

THE House of Assembly Debates

(OFFICIAL REPORT)

SECOND SESSION 1999 - 2004

HOUSE OF ASSEMBLY

Wednesday, March 15, 2000.

Pursuant to the adjournment, the House of Assembly met at 11:20 a.m.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed., (Speaker) His Honour J. M. EDGHILL, J.P., (Deputy Speaker) Hon. Sir Henry FORDE, K.A., Q.C., M.A., LL.M.(Cantab.) Rt. Hon. O. S. ARTHUR, M.Sc.(Econ.), (Prime Minister, Minister of Finance and Economic Affairs) (Minister of the Civil Service) Hon. D. A. C. SIMMONS, Q.C., LL.M. (Attorney General and Minister of Home Affairs)(Leader of the House) 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.(Oxon) Hon. Dr. R. L. CHELTENHAM, Q.C., M.A., M.Sc.(Econ.) Hon. Miss B. A. MILLER (Deputy Prime Minister, Minister of Foreign Affairs and Foreign Trade) Hon. G. W. PAYNE, LL.B. (Minister of Tourism and International Transport) Hon. R. C. EASTMOND, J.P., B.A.(Hons.), Dip. Ed., LL.B. (Hons.), L.E.C. (Minister of the Environment, Energy and Natural Resources) Mr. D. CARTER (Chairman of Committees) Hon. R. N. GREENIDGE, B.A., LL.B. (Minister of Labour, Sports and Public Sector Reform) Hon. G. A. CLARKE, B.Sc., Dip. Ed., J.P. (Minister of Housing and Lands) Hon. R. D. MARSHALL (Minister of Public Works and Transport) Hon. H. F. LASHLEY (Minister of Social Transformation) Hon. R. St.C. TOPPIN, LL.B. (Minister of Commerce, Consumer Affairs and Business Development) Mr. D. St.E. KELLMAN Miss H. E. THOMPSON, LL.B. Hon. Miss M. A. MOTTLEY, LL.B. (Minister of Education, Youth Affairs and Culture) Mr. M. Z. WILLIAMS Mr. T. A. PRESCOD, B.A. Rev. J. J. S. ATHERLEY, B.A., B.Sc. (Parliamentary Secretary to the Attorney-General and Minister of Home Affairs) Mr. D. T. GILL, B.Sc. Mr. N. A. LYNCH, B.Sc., M.B.A. Hon. A. P. WOOD, J.P., B.Sc., M.Sc., M.Phil. (Minister of Agriculture and Rural Development) Hon. R. R. FARLEY, B.Sc. (Minister of Industry and International Business)

Prayers were taken by Canon Father Ivan Harewood.

Mr. SPEAKER: The House is now in session.

MINUTES

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the Minutes for the Honourable the House of Assembly for its meeting of Tuesday, March 07, 2000, which Minutes have been circulated, be taken as read.

Hon. R. C. EASTMOND: I beg to second that, Sir.Mr. SPEAKER If there are no corrections or observations, then let these Minutes stand confirmed.

ANNOUNCEMENTS

Mr. SPEAKER: I am to report that I am in receipt from the Auditor General of the Report for the year 1999.

PAPERS

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I am commanded to lay the Value Added Tax (Refund) (Syrian Lebanese Women Association) Order, 2000.

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, I am commanded to lay the Annual Report of the Community Legal Services Commission for the year 1997-1998.

Hon. R. R. FARLEY: Mr. Speaker, Sir, I am commanded to lay the Annual Report and Statement of Accounts of the Barbados Investment and Development Corporation for period 01st January to 31st December, 1998.

GOVERNMENT NOTICES

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, I beg to give notice of a Resolution to approve the borrowing of the sum of \$6 722 937 from ANGLOCO Limited and \$12 093 316 from NSG Exports Limited for the purchase of vehicles and equipment for various Agencies of the Barbados Government. This is the formal Resolution under the Special Loans Act and we debated the supplementary relating to this Act.

SUSPENSION OF STANDING ORDERS

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 be suspended for the remainder of this Sitting.

