriculture is concerned.

So that we have to unwed ourselves from previous notions about land use in Barbados. Respond to the legitimate demands of the new Barbadian. Respond to the need to convert these dormant assets in this country into live assets which will contribute to the development of the people of Barbados, especially the middle-aged and younger generation. I can see no other way of doing this other than utilising those lands on a massive scale.

Now, in terms of providing a variety of facilities in relation to any housing area, quite clearly whatever you provide it is going to be more viable if you have larger units, whether it be a supermarket, whether it be a playing field, whether it be a church, whatever you put there, then there will be much greater use if these things are in a larger area. 12.30 p.m.

I think the time has come where we will have to regard these small multiple acquisitions as things of the past, as just putting a patch over a problem, as not dealing with the very fundamental problem and that fundamental problem is to create larger communities in Barbados sufficient to absorb 10 000 house spots and/or houses over the next few years. There is no alternative to that development. The time will come when the economy will change, when our infrastructure will change in such a way that it can accommodate more high-rise accommodation in a smaller area but that infrastructure is not here with that degree of sophistication at the moment.

Therefore, I will make my recommendation again to this House and call on the Minister for active consideration to a policy that would provide, certainly in the North of Barbados, one in the South and one in the middle, three major developments for housing, probably three new districts created in Baibados. We cannot continue to just append to existing districts one or two houses, maybe 20 or 30 houses. We need to think about this thing on a grander scale.

Are we going to solve the housing problems of Barbados? If we intend to solve them there is no other way in which I can see you can produce 10 000 houses. That is the housing and house spots. That is the level of demand and the issue is, is Barbados capable of responding to that demand? I say the answer is yes. Is the land situation such that we can respond to that without harming any other element of Barbados? The answer is yes. It can still be done at this stage even without high rises.

Down the road, we will certainly have to look at that. Do not forget that with high rise development you need significant infrastructure to cope with that. You have to make sure that things like elevators work and if the lift gets stuck there is somebody there to deal with them and all this kind of thing, and that there is adequate water pressure.

The point I am making is that the demand is there. I believe what is also going to happen is that the younger Barbadian, the Barbadian of the future, is going to become more accustomed to living in flats and at that stage of our development I think the high rise will be appropriate.

Now is the time. Now we must meet the demand and now one must make sure that the new Physical Development Plan that will be coming on stream reflects this kind of thinking in terms of what happens to marginal agricultural land in Barbados and it requires a new thinking on the part of the Town Planning Department where it is clear to me that not enough thought is being given to the demand for marginal lands for housing purposes in Barbados. These are things that have to be addressed because you cannot put the 10 000 houses... There is no where that you can find 10 000 house spots if that is what is needed and I am sure that is what is needed if you concentrate on a policy that merely extends existing areas in this country. Where are you going to put them in St. Michael? Where are you going to put them in St. James? Where are you going to put them in Christ Church? If you just append to existing developments a few houses, how long is it going to take? It would take another 50 years with this kind of approach in order to satisfy that particular need in this country.

Therefore, Sir, I would urge that whereas it is desirable to meet any need right now the greater need is to come up with a housing policy that reflects the reality of the changing demand for land use in Barbados. I thank you very much, Mr. Speaker.

Hon. Sir HENRY FORDE: Mr. Speaker, as you know, the Honourable Member for St. Thomas is on Government Business. Otherwise, I am sure that he would have spoken on this Resolution and I think would have expressed his delight at the passing of the Resolution and would of course have made it clear that this is part of his doing and of the work which he has so faithfully undertaken on the behalf of the people of St. Thomas.

You would have noticed that during the debate when the Honourable Member for St. Lucy was speaking I intervened on a couple of occasions because I think he should really speak from a factual background rather than from a background of speculating and unusual emotion which seems of course to help sell newspapers but in terms of history it does not always last as a valuable contribution to very serious matters in the country.

As long ago as September 1997 the Cabinet took the decision to acquire compulsorily this land under the Land Acquisition Act and it is a fact, Sir, that the necessary notices under section 3 were published in the *Official Gazette*, and I checked the *Official Gazette* myself, to enabld the Government to go in and survey the area and make a proper plan of the area and begin collecting the necessary information for the infrastructural work that would arise.

The area of land is 3.163 hectares or approximately 8 acres of land. Six acres will produce about 60 house spots and the other two acres as I understand it will be made available for the relocation of a fire station. The relocation of a fire station is nothing new, Sir, because if you look back at past Barbados Labour Party manifestoes we had promised to relocate fire stations in the critical areas that would give them the necessary mobility to deal with the fires that affect agriculture in particular and large areas of housing developments.

With the improvement of Highway 2 A it is envisaged that a fire station located somewhere in Arch Hall and Redmans Village would have quickly been in a position to assist in fires both in agricultural Barbados as well as residential Barbados. It would have easy access on the road and would be much more amenable to responding to problems than a fire station located elsewhere.

This does not mean that the Government is altering its commitment to ensure that there is another fire station adequately located in St. Peter to deal with problems that may occur along coastal Barbados.

Likewise, you would have heard formerly the Minister of Home Affairs announce that there are plans for a fire station at Six Cross Roads which is now being upgraded. I saw the Honourable Member for St. Philip South the other night in deep conversation with some of his constituents as I passed so much so that he did not notice me. I was looking at the work which this Government is carrying out in St. Philip and Christ Church for the improvement of the people as a whole.

I want to say that the Honourable Member for St. Lucy like most Honourable Members wants to claim most of the praise for what is part of the Government's policy and what is really part of the Government carrying out its pledges and the Honourable Member for St. Thomas fulfilling his own manifesto pledges to the people in the area.

Arch Hall is a well established community. It is in many ways a cohesive community and the expansion of this Arch Hall community by the acquisition of adjoining lands of this nature is a proper development and use of this type of land. 12.40p.m.

I believe that wherever there are established communities such as Arch Hall, and there are other lands, marginal agricultural land or rab lands of some nature next to it, that the policy should be to expand those areas because it is more cost effective than going into opening new areas in inland Barbados. That is my view.

I believe that the decision, therefore, to acquire the adjoining acres from Barbados Farms Limited compulsorily isa correct decision and it can raise no irrelevant issue about owners of Sandy Lane and all that sort of thing. This is a proper decision and one has continually to say

this because the debate in Barbados is becoming an emotive debate rather than a rational debate. We as politicians are making the mistake if we believe that the more often we use the words "the poor black man" that we are scoring points.

If some of the Members of this House and other people in public life would take the opportunity to walk along the streets and talk to the people at the lower socio economic level of society, they are beginning to see the debate not in terms of any poor black man versus any white man or not. They are seeing the debate simply in terms of the widening middle-class and others of all complexions who have established a snobbish approach to them, drive with their car windows up who have no use for them until election time. That is the sort of story I hear across Barbados.

Therefore, we ourselves must begin to articulate not emotive statements that are based on no sound basis and may only be for partisan election purposes whether it is that Side or this Side, but we must begin to deal with the fundamental problems in the society and deal with the question of class and changing communities rather than getting it wrong. We must not get it wrong at this stage.

That is not to say, Sir, that the cases I have heard made in this House consistently by people like the Honourable Member for St. George South, who clearly understood the need to help the man at the lower socio economic level of society, regardless of its class, colour or creed, have been done and done consistently in an effective way, and I want to make that point, Sir. I think I ought to get it into the debate, Sir, because I am not sure that some of us are listening quite carefully in this countiy. We have to deal with those problems and deal with them properly.

Now, Sir, in relation to the use of land in Barbados, I certainly am not going to say anything at all that will affect the matter that is now before a Select Committee of this House. It is a good Committee. I believe so. I am a member of it. That does not make it good but there are other members. I am sure the Committee will produce a very valuable and useful report for the House based on some rational analyses of the information rather than an emotional response to some of the matters that are before us.

Let me say this, Sir. Barbados is not going to expand its land mass by any act other than if we fill in some of the sea. We have to accept that. We know that our population is roughly 260 000 people and we can project actuarially the increase or the decrease in that population over the next 20 to 50 years.

We have recognised that the trends among our people are for smaller households whether it be the new middle-class and the expanded middle-class, something that I welcome, which is sort of having a household of no more than two children and father and mother, two children who eventually move themselves leaving the father and mother in a house that soon becomes too big for them.

What has been happening in our housing and land development is that in the last 30 to 40 years, we have used agricultural land for the expansion of residential houses for the growing middle-class of Barbados. That is why if you look into areas like St. Philip and St. George, St. Philip was considered marginal agricultural lands at one time and Christ Church, and now parts of St. George, you will find that the housing areas, whether they be the terraces or the heights, have expanded to cater to the middle-class of Barbados and their needs.

Now, there has not been a consequential expansion in spaces for those at the lower end of the socio economic level. What has happened, Mr. Speaker, is that other than for the revolutionary step taken by the Labour Party Government in the period 1976 to 1981 by passing the Tenantry Freehold Purchase Act which permitted people at the lower socio economic level, particularly in the rural tenantries, to purchase land at 10 cents per square foot, there has been no similar revolutionary Act until now in relation to the urban tenantries. That is a fact.

Now, we suffered grievously and wrongly in criticism for compulsorily or forcing the plantocracy to sell land to people at 10 cents per square foot so that today, and we have not got the praise for it, and I am going to hammer it for the balance of time that I am in public life in this country.....

Mr. D. St. E. KELLMAN: On a point of order, Sir. Criticising the Government of the day was not the taking of the lands from the plantations to give to the poor, but it was from taking from the poor to give to the poor. That was the criticism.

Hon. Sir HENRY FORDE: Sir, I do not know of any poor man who owned plantation lands that had to be sold at 10 cents per square foot. If the Honourable Member would look at the Schedule he would understand. He should not jump at everything. He jumps up to talk at everything in this House but he must listen sometimes like the Honourable Member for St. Michael South East. He must listen. He must not just believe that he must talk on everything.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House again because he is giving the impression that that Act did not allow poor people to go to court even to acquire poor people's land and he knows better.

Hon. Sir HENRY FORDE: The Honourable Member, Sir, does not know what he is talking about and I would put it down to his enthusiasm rather than to his research. There are two Acts. I am talking about the Tenantries Freehold Purchase Act, if the Honourable Member wants to know, which allowed the Government to take plantation tenantry lands and the lands in certain Glebe areas and to make the landlord convey those tenantry lands to the people who have lived on them for five years or more - I am talking now about plantation tenantry lands - at 10 cents per square foot. Those lots are still being acquired in the parish in which I live in St. John and elsewhere at 10 cents a square foot. It is the only part in Barbados, and, in fact, the only place in the Caribbean that anybody can buy land of that nature at 10 cents a square foot and it is due to the Barbados Labour Party's Government and its commitment to the poor man in Barbados that that has been made possible.

You never want to give us the praise for it. I do not care whether the Press ever praise us for it but God knows that this Party had the foresight, the courage and the intention which it carried out to do revolutionary changes in land ownership in Barbados. I have to say it many times. I will say it always, Sir, because the significance has not sunk home to the people of Barbados.

Now, Sir, the second thing we had to do was to deal with the myriad of urban and suburban tenantries that there are in Barbados. Part of the reason in Barbados for us lagging behind in the quality of our housing stock is because until Barbadians owned the land on which they had their houses, they were not going to burden themselves with a liability to improving that stock other than what they could make good by. The former Right Honourable Member for St. John used the graphic phrase that there was portmanteau architecture in Barbados. You had to have a house, that you could lift up and move it and move to another house spot. There was a duty on Governments to so deal with the urban tenantries to provide security of tenure that the people with the chattel houses, which they were constantly expending money to repair, could convert and could have a much more stable environment. 12.50p.m.

We attempted and brought the legislation here and that legislation which is the one that the Honourable Member is deriding us about was criticised because you could never have perfect legislation. There were some people who had house spots, usually people resident overseas, that they claimed they wanted their children to have. They argued that this legislation was penalising them and we were bombarded by writers in the Press without a proper analysis of the long-term aspect of the matter who were saying that we should modify it in some way. We were bombarded by this and it became an election issue and it has delayed dealing with the question of the urban tenantries.

I represent a constituency that has a large number of these urban tenantries. I have managed in the time I have been in the House to get some of them conveyed and housing conditions improved and I will fight to get the others conveyed. The legislation has been modified now to answer some of the fears expressed by the Democratic Labour Party and others to the extent that the Government is now making grants of $15 000 to those persons who have to be removed because owners said they wanted to keep their particular areas of land. That is what is happening.

Sir, let me put it this way. We ought to tell the country that there are 20 000 house spots between St. Peter and St. Philip passed for development on which there are no buildings yet.

Asides.

Hon. Sir HENRY FORDE: Honourable Members no doubt will get the correct information from the National Housing Corporation. We have to deal with it. We have to deal with it because we are a small land area, not to allow large areas of land to be wasted that remain unbuilt on and unused whilst we go into agriculture land. The Honourable Member for St. Lucy will agree with me on that because he says that he is an agriculturist. The number of parcels of land in Barbados are somewhere like 120 000 parcels of land. I believe that there are about 20 000 parcels of land already passed through the Town and Country Planning that have no buildings on them. If we are going to be moving into agricultural Barbados we have to make sure that we do not deprive future generations of Barbadians of proper agricultural land. That is my view.

I believe that we have accepted a heritage, that we have accepted a legacy and that we have to preserve that legacy and that heritage for our future generations after we have passed on. That is what the debate ought to be about in this country at this time. Not an emotional debate that does not pay regard to facts. I come in here and I talk facts even if they do not make the headlines but I hope that it makes history and make commonsense and makes people follow proper policies.

What we need to deal with therefore is a system of expansion of the housing stock of Barbados in the context of a need to use land that is more suitable for housing. We need to deal with the problem of the renewal of our housing stock in areas of St. Michael and Christ Church in particular where we do have derelict houses still lying around. The Minister at one stage said that there were 1 800. The Ministry of Housing has a Paper on that. We need to deal with that and we need to deal with it in a non-partisan manner to provide finance for those who need

to be financed and where people are doing nothing, and refuse to do anything, to acquire the spots, pay them adequate and fair compensation and put those spots back into use and circulation for people who need housing.

I agree with the part of the speech of the Honourable Member for St. Michael South Central where he speaks about the future need for high rise. Barbadians db not like high rise living. Traditionally, a Barbadian likes to own his little house. He does not understand the concept of going up as you do in other places with seven storeys and that sort of thing. In fact, I would not like to see seven storeys in an island so small. I do believe that we are going to have, particularly in coastal Barbados to use high rise for residential purposes of our citizens and also to use high rise in order to maximise the economic return from the limited amount of beach and adjoining beach lands that there are in Barbados.