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

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

ORDER NO. 4 - THE APPROPRIATION BILL, 2000

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, yesterday at the Heads of Government Conference, on behalf of the Government of Barbados and as Prime Minister with the responsibility for the single market and single economy, I signed the two remaining Protocols amending the Treaty of Chaugaramas, creating the legal framework within which a single market and a single economy in the Caribbean will be constituted.

On 1st April of this year, we will give effect to commitments made in April 1994 to the World Trade Organisation which will have profound implications for agriculture and manufacturing insofar as those commitments to be implemented will carry out a process of trade liberalisation by replacing a non-tariff barrier licence with a tariff which will be phased out over a four-year period.

Interspersed between these activities, Sir, will be meetings between the Government of Barbados and officials of the Organisation for Economic Corporation Development which can have a profound bearing on the future of our international business and financial sector.

This year will be the first full financial year in which Barbados can operate with virtually no access to concessional loan financing from the World Bank and hence the reality of an image that has always been projected would come to pass, Sir. An image of a small vulnerable economy, with less than 40 years of nation building, having to increasingly meet a growing proportion of its needs for development financing by having to raise loans on the international capital market and to sink or swim on the stream of its credit ratings.

Mr. Speaker, I chose to refer these four important developments and matters because the financial and fiscal programmes of the Government which are embodied in these Estimates of Expenditure before the House and which will constitute the substance of the debate, are being presented against the background of seven years of relatively strong economic growth and the anticipation of an eighth year. That, Sir, is a good thing but that trend is now very much part of our history.

The four matters of context, as I will call them, Sir, to which I have referred must tell us that we are either already in or that we are approaching an important watershed, after which the future will be radically different from the past. Hence, I begin these Estimates by stating very clearly that we would do better to focus on what lies ahead of us and get that right, rather than to be preoccupied with the accomplishments of the past.

Sir, what lies ahead of us? Ahead of us, Sir, lies the situation in which this society, some class as an upper middle income society, will have to carry out a programme of accelerated liberalisation in relation to its trade, financial and capital affairs. It will have to do so, Sir, largely on its own, meaning without substantial access to historic and traditional sources of concessional resources. It will have to carry out this process of accelerated liberalisation while expanding the range of opportunities available to the marginalised in the society and sustaining the process of job creation which gives such meaning to our development effort.

We will have, Mr. Speaker, as I said, an upper middle income developing society to successfully

carry out a difficult process of accelerated liberalisation, without losing control of the macro economic fundamentals which have mattered so very much in the past in creating conditions for economic stability, but will have a new meaning for the future, if only because our international credit rating that is derived from the interpretation of our macro economic fundamentals will matter and loom larger and larger as a consideration in our economic management.

11:30 a.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

In economic terms, the fiscal and financial programmes before this House as embodied in these Estimates are meant to contribute significantly to the achievement of this essential transformation and repositioning of the Barbados society. In broad philosophical terms, some people may believe that there is a contradiction at the centre of them.

This Government does not believe that liberalisation means nor requires a retreat of the role of the State. This Government believes that liberalisation requires philosophically a change in the role of the State to accommodate the new imperatives that derive from what lies ahead of us and more especially the challenge of maintaining and sustaining growth and development in the context of accelerated liberalisation.

These Estimates have been defined and developed not to support a retreat of the role of the State but to sustain a new evolving role of the State in the context of a transforming Barbados society. I make that point, Sir, because it is standard for folks to pick up Estimates of Expenditures and speak to the role of the State in terms only of the issue as to whether or not there is an increase in Government capital expenditure or Government overall expenditure.

I therefore, begin these Estimates by speaking to this broad philosophical issue that there can be no

retreat of the role of the State even as we seek to carry out a process of liberalisation to make the Barbados economy more competitive and to do so largely on our own resources because we cannot go again to the World Bank. The State has an important transforming role to play in our social and economic resources but essentially it is going to be different from the past.

I would like to accentuate some of the essential roles that the State has increasing measures to play which will feature in this set of Estimates and increasingly so in the Estimates of the future.

First of all, Mr. Speaker, we have a responsibility to build a post-industrial infrastructure that can support a service society in a new information age. I make the point and I must stress the point that an essential role of the State is to do what has to be done to build effectively a new post-industrial infrastructure commensurate with the requirements of sustaining a high quality service society in a new information age. It is a mouthful, Mr. Speaker, but it is an essential role from which the State cannot resile.