If you are going to cater to your main economic activity which is tourism, you have to acknowledge that tourism will basically be carried on in coastal Barbados or as near as possible to coastal Barbados. You have to acknowledge therefore that to make the best use out of coastal Barbados that you cannot be expansive with ten and fifteen and twenty and forty and one hundred acres but you have to go up to some extent whilst using the land properly. We have a corresponding obligation to ensure that whilst we do that, we need access at the same time, proper and adequate access to the beaches so as to get rid of the growing feeling of excluding people from using the amenities of Barbados. We should formulate our policies in this sort of rational atmosphere rather than an atmosphere of everybody taking up a stand in extravagant terms whilst not looking at safeguarding the total long-term interest of the country Barbados.

Asides.

Hon. Sir HENRY FORDE: The Honourable Member is asking me which coastal area. The coastal areas are St. Peter, St. Lucy, St. James, St. Michael, Christ Church and to a limited extent St. Philip.

I believe that the East Coast ought to be preserved as near as possible in its natural state particularly on the sea coast. I believe that that should be recreational areas to a large extent for Barbadians. That is my view, Sir. I think that whatever development that we allow on that coast line should be properly controlled because generations 50 and 200 years from now want to know, my great, great, great, great, great grandchildren will want to know that they need a piece of Barbados, not necessarily to own it but to have it for access and recreation.

The last point that I want to make is this. Barbados is still a pretty country and part of its charm both for the residents and visitors is that it is not all concrete. When you go to Bermuda you see concrete after concrete after concrete and people believe that that is development.

Asides.

Hon. Sir HENRY FORDE: We want to see a development in Barbados that we can preserve some of our ridges rather than to see concrete all over the place on every ridge. We want to see a Barbados in which you can still drive through, as soon as you are out of Salters you are into St. George Valley and that you have beautiful area of greenery through St. John and St. Thomas and those areas. I would hate to think that those speculators who are putting applications every day to cut areas in some of the most beautiful parts of St. Thomas are refused permission. I want to see the same in Christ Church as well and in the St. George border because the agricultural land in areas like the Ridge, Hanson, Kingsland and Wotton are proper agricultural lands for future development. Furthermore, environmentally we need to have the preservation of land for environmental purposes. 1.00p.m.

I want to say quite clearly there are a whole group of new speculators who believe they can run from party to party in order to get permission. I would personally in this House oppose, whichever Government is in, including my own Government, if they are reckless enough to bend to those types of people in Barbados.

When I was Minister in charge of Town Planning, Sir, soon after I became Minister in charge of Town Planning I had a friend of mine who came to me to give him permission. He made an appointment to see me. I did not know what it was about but it turned out he wanted me to give him permission to cut up good agricultural land in central Barbados. I asked my Secretary, I looked upstairs to see if she was there. Sir. She was then my Secretary, to come and take a note of what he was asking me for. I told him, look you are my friend. This is the first time you have done this. The next time I will bring in the CID and the DPP for you. That is how you have to deal with some of these people who believe that because they are going to give rake backs to A, B and C in the political parties that they are entitled to any pay-backs for cutting up good agricultural land in Barbados. I am fundamentally opposed to it, still and when I participate in the Select Committee I will make my position clear or I will write a minority report on it. If people have not got the guts to come in here and say it, I have the guts to come in here and say it, Sir.

I am not criticising the Honourable Member but I remember when Sandford was cut up. I remember when Neils was cut up and I remember that when Neils was cut up one of the people involved in getting permission

was getting permission where the owners of Neils were denied permission and we almost had a big fight about it. I remember when the best lands in Frere Pilgrim were cut up and I remember when Rowans was cut up. I can go through plantation after plantation of very good agricultural land that we have allowed to go out because of the pressure.

Warrens, Cane Garden. Did you ever drive up Sharon Hill and see the small agriculture going on and we could have preserved a lot of Cane Garden?

Mr. SPEAKER: The Honourable Member has 2 minutes.

Hon. Sir HENRY FORDE: I have been sending my Clerks into the Town Planning Office to read the files and to monitor the files to see who is applying for what and when and how and where. I do not want any information through the back door. Because certainly, Sir, I believe that one has a duty in public life, for future generations, to ensure that those of us who have had the courage and the guts to throw down our buckets here and to take the calumny and the criticisms sometimes from our own colleagues, from our colleagues on the Other Side, from the public of Barbados, make it clear that the speculators in Barbados have not been the politicians, the speculators who have made the millions of dollars have been some of the very people who criticise the politicians but they make millions. What we politicians have to say to the officials and be strong enough to tell them that even if they are contributing to the Party that does not give you any qualifications to destroy the heritage of Barbadians in the future. That is the point of view and the stand I take on these issues and I will continue to take for the remaining time I am in public life.

SUSPENSION

Hon. R. C. EASTMOND: Mr. Speaker, Sir, I beg to move that this House be suspended until 2.15 p.m.

Hon. G. W. PAYNE: I beg to second that.

The question was put and resolved in the affirmative and Mr. SPEAKER suspended the sitting accordingly.

RESUMPTION

Mr. DEPUTY SPEAKER: This Sitting is resumed. When the suspension was taken we were at Government Business and to that we will now revert.

Mr. W. C. C. CALLENDER: Mr. Deputy Speaker, it is perhaps the greatest pleasure I have had to speak in this Parliament on this matter since it relates to a matter that is dear to my heart, the matter of housing. And also, Sir, owing to the fact that what I say perhaps will be heard by some who have not had the privilege of hearing my comments on similar matters in earlier presentations.

Sir, the matter of compulsory acquisition of land in Arch Hall for housing development is a good move in that it provides housing for people who are in dire need of housing. But, Sir, I would, in keeping with the tone of earlier discussions, want to deal with the matter of land acquisition in general and as such I would want to touch on matters related thereto.

Sir, I find it distressing that land acquisitions for the most part take very long. This case however is an exception. I think we were informed that the Cabinet agreed that there would be this acquisition in October last year so that this matter is being expedited. I have no quarrel with that. I would hope, Sir, that the same speed with which this matter is being attended would also greet projects in the South of Barbados.

It is not surprising that projects to the North would receive such great attention and such speed and I have no problem with that, Sir. That is how business should be conducted. What I have a problem with, Sir, is that when it comes to the South of Barbados and in particular Christ Church there seems to be a feeling that Christ Church has got all that it should have got and therefore there is no need to treat matters in Christ Church with the same degree of urgency.

The House would recall that I was asking about the acquisition of land for playing facilities at Inch Marlow for over 2 years and my understanding is that this matter was being progressed, perhaps now for nearly 2 years itself. So I am asking the question, why is it taking so long for that acquisition to be completed when the owners of the land are in agreement to having the land sold to Government and indeed had approached me about having the land made available for the goodly people of that area who have been playing cricket on that land for as long as I can remember.

I made the point earlier, Sir, that there is no sense allowing these lands to be reclaimed, such as happened in St. George where the owners moved in on this land and they cut roads in it and so forth. Where people are ready to give up land I believe the Government should act speedily and have this land acquired in the interest of the community, especially when it is a playing field. That playing field in Inch Marlow is the only available spot on that section of Christ Church. If you go from the area below Fairy Valley all down past Oistins the only next available playing facility that you have is the Foundation School which is really school property. You have

perhaps to go all the way down to Dover so it is important that the Government moves with speed to have this land acquired at Inch Mariow. 2.30p.m.

It will not only be used by the sportsmen from Christ Church East, but also the sportsmen and sportswomen of Christ Church South, will also use this facility, Sir. And, I believe some as far as Christ Church East Central and Christ Church West Central who come to that area will also be using that facility. This is not a case of doing a favour for the M.P. of Christ Church East. It is a matter of doing what has to be done for people generally. In this case there is a dying need for this facility to be owned by the Government so that we do not have an embarrassing situation of a clash between the landowners and the Government or the people when one least expects. So let us work on it now that there is an agreement on that matter.

I have spoken on this issue *ad nauseam* to such an extent that the Honourable Member for St. Andrew had to tell me to keep quiet. I have kept quiet for a little while, but I have to revert to that issue because that project needs to be done Sir, in that context I am hoping that the playing field that was promised to the goodly gentlemen of Gall Hall be delivered. We do not only want to hear talk about that playing field. We have been hearing talk about that playing field from since the last election and if we have now reached the stage where we are now hearing talk about it, when will this playing field be delivered to the people of Gall Hill?

If Inch Marlow had to wait so long for land, which was available, how long will the people of Gall Hill have to wait for this playing facility which they were promised? I hope that acquisition will take place speedily. I have no objection to the acquisition taking place speedily since this is the season of election. I have no problem with that. I am not concerned with whom takes credit for what. I am concerned that the goodly people of the area in which I roamed during my days and with whom I made contact, I am concerned that the people get what they deserve and what they have been promised. That is what my concern is about, Sir.

We believe that we can just promise people things and make them feel sweet. I am not in that game of just making promises and making people feel sweet. I will annoy you until you have delivered what you have promised. As MPs we have to annoy the Ministers until they give us what we have been promised. Those who are ashamed of annoying the Ministers, I am ashamed of them.

The Right Honourable Prime Minister is also ashamed of them too. So he says, because he said you should show dissent and he is proud of those people who show dissent. That is what the Right Honourable Prime Minister said, if you can take what the media said seriously, that he is proud of those people who show dissent, Sir. If it is a matter of showing dissent to get what you have been promised, then you have to show dissent to get what you have been promised.

Asides.

Mr. W. C. C. CALLENDER: Sir, I would appreciate if you would... I am hearing these asides a bit loudly. So once these asides become too loud, I would have to respond to them.

Asides.

Mr. DEPUTY SPEAKER: The Honourable Member for Christ Church East. I have given some latitude there, let us go back to the northern side of the country, St. Thomas.

Mr. W. C. C. CALLENDER: Sir, we are looking at the compulsory acquisition of land. It is in Arch Hall but we are looking at the principle and I am saying...

Asides.

Mr. DEPUTY SPEAKER: Let the Honourable Member continue, please. Let him continue, go on, Sir.

Mr. W. C. C. CALLENDER: I am being disturbed in my presentation. Mr. Deputy Speaker, let the Honourable Members on the Other Side know that if they want to engage me in a verbal battle, I am prepared. So will they wait until the appropriate resolution is before the House and then we can do it and let us deal with that.

Aside.

Mr. W. C. C. CALLENDER: No. I have to be sidetracked because I am hearing these things loudly and they are distracting me.

I am talking about land acquisition, Sir, and I am agreeing that we need to have these land acquisitions done speedily and I am saying that the same way it can be done expeditiously in the North, they should also be done expeditiously in the South. I have mentioned the particular cases here at Inch Marlow. I am also saying that the same thing should happen in Gall Hill.

Sir, in these debates, I have heard a lot of talk being made about poor black people and talk about emotive debate rather than being rational in this House. It amazes me that when one seeks to speak about poor black people it is spoken of in a breath as if it is something emotional. I have to respond to it, Sir, because it was said in

this House that this is just something emotive. When we are hearing about matters relating to big businesses, I do not hear these protests being made, but when references are made to poor black people, they are the apologists who would come in and say we are being emotional, we are being political, all of that kind of foolishness.

I am making that point to say that on this matter of land acquisition, we need to address the issue of the poor black man. They will not get us to stop talking about the poor black man. The white man can defend himself. He has economic power to do so. The middle class black can help himself a little bit, but he wants a lot of help too, but the poor black man is defenseless, Sir.

Hon. G. W. PAYNE: Mr. Deputy Speaker, on a point of order. The Honourable Member is not referring to anything that has been said in this debate. The whole question of the poor black man, white people or black people has not been the subject of anything in this debate.

The Honourable Member is straying not just far and wide. He is outside his jurisdiction. He is completely outside what we are discussing, totally outside. He has lost his way and I believe everything that he has said so far should be struck from the record. His entire speech should be struck from the record. He is speaking nonsense.

Mr. DEPUTY SPEAKER: The Honourable Member for Christ Church East, continue please.

Mr. W. C. C. CALLENDER: Mr. Deputy Speaker, Sir, for the Honourable Member for St. Andrew to refer to what I am saying as nonsense, I am asking you to strike it from the record. 2.40 p.m.

The Honourable Member for St. Andrew could never refer to anything I say as nonsense. He has to withdraw that, Sir. Mr. Deputy Speaker are you ashamed to ask the Honourable Member for St. Andrew to withdraw his remarks?

Mr. DEPUTY SPEAKER: Honourable Member for Christ Church East, continue your speech, please.

Mr. W. C. C. CALLENDER: I will continue but it is unfortunate, Sir, that you were not in the Chair earlier when the Honourable Member for Christ Church West made all of these references to poor black people and being emotional. I have the notes here, Sir. He said it is emotive to stimulate partisan preferences. All this stuff I was hearing. He also said it was an emotive debate rather than rational. He said they use the poor black man to score political points. These points were made by the Honourable Member for Christ Church West so if the Honourable Member for St. Andrew was not present physically or in mind I am very sorry for him. But none of this filthiness, bad talking and wanting to fight will scare me. Do you think you are on a bus?

Mr. Deputy Speaker, I am accustomed to this kind of attitude from the Honourable Member for St. Andrew when he would be so vindictive. If he can be so vindictive as to withdraw six students from a class which I was teaching, you can do anything.

Mr. DEPUTY SPEAKER: Member for Christ Church East, let us get to the business of the debate.

Hon. G. W. PAYNE: On a point of order. I would ask that those remarks be withdrawn. The Honourable Member stated that I withdrew six students from a class that he was teaching. I am not even aware that he was a teacher. Listening to him no one would believe that he was a teacher. I am not aware and I do not know what he is talking about.

Mr. DEPUTY SPEAKER: Member for St. Andrew, you have made your point. Member for Christ Church East, continue your speech, please!

Mr. W. C. C. CALLENDER: ... A vindictive fellow. When I am speaking he is walking out, withdrawing six students from...

Mr. DEPUTY SPEAKER: Member for Christ Church East, continue your speech on St. Thomas!

Mr. W. C. C. CALLENDER: This kind of bullying tactics will not work in this Parliament, Sir.

Mr. DEPUTY SPEAKER: I did not get that word you used, what kind of tactics you said.

Mr. W. C. C. CALLENDER: Bullying.

Mr. DEPUTY SPEAKER: Okay. Continue, please!

Mr. W. C. C. CALLENDER: These tactics will not work in here.

I am not going to attack anybody but as they attack me I will fight back. Mr. Deputy Speaker, Sir, we are talking about these apologists who do not want to hear about the poor black man but I saw poor black people at my father's school when I taught there. I walk about with poor black people and I will forever be speaking about poor black people so those who do not want to hear about poor black people in here I am going to say it. If they have other interests to represent they can represent their interests. Everybody is free to represent what interest they want to represent. I will speak to what I know.

Members in here are free to speak for what they know and if they want to speak about white people, middle-class people or merchants they are free to do so but those people cannot represent themselves as well as the poor black people of which we speak. Every man will speak for his constituency. I will speak to mine and no apologist will stop me from speaking for whom I want to speak and that is why it is not surprising that I am not hearing anything when we talk about land that a delegation will go out in Fairy Valley or some of these same people who do not want to hear about the poor black man in this House and in the next few days the foundations are gone, the boulders are gone, everything gone because they cannot empathise with poor black people. That is what it is all about.