The infrastructure that we have was built up as part of the development strategy that was intended essentially to see Barbados transformed from being an agricultural society to a society relying heavily upon light manufacturing and some elements of tourism. That infrastructure cannot suffice to carry a society that wants to wrest its development by a transition from being a light manufacturing and tourism economy to an export service culture.

For example, we have to undertake the rapid modernisation of our airport and seaport and a radical transformation of all of the institutional capacity at the disposal of both the State and the private sector to move Barbados from an economy that was on light manufacturing/tourism economy to a high quality service economy. Effectively, Mr. Speaker, part of that transition will take the form of increase capital expenditures to build an infrastructure appropriate to an information age.

Related to this, the new age in which we live is an age in which human resource development and investments in the human resource development will determine whether a society will succeed in holding its niche in the new global society. There is absolutely no doubt that while Barbados has come a long way historically with training and retraining of its people that we will have to accelerate our expenditure on human resource development and institutionalise such expenditure on human resource development as an important aspect in our public investment profile if we are to become truly a knowledge-based service economy. We will have to judge these Estimates as to whether they are designed to help us to sustain that transformation.

Sustainable development is on everybody's lips and it is a matter that will apply to both large and small societies. For a small society that wants to transform itself into a high quality exporter of services, sustainable development must require larger investments in measures to protect and to enhance the environment because the protection and the enhancement of the environment in a small society figures as a more important economic prerequisite than a similar action in a larger society.

Our fragile environment has to be protected and enhanced if we are to be able to project Barbados as a high quality exporter of services. Therefore, the increasing involvement of the State in these particular initiatives becomes an aspect of the role of the State in a modern society.

As we move towards a more liberalised economy, public/private sector partnerships involving sometimes direct investments by the State will be necessary. I will make the point as well, Sir, that as we move into a liberalised economy, an essential role of the State is to create a virtual market and to put in place the supervisory, regulatory and other functions that will enable a virtual market to operate in circumstances where in a small society there is a tendency towards domination by monopolies.

Therefore, you are not to be surprised, Mr. Speaker, if you will find incrementally, but in larger measure, the need for public expenditure to build an information age and an infrastructure to build institutional and other capacities to support high levels of human resource development investments, like through the Fair Trading Commission (FTC) to create a virtual market where none exists or to substantially strengthen our supervisory or regulatory systems, like the Securities Commission for which provision is being made. You must not be surprised as well if you see public expenditures trigger public/private sector partnerships and you must not be surprised if there is a need for increased public expenditures in efforts directly related to the environment as part of the overall effort to sustain development of the country.

In broad terms, Mr. Speaker, these Estimates have been conceptualised and designed with the intention of contributing to the achievements of these essential things that must be done at this time and that must be done in the years to come if we are to meet our obligations and if we are to satisfactorily respond to the challenges imposed by functioning in a liberalising and globalising society.

11:40 a.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

That is the context in which these Estimates have been conceived to give effect to those broad, strategic objectives without losing sight of the need for us to maintain fiscal stability, for us to bring to account all of Government's obligations and for us to continue to support those programmes that Government has already launched.

May I say, Sir, and I repeat the point that I made in last year's Budget, this process of repositioning the Barbados economy is a process that has to be sustained between now and the year 2005 and perhaps up to the year 2008 when a new relationship with Europe comes into existence. We are in an important phase where we are given a breathing space to start to make the transformation necessary to enable this country to cope with the new relationship with the Americas and to accommodate new changes that will be induced by the World Trade Organisation.

On that matter, Sir, let me say that despite the fact that at Seattle the world was not in a position to launch a new round, the world, nevertheless, left the Uruguay Round in 1994 with a built-in agenda for international trade negotiations in which there is commitment to continue liberalisation in the area of agriculture and services and that those negotiations to liberalise international trade, agriculture and services will be continued with considerable implications for the way in which our agriculture and services are structured.

Barbados cannot accommodate all of those changes in one fell swoop. No developing country can accept them in one fell swoop. No developed society can accommodate them in one fell swoop. Indeed, one of the basic injustices in today's humanity has to do with the fact that the developed world was allowed 50 years between 1947 and 1997, through eight rounds of trade negotiations to phase the changes in their tariff and non-tariff regime that the developing world is now expected to accommodate in a period of 10 years.