I have lived on the hill below these poor black people in Fairy Valley and I am saying let us have some land for them too. They went there and they say they went illegally. But the fact is they want land. You moved them and all I am asking for is that you provide some land for them as well. I see some roads being cut in Fairy Valley. I have the list of those who want land up there and I will be monitoring to see if these people would get land or whether this land will go to other people. The understanding is that this land overlooks the sea, it overlooks Long Beach Hotel and a lot of big houses there and in keeping with the trend of this economic use in this bottom line theory some may feel that that land is too precious for those poor black people of Fairy Valley area.

I have the list and I will be checking to see who will get those spots when they are ready. I have the list. I will be checking to see who gets those spots, where the people come from, because if they feel that that land is too precious and has too good a view for the poor black people who have grown up in that area I will know because I have the list of those who want and I will know who moves up there. I have the information coming to me every day.

They knocked down the foundations and everything but let me see if this Government is sensitive to the poor black man. There cannot be one law, one rule, for the poor black man and another law for the rich merchant.

It is not surprising, Sir. It does not have to be my constituency but it will always be my constituency because I understand the feeling and the mood of the people up there because I go through there every day. Those who are running and trying to represent the people of Christ Church East do not understand the mood of the place and their ignorance would inform a decision to take action that will put those same people out of jobs. People from Fairy Valley work at Chickmont. The people down Eden Grove work at Chickmont. The people in Silver Sands work at Chickmont and we are taking a decision that would eventually put those people out of work. That is the kind of representation we are talking about, that will come from people who want to represent those same people that will put them out of jobs when they lick down their foundations and will not stand up to see that they get land to put their houses on.

If Government has reached this stage what are we in here for? Is this some kind of bourgeois club? Sir, I am happy for the people of Arch Hall I need to repeat that.

I want a degree of equity in what is being done by Government. Government is not just in St. Peter, St. Thomas and two other places. Government has the responsibility for the whole of Barbados. What I am saying is that we need to see that same action being taken for the people.

You were not listening. You never listen. You are not able to listen.

Asides.

Mr. W. C. C. CALLENDER: Sir, the next point I want to talk about is these land acquisitions. It is a matter of communication. They say that these things go in the *Official Gazette* and the newspapers. What is wrong with somebody telling these people that their land is up for acquisition? I had a woman call me just the other night. Her land got acquired in St. George. She called the Honourable Member for St. George North. I do not know if he has returned her call yet. She called him three times. Her land was acquired to build that house in St. George and she did not know it was going to be acquired. I do not know if she did not read the newspaper. I do not know what happened but these people are due respect. People do not read the *Official Gazette*. How many people read the *Official Gazette!* Some people do not read the newspapers. 2.50p.m.

Sir, this lady lives in Hopewell in Christ Church, that is Christ Church East, but her land is in St. George and her family live in St. George North and the road is being built in St. George North. She called about that land and said it has been acquired and she did not know anything about it. Why cannot somebody tell these people that the land is being acquired? It is simple respect. That is all we are asking for, Sir, and that is one case.

Now, we have a situation now in Lodge Road with some problem with land. I want to say this. When there are problems between tenants and landlords, these are sensitive issues. I believe as far as possible as they can be worked out between the landlords and the tenants it should be allowed. I do not believe that the Government should hastily rush in to acquire these people's land. If the tenants and the landlords can get together and work it out, let that be the way to do it.

Government should only come in on these matters as a last resort. Usually it looks as if Government is hasty to rush in on a case when there is some poor black person involved, but if it is a white non-national, or a white business person, they are reluctant. They are afraid to move in. If it is beach land, they do not want to rush in. They will tell you that you have to go through the law courts and all that foolishness, but if it is some poor person from Lodge Road, or Parish Land or Fairy Valley, you want to rush in, take it away from them and say: "Look, we have this. We are big bad Johns for you all people."

What message are we sending to our people, especially our poor black people who are defenceless? We have to speak on behalf of the defenceless. We are not saying this because we are against any person. Governments have to speak for those who have to be spoken for. The rich can get their lawyers. The rich have money. The poor have no money. Nobody is listening to them. They have no influence. They are defenceless and we will have to continually defend them.

This is the last I want to hear from my good friend, the Honourable Member for Christ Church West about this foolishness about our talking about poor black people and apologising, and talking about poor white, poor black. Poor white people what? How many poor white people do you know in Barbados? Has anybody seen any poor white people? So do not be an apologist. If you have white clients, you have white clients. That is a matter of your business.

We are in politics and we have to defend the defenceless. That is what it is about. This is not a bourgeois club. So let us get down to the real matter at hand and deal with these things and the efficiency that you demonstrate with Arch Hall, I want you to demonstrate in the other areas. This is great, Sir, but let it reflect the general mood and not just an occasion to help certain constituencies.

Sir HAROLD St. JOHN: Mr. Deputy Speaker, I just rise to correct some of the record which I heard since I was in here this afternoon because it seems clear to me that we have reached the stage where Parliament is now used as a platform for propagandising alleged positions taken by some people.

As far as any mention has been made with respect to the acquisition of land for a playing field at Inch Marlow is concerned, I want to make it clear, Sir, that the people in Inch Marlow can reliably expect that that acquisition which has been called for repeatedly by many Members of Parliament who had the honour to represent that area over the course of the last 30 years that I have been around, and my understanding is very clear that that acquisition is going through. The people are not suffering in any way because, in fact, they have been using the playing field for over 30 years and there has been no obstruction in the use of that playing field. So that is one thing I would like to put right.

With respect to Fairy Valley, I had the pleasure yesterday of going and driving on a lovely barbergreen road from the top to the bottom in Fairy Valley. The surveyors have laid out the spots. I happened to be present when the assurance was given by the Barbados Labour Party representatives that the priority would be given in accordance with the laws relating to tenantries because the Crown regards itself as bound by the Tenantry Act.

The first people to be served will be tenants of the plantation. The second people to be served will be the people who are being displaced by the programme to clear the flight path. The third people to be served will be those people who have put in their applications previously.

Now, Sir, I am very happy to say that the Government has taken a decision that a parallel road will be built to that road and that road is being cut now. There will be more than enough house spots to satisfy the people.

Aside.

Sir HAROLD St. JOHN: You know why some of them had to be moved? The Honourable Member would have done the same thing if they had done it to him because if you are developing an area and people put foundations in the way where the road is going to be built, what are you going to do? Divert the road around the foundation? What kind of lawlessness you are talking about?

The truth of the matter is, Sir, that some of the enemies of the Barbados Labour Party encouraged people to indulge in acts of lawlessness and tried to obstruct the programme of building that tenantry road. The Democratic Labour Party had 10 years to build it and never built it, so do not let us talk about building that road. That road is an integral part of an area which every time the Barbados Labour Party is in office it provides amenities.

We built a pavilion just down the road. We built a beautiful playing field. We moved the people from within the flight path. The Democratic Labour Party stopped moving the people from within the flight path. That should have been done the last 10 years. We will continue to carry out our obligations under the International Civil Aviation Rules and move people who are within the flight path, so do not come talking any foolishness about that. I have been around long enough to know that nobody in Barbados believes that any of the political parties that held office since Independence spite people. People do not believe that.

Mr. B. M. TAITT: On a point of order, Sir. The Honourable Member is misleading this House. The Honourable Member said that nobody believes -1 want to be fair to him, Sir - that any Government since Independence spite people. I know of my own knowledge that under a regime in which the Honourable Member did not have a lot of say in of the Barbados Labour Party that spite went on. Now, Sir, if the Honourable Member said that his regime did not spite anybody that would be reasonable but I know of my own knowledge that during a regime in which the Honourable Member had very little say there was spite, Sir. 3.00p.m.