What we therefore have to seek to deal with is to manage a process of strategic repositioning of our society in a 10-year period, a process that countries like the United States of America, Canada, Germany and the United Kingdom had a half century to deal with. The responsibility of this Parliament is to understand what has to be done, to be in a position to explain it to the public, to build a consensus of some of the important things that might be controversial but that are imperative and to implement them in a phased way so that as we introduce change we do not dislocate the whole order of things as to make the society ungovernable.

Hence, Sir, these measures are part of measures that cannot all be introduced at once. We will work purposefully towards the year 2008 when a new arrangement with Europe is put in place to have Barbados prepared for a new economic dispensation.

May I also say, Sir, that some of the measures will lead to an element of turbulence. I spoke earlier this year to the manufacturers to tell them that there were protectionist measures that a government could have used in the past that are no longer open to a government of today. I would use the abattoir as a classic case in point.

One of the reasons why the old abattoir had to be closed is because it could not produce under-specification of quality that would allow us to be able to export processed meat. You cannot however seek to export from a new abattoir if your operations are subsidised. Nobody is going to agree to accept exports from a country in which the country is using subsidies to keep down the cost of production contrary to the new rules of international trade. Those are the new realities under which we are functioning now.

In manufacturing, Mr. Speaker, Sir, we are no longer going to be able after April 1 to continue to block people's exports to Barbados by the use of licences. This is in accordance with a commitment given to the World Trade Organisation not this year, not last year but in April of 1994 and we are merely now introducing and phasing in obligations which would cause people to have to function different from how they have functioned in the past.

Whenever there is a process of change, Sir, we must always anticipate that there will be turbulence as people get accustomed to the change. Sir, we cannot stop. We must go through. The Government is insistent to manage this process sensibly to phase it in properly. But we are not going to encourage any interest groups in Barbados to believe that we can be like the Luddite and seek to turn back the hands of the technological change. Nor are we going to encourage anyone to believe that Barbados can live in a world whose image is only of its own manufacture.

Sir, I want to put those two caveats on the table. It cannot all be done at once. We will phase it in properly and there will be some dislocations and some turbulence. Our objective will be to maximise

the opportunities while minimising the dislocation that comes from new policies.

Sir, I have therefore, I hope, set the broad context and the strategic purpose within which these Estimates have been prepared. I believe it is important for me to speak to the developments in the domestic economy in order for us to give greater point and purpose to what is before us as Estimates. It is now very bright to recognise and observe that the Barbados economy has realised seven years of economic growth and we are now into our eighth. This growth was the longest period and the most robust period of economic expansion of the Barbados economy since independence.

We are all happy, Sir, that it has been accompanied by strong economic fundamentals. Barbados is a low inflation society. Last year, the inflation rate was 1.5 per cent. We are pleased, Mr Speaker, that we have not been plagued by the phenomenon of jobless growth. How easily do we forget that in the early 1990s the spectre of jobless growth was being raised, not from our side, but as something we should have become accustomed to.

We have established that it is both possible to generate growth in an economy and to translate that growth into sustainable jobs. We are also happy that our growth has taken place within the context of fiscal stability and external stability. I speak to those two issues today, Sir, since they have been the subject of some controversy to which I do not subscribe in public domain. I do not lock horns.

11:50 a.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

Asides.

Rt. Hon. O. S. ARTHUR: Sir, I say that because Members of Parliament cannot tell lies in Parliament.

Sir, I believe that issues have been raised to which we ought to speak. Is there a fundamental imbalance in the Barbados economy? Has the recent growth been of a nature to suggest that there is a structural problem and that the growth and development cannot be sustained? I want, Sir, to speak to those two broad issues before I treat questions of the fiscal and the external stability of the country.

Mr. Speaker, Sir, those who speak in terms of the growth being imbalanced generally say that is because the so-called trading sector in Barbados is growing faster than the non-trading sector; namely, that the sectors that earn foreign exchange are not growing as fast as the sectors that use foreign exchange, that there is this fear, a sense of dread that the balance is not always right and that the

Government should change its policy and so on. Sometimes, Sir, I myself have even spoken to the syndrome but without ever changing the Government's policy.