Sir HAROLD St. JOHN: I do not worry about what the Honourable Member said. Obviously the belief is not universal otherwise the party would not have changed. Obviously they cannot convince the majority of the people of that.

Sir, what I am trying to say is that there is no point in trying to create the impression that a Government of the complexion of the one that runs the Government in Barbados will carry out a programme to spite people. That is just incorrect. It is very incorrect and it does not, in my opinion, enhance in anyway the potential appeal of any Honourable Member to try to do that.

Mr. W. C. C. CALLENDER: On a point of order. I was the last Member that spoke in this House. I did not say that the Government spite people. I do not know where this talk about spite came from. The Honourable Member is on the wrong track. He is misleading the House that somebody was talking about spite in the speech that was made. What I gave were facts about what happened.

Sir HAROLD St. JOHN: I am continuing. If the Honourable Member is ashamed about what he said, that is the Honourable Member's business.

Mr. W. C. C. CALLENDER: On a point of order. I never referred to any spite. The record can be checked. But if the Honourable Member is aware of the fact that I know that when the delegation was going up the hill that somebody said, those are "DEMS" down there. I have not made mention about that publicly, Sir. If he wants for me to say that now, I can say it because it is a fact.

Mr. DEPUTY SPEAKER: You have made your point.

Sir HAROLD St. JOHN: As I have said, Sir, and I want to put the record straight. The criteria for the selection of people who would occupy the land at Fairy Valley was publicly declared. The position is that since that the Party has stuck to its word. The road has been barbergreen. Secondly, the surveyors have been doing the survey and the household survey is being carried out. Those people who are being moved from the flight path at Parish Land and further down, who originally it was thought that they would be better-off at Lead Vale and they objected because they said they had family living in Fairy Valley, will be given the opportunity to choose between Fairy Valley and there.

Mr. W. C. C. CALLENDER: On a point of order. The Honourable Member is misleading the House. I was at the meeting that was held. I actually chaired the meeting with the residents of Thyme Bottom and the surrounding areas who are to be relocated. There were only two people who lived at the upper end who wanted to stay up there. As a matter of fact, one gentleman in the meeting who came from Fairy Valley is who asked about that but he was not from the Thyme Bottom area.

The information that we have is that people from Thyme Bottom are being relocated to the Lead Vale area where houses are already being constructed and the land has been acquired. There are just a few other people who are supposed to move from Fairy Valley who, they are proposing, will go down the hill.

I do not want the issue to be confused. The Honourable Member is misleading the House because I was intimately involved in these discussions.

Sir HAROLD St. JOHN: The Honourable Member did not go to the meeting that we went to and that is the problem. When we went to the meeting, the Prime Minister, the Honourable Member for Christ Church West, myself and others and the people from Thyme Bottom said that they did not want to go to Lead Vale, they wanted to go to Fairy Valley. It was decided that a proper survey would be carried out and those who wanted to go to Lead Vale would go to Lead Vale, those who wanted to go to Fairy Valley to be near to their relatives, will go there.

The fundamental point is that the Democratic Labour Party had ten years to build that road and to allocate the excess land to people who wanted it and they did not do it. The Barbados Labour Party was in a position fo^allocate...

Mr. J. O. TUDOR: On a point of order. The Honourable Member is misleading the House. The Honourable Member must be aware that under the Democratic Labour Party Government that the road that had been left in a state of disrepair all through the previous Barbados Labour Party Administration was finally done. All through Wilcox Hill, up to Fairy Valley was done under a Democratic Labour Party programme, The road through Fairy Valley had in fact started under the Democratic Labour Party when we went out of office.

Sir HAROLD St. JOHN: The Honourable Member obviously does not go that part of Christ Church because we are talking about a road on the second level, the same level as the airfield and it goes down the hill. Not the Wilcox Hill level, it is a different road altogether.

Anyway, Sir, that battle will be fought and that battle will be won. I know that by the decision to build the parallel roads that more house spots will be opened. So if the Honourable Member has any particular person that he would like for the house spots, I advise him to get them to put their names at the National Housing Corporation and they will come in Category 3. You cannot get in Category 1, you cannot get in Category 2 but you will come in Category 3. If you have anybody who was good to you in the past and you wish to repay the favour, just put down their names.

Mr. W. C. C. CALLENDER: On a point of order. The Honourable Member is misleading the House on two issues. One, the tenantry road that is being spoken about had nothing at all to do with the issue that was brought before the House. As a matter of fact, Sir, the tenantry road was built and it was while the tenantry road was being built and it started to look so good that attention was drawn to the fact that some people had p,ut down blocks in their eagerness to get house spots and then the delegation came up after the road had been built. The road had nothing to do with subsequent actions taken by that delegation, Sir.

On the second point of getting house spots for people. I do not want house spots for any people in particular. I am saying that those people from Fairy Valley who put their houses and their blocks in their eagerness, that most of them live in that area. I am saying that a sensitive Government would ensure that if they put house spots that those people should have first access to those spots. That is all I am saying. It does not matter if I know the people or not.

Sir HAROLD St. JOHN: The Honourable Member obviously does not intend to carry out the law of Barbados. The first people that have access to a tenantry that is developed is the tenants who were there before. The people who were tenants have a right under the law.

Mr. DEPUTY SPEAKER: The Honourable Member for Christ Church South. Please, let us go down to Arch Hall.

Sir HAROLD St. JOHN: Yes, Sir. I have to go down to Arch Hall. I believe I have effectively responded to the non points that were raised.

Since we are dealing with compulsory acquisitions, it is important, Sir, that people recognise that the compulsory acquisition laws that we have in Barbados have been in existence, I believe, since 1961 and they are well known. I think that Honourable Members in order to do a good service to their constituents who may be affected, that they should familiarise themselves with these laws.

The Government, under the Constitution of Barbados has to pay compensation to every person whose land is acquired. If a person feels that they are not getting their compensation, they have a right to go to the court and get their compensation. Land acquisition is one of those areas in which a vast majority of the 300 lawyers in Barbados who practise law will operate from what is known as a results based fee. There are many on both sides of the House who will tolerate that so there is no question in Barbados that when land is acquired, whether it be at Arch Hall or wherever it is that the law that has been in existence since the 1960s provides for compensation and people can have access thereto. That is what Honourable Members should be advising their constituents. They should be writing, helping them to get it, not coming into the House of Assembly and trying to make it appear as though the Government administers the law relating to acquisitions in anyway which is the result of political difference or things of that kind, 3.10p.m.

Hon. G. W. PAYNE: Mr. Deputy Speaker, since most of the comments on this particular matter has no direct relation to the actual Resolution, I believe that my response would be very brief. There is nothing that the Honourable Member for Christ Church East said which I believe is worthy of reply especially seeing that he spoke on matters that he himself did not fully understand with respect to what is happening at Fairy Valley.

Mr. W. C. C. CALLENDER: On a point of order. The Honourable Member is misleading the House. I am fully appraised of all the facts. I was involved in everything relating to the matter and it is disrespectful to say that I did not understand these matters.

Hon.G.W.PAYNE:Therefore, Mr. Deputy Speaker, I need not respond to him. The Honourable Member for St. Michael South Central did raise a very interesting point with respect to Government's acquisition of large areas of land. It is easy for one to come into this House and speak about the acquisition of a large area of land and the erection of 2 000 houses in one location and then on the other hand they would, depending on their mood, speak to Government taking good agricultural land out of agriculture. It is a call that Government would have to make at some particular point because you cannot take a large track of land in many constituencies in the way how the houses and residences in Barbados are presently located. I think that the recommendation is a very good one and I would hope that the Honourable

Member for St. Michael South Central would be able to convince all the Members on that Side when we are finally settled on what has been referred to in this House as the Dean Town project. The Dean Town project is a little revolutionary but it is a sort of hybrid between a completely new development and acquisition of land on the periphery in that it encompasses land on the borders of areas like Westmoreland, Orange Hill, Greenwich Village, Sion Hill and at the same time it speaks to what the Honourable Member for St. Michael South Central has been saying.

I think the Honourable Member for St. Joseph himself had alluded to it although in a different manner at some time in a previous speech.

We are hoping with this development that we will be able to acquire about 100 acres of land, the entire Dean Town project. As we go along we have been expanding on the project. At the moment, so that it would not appear as though we are doing anything *ad hoc*, we have called in some town planners and they have been doing an overall study of the area. It is one which certainly as a resident of Orange Hill, I am very excited about, but it is one which the Town Planner himself is very excited about. It is one which all Members of this House should be excited about. Members of this House at some point or other speak to this type of project and I believe that Members should support this project fully taking into consideration the fact that every time the question of these acquisitions come to this House, Members are saying that we are not satisfying the demand. It is really annoying every Thursday afternoon when I go to my constituency office, when person after person is requesting a house spot. This is why I did mention Government's policy in acquiring this land for house spots that it will be ensuring that every single person has the opportunity to get a spot on which to put a house rather than focussing on the number of houses that have been built by any particular administration in any one year.

Already during the last 3 years we have had an upsurge in the amount of loans for this particular purpose and if one focussed on the overall situation rather than looking in a narrow area one would see that already the people are realising that land is becoming more readily available. Government is now more disposed towards disposing of marginal lands, lands which adjoin residences and people are making - and I am speaking about the low income people - are making applications for loans more readily.

If I would just give you an insight into what we are saying. We are moving from a situation where in 1991/92, at the high point of the Democratic Labour Party Administration, when according to them they did a lot for housing in this country. I am not questioning that but in terms of loans they gave out $150 000 in loans from the General Workers Loan Fund. Up to the end of 1997/98, in one year, the National Housing Corporation through its General Workers Loan Fund disbursed $4 million. So we have moved in 1991 from $150 000 to $4 million. That tells you something. People should not be sidetracked about any number of houses that have been built in any particular year and it is hoped, Mr. Deputy Speaker, that when all of these lots that we are making available in Arch Hall, in Fairy Valley, we have not had any suggestions from the Honourable Member for St. Michael South as yet. I think that in St. Michael West there is a particular area where I am assisting the Honourable Member in making sure that it is under the Tenantries Freehold Purchase Act - Thomas Gap. We are making loans available to people who previously never thought they would be able to own their house spots and housing should be looked at in that light. At the moment the National Housing Corporation is in the process of making a request to the Ministry of Finance for an additional $ 10 million from the General Workers Loan Fund, so that no low income person seeking assistance, and I say, low income, we have to emphasize low income for people like the Honourable Member for Christ Church East, because he would send people to the National Housing Corporation earning $4 000 and $5 000 a month for a loan and then come back and say that we are not giving out loans. Our aim is to ensure that no low income person coming to the National Housing Corporation will be denied the right of having a loan for the construction of a house. 3.20p.m.

Mr. Deputy Speaker, I think that that covers most of what has been said by Honourable Members with respect to this particular Resolution. I could address the question of Fairy Valley. Fairy Valley is such a large debate that I would not want to go into anything relating to Fairy Valley. There are a number of things which have been distorted which have not really addressed the fact as it relates to Fairy Valley. Very shortly I will be making a statement with respect to what has been proposed for Fairy Valley and I would like to say that in everything that we do...I am a little surprised that I am hearing about certain things that have not been done for the people in Fairy Valley, when we have tried as far as possible in dealing with the relocation of persons that will be affected by the construction of the additional facility for the Airport. We have tried as far as possible to involve all parties.

As a matter of fact, we have don^ just what the Honourable Member for St. Lucy does sometimes. We have stretched ourselves far and wide. We have even gone as far as St. Philip in terms of consultation. The Honourable Member for St. Philip South has been at meetings and he has been so impressed by the plans that we are making and said, "all of this is Christ Church? It has nothing to do with St. Philip." But there is a component with respect to St. Philip in that some of the people to be relocated from Six Roads, I think some of them are going to Lead Vale.

The Honourable Member for Christ Church East has been at meetings.

Rt. Hon. L. E. SANDIFORD: Mr. Deputy Speaker, I rise on a point of order. I am not going to sit idly by and permit the acting Prime Minister to distort the record and to make statements about the Honourable Member for St. Michael South, which might convey the impression that the Honourable Member for St. Michael South for the people of St. Michael South, have not made or are not making representation to promote their interest.

I wish to make it abundantly clear, Sir, that the Honourable Member for St. Michael South and the people for St. Michael South have been making representation in terms of improvement to roads, in terms of housing, in terms of jobs, but you have distorted the record and I am trying to set it straight.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Michael South, you say you are on a point of order, have you the preamble to your point of order, Sir?

Asides.

Rt. Hon. L. E. SANDIFORD: Mr. Deputy Speaker, I have to remind the House of the issue that I am raising. I am now about to make the point that the acting Prime Minister is talking nonsense.

Asides.

Rt. Hon. L. E. SANDIFORD: He is talking nonsense, but that is Parliamentary according to your ruling.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Michael South, have you completed?

Rt. Hon. L. E. SANDIFORD: No, Sir.

Mr. DEPUTY SPEAKER: He said that according to my ruling, the language you just used is Parliamentary?

Rt. Hon. L. E. SANDIFORD: No, the word 'nonsense'. You permitted it today, Sir.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Michael South, for the time being you might continue.

Asides.

Rt. Hon. L. E. SANDIFORD: But, Sir, I merely wish to make the point that the people of St. Michael South and myself have been making representation, but those representations have fallen on deaf ears. That is for purposes of record, it is the only point I wish to make. I wish to correct the record to that extent.

Thank you.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Andrew, would you continue please.

Hon. G. W. PAYNE: Mr. Deputy Speaker, it is obvious that the fact that the Honourable Member for St. Michael South took some time before he actually responded to what I said, would make one believe that he did not actually hear exactly what I said.

I was not imputing anything to what he had done in his constituency or what other persons had done for St. Michael South. I was simply responding to what the Honourable Member for St. Michael South Central had said with reference to the Government's acquisition of large lots of land to accommodate about 1 000 to 2 000 houses, rather than coming to the House on a regular basis to acquire these small tracks of land and dealing with on an *ad hoc* basis. I had said that another Honourable Member had made that point in a different manner.

I think that the Honourable Member for St. Michael South would agree with me that there is no place in St. Michael at the moment, where one could actually acquire a large track of land to place houses in that magnitude and that I was looking at it in that context. I know that he has served his constituency very well and the mere fact that he has been with us for so long is testimony to that. I am not so sure whether I can say the same about other Honourable Members on that Side and I am not referring to the Honourable Member for St. Michael West.

Mr. Deputy Speaker, I just wanted to make the point though that it is a little unfair when you hear Honourable Members talk about there being some favouritism to matters pertaining to the North of Barbados as opposed to the South of Barbados. As you very well know the development which pertains to the South is far greater than what happens in the North. What we are seeing now is the fact that the North...

Aside.

Hon. G. W. PAYNE: This has been alluded to, you were not in your seat, but the Honourable Member for Christ Church East made the point. He talked about contracts in the North...

Asides.

Hon. G. W. PAYNE: You do not know what I said, yet?

Asides.

Mr. W. C. C. CALLENDER: I did not allude to anything. I simply stated that I want the same treatment that is being given to the North to be given to the South. That is what I said, as simple as that.

Asides.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Andrew, continue.

Hon. G. W. PAYNE: The point is, Sir, that a former Minister in this House, I would prefer to say that a former Minister on that Side, in dealing with these types of matters used to talk about addressing certain imbalances and if the imbalances are being addressed, what is the complaint? I cannot see what is the complaint.

I had indicated, Mr. Deputy Speaker, that I had spoken to both questions of the Ministry's position with respect to Fairy Valley at some future time. 3.30p.m.

Inasmuch as this matter has been ventilated at length in this debate, I will try to outline, and I will ask you to bear with me for a few minutes, with respect to what has been agreed at Thyme Bottom and Fairy Valley.

Government proposes to acquire 53 parcels of land at Thyme Bottom and Fairy Valley Rocks. It will service the Leadvale and Fairy Valley extension site with necessary infrastructure. The proposal is to build between 52 and 62 new units which will be offered to the residents of Thyme Bottom. Sixty-one lots will be earmarked between the two sites for Thyme Bottom residents. We will provide 12 lots for households that asked to be relocated as a result of improvements to Highway 6 with respect to the policy framework surrounding these various locations.

We will provide lots ranging in size from 3 600 to 10 000 square feet depending on the area that the particular individual has by reference to his house.

We will:

allocate the larger lots which will adjoin the open space for households with livestock. This is to accommodate persons who already have a small farming stock;

facilitate the relocation of owners of permanent structures by paying compensation for the existing property in accordance with the provision of the Land Acquisition Act, Cap. 228, providing them with the option of purchasing a new replacement house at the Leadvale or Fairy V alley Extension sites or securing a property on ihe open market;

provide the following benefits to households who own both the land and the permanent structure located on it: Payment of compensation for the land in accordance with the provisions of the Land Acquisition Act; replacement house at Leadvale in lieu of the existing house at Thyme Bottom; the ability to purchase the lot on which this house is sited.

We will provide households who own impermanent structures on rented land with new structures. We will offer replacement houses for rent with the option to purchase to all house tenants; to hand over the impermanent houses at the Thyme Bottom area which were owned by the occupants to the National Assistance Board or the National Housing Corporation or we will dispose of them by public auction. To require all occupants of impermanent houses who are given replacement houses at Leadvale to sign an agreement with the Ministry of Housing relinquishing all rights to their original houses at Thyme Bottom.

Landlords of tenanted houses would be responsible for removing the existing structure from Thyme Bottom without any assistance from Government. Households will be compensated for trees and gardens which are presently under cultivation....

Mr. DEPUTY SPEAKER: Member for St. Andrew!

Hon. G. W. PAYNE: ... In relation to the allocation of lots at Fairy Valley Extension the following priority mechanisms will be applied.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House. He is giving the House the impression that Arch Hall has moved to Christ Church.

Mr. DEPUTY SPEAKER: That is no point of order.

Hon. G. W. PAYNE: I said I craved your indulgence because of what has been said and I am just winding up. I am almost completed. Just giving the policy position of what has been agreed after a lot of deliberations and town meetings with all the parties concerned. I am referring to those persons who have to be relocated from Leadvale. I did not introduce that into this debate.

In relation to the allocation of lots at Fairy Valley Extension the following priority mechanism will be applied:

Tenants from Thyme Bottom and Fairy Valley Rocks, tenants within Christ Church Parish who were disenfranchised and persons, including squatters, who had

applied to the National Housing Corporation for lots in the area. This coincides with what the Honourable Member for Christ Church South had said.

I am obliged to you, Mr. Deputy Speaker, and I beg to move that the Resolution as amended do now pass.

Mr. W. C. C. CALLENDER: The Honourable Member is misleading the House. After giving .a lengthy report on the relocation of residents from Thyme Bottom, as I understand it to Leadvale he then proceeds to say that this supports the point made by the Honourable Member for Christ Church South. The point that the Honourable Member for Christ Church South was making was that the Fairy Valley land was the place where the people were supposed to be relocated. Completely opposite to what the Honourable Member has said.

Hon. G. W. PAYNE: Mr. Deputy Speaker, my reference to what the Honourable Member for Christ Church South said relates to the priority of the particular residents in the area. As I was saying, Mr. Deputy Speaker, I beg to move that this Resolution do now pass.

Hon. R. C. EASTMOND: I beg to second that.

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

ORDER NO. 12 - RESOLUTION TO APPROVE THE COMPULSORY ACQUISITION OF PARCELS OF LAND AT FOURSQUARE, ST. PHILIP

Hon. G. W. PAYNE: Mr. Deputy Speaker, I am craving the indulgence of Members of the Other Side.

It is something I have seen in this House. Certainly when the Honourable Member for St. Michael South was on this Side... 3.40p.m.

Aside.

Hon. G. W. PAYNE: Mr. Deputy Speaker, I will give you the background and I will leave you to decide. This is an urgent matter. The Division of Public Works has been occupying certain parcels of land to widen and extend the roads in various parts of Barbados even before the acquisition has been completed.

In this particular case, Mr. Deputy Speaker, this acquisition first came to Parliament in 1993. This acquisition was first dealt with by Members on that Side when they were in Government. It was stated at the time to be 170 parcels of land. It had already been dealt with by Members on that Side. What has happened since 1993 is that the land has been resurveyed, even though it had already been dealt with by the Government of the day. What has happened is that there have been subdivisions within the actual acquisition and it is the same parcel of land that has been dealt with but we have realised that it is now 200 parcels rather than 170 parcels.

As a matter of fact, there is one particular owner that has, I think it is a plantation, about 20 parcels of land but the way how the land was described previously when it was first dealt with by the past Administration made it 170 parcels. It is nothing new.

I believe the former Minister of Public Works, the Honourable Member for St. Michael East, if his time was not so short during the period of minimalist government, he would be fully seized of the facts because this had already been dealt with in the Ministry before he became Minister.

Mr. Deputy Speaker, I can assure Honourable Members on that Side that there are no real issues. In those circumstances, seeing that the Honourable Member for St. Philip South has trusted me in the past, I crave the indulgence of Members to proceed because it is an urgent matter.

SUSPENSION OF SITTING

Hon. R. C. EASTMOND: Mr. Deputy Speaker, I beg to move that this Sitting be suspended until 3.55 p.m.

Hon. Miss H. E. THOMPSON: I beg to second that, Sir.

The question that the sitting be suspended until 3.55 p.m. was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER suspended the sitting accordingly.

RESUMPTION Mr. DEPUTY

SPEAKER: This Sitting is resumed.

ADJOURNMENT

Hon. R. C. EASTMOND: Mr. Deputy Speaker, I beg to move that this House do now adjourn until Tuesday, June 23, 1998 at 11.00 o'clock in the morning.

Hon. Miss H. E. THOMPSON: I beg to second that, Sir.

The question that the House do now adjourn until Tuesday, June 23, 1998 at 1 LOO o 'clock in the morning was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.
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CALLENDER, Mr. W. C. C. (Christ Church East)
FORDE, Hon. Sir Henry (Christ Church West)
HAYNES, Dr. R. C. (St. Michael South Central)
KELLMAN, Mr. D. St. E. (St. Lucy)
PAYNE, Hon. G. W. (St. Andrew)
St. JOHN, Sir Harold (Christ Church South)