The reason, Sir, is two-fold. In a society that has been transforming like the Barbados society has been transforming the line between the trading sectors and the non-trading sectors is becoming increasingly blurred. There was time when the so called distributive sector was largely involved, Mr. Speaker, in sales only to residents on the domestic market on the residential economy.

It would be a brilliant mind who can now distinguish accurately the proportion of transactions by a sector that is classed as non-trading which is only for locals as distinct from that which is for foreign transactions. A large part of our so-called services sector is not just selling to locals, Sir. It is increasingly selling to foreigners and hence the traditional classification of some sectors of the Barbados economy as being non-trading, meaning non-foreign exchange earning, is one that we have increasingly to relax. This is especially true, Sir, in the case of professionals services.

Increasingly, a lot of Barbados professional services are being geared towards earning foreign exchange as more and more Barbadians professionals become part and parcel of a globalising society. Lawyers, engineers, accountants, Sir, the whole raft of Barbadians services are being drawn into it. I can even extend the argument in relation to restaurant services and food production. What part of Oistins activity is non-trading and what part of it is trading? The point that I am making, Sir, is that this society has become more and more of a service economy and we cannot make the hard and fast distinction between what is trading and what is non-trading. You can do it for sugar. If you sell 54 000 tons of sugar to the European market, that is a trading activity.

I would defy anybody, Mr. Speaker, Sir, to be able to accurately say that all of the so-called non-trading activities in Barbados are not in some respect contributing to the generation of foreign exchange.

Sir, it leads me to a larger point. The point that I want to come to is that a large part of our recent growth has been triggered by activity in the construction sector which is classed as a non-trading activity. We know that a large part of that activity in the construction sector is activity in construction today to expand the foreign exchange earning capacities of the economy tomorrow, hence, with a future beneficial effect on the foreign exchange earning capacities of Barbados. The Government is loathe to restrain activity that may be foreign exchange using in one period if the benefit that can result from that activity being sustained is a substantial expansion of the Barbados economy in the years to come.

Sir, I think that those of us who have spoken in dogmatic terms about the so-called imbalance and the fear of too much non-trading activity have to be advised by a more dynamic analysis of the real transactions and the real transitions taking place in the Barbados economy. Our national account, I believe, has to be better refined to drop some of the distinction that have hitherto been used as the basis for economic classification.

Secondly, Mr. Speaker, I have to treat to the issue as to whether what we are doing is sustainable. Shares in this respect have been issued because last year. Given the high intensity of construction activity and the high level of personal consumption expenditure, there seem to have been some pressure on the foreign exchange reserves of Barbados particularly in the first half of the year.

The evidence that is now emerging, Sir, would suggest that there is no structural difficulty in the Barbados economy, that the variations have been more cyclical than structured. I will indicate, Sir, what I mean in this respect. Last year the economy grew and our reserves grew but part of that reserve growth was because of foreign borrowing. There was the perception that there might have been a problem with our foreign earning sectors lying at the base of the relatively modest performance in the reserves.

The reality, however, Mr. Speaker, is that indications now are that real economic activity during the first quarter of 2000 has shown a marked improvement over the corresponding period in 1999. If you want to get evidence of it, Sir, for the first two months of this year our net international reserves have risen by \$51 million which represents a substantial turnaround from the first two months of last year when the reserves fell by \$4.5 million. That speaks to cyclical patterns in your foreign earning sectors, because there was no foreign borrowings in the first two months of the year, Sir, rather than a structural difficulty in your foreign exchange earning sectors.

The reality, Mr. Speaker, is therefore this, that whereas last year you had a relatively soft first quarter performance in tourism, particularly in the first quarter of this year there has been a drastic turnaround and it is beginning to immediately reflect itself in a substantial improvement in the external position of the Barbados economy. Without foreign borrowings our foreign exchange reserves in the first two months, not quarter, have increased by \$51 million as compared to a decline of \$4.5 million last year. It is all underscored, Mr. Speaker, Sir, by the fact that the tourism industry now is performing stronger than it performed last year so that there is no structural deficiency in the foreign exchange earning sectors of Barbados.

What we have been seeing is cyclical patterns and that is why the Central Bank of Barbados has consistently argued and the Government has always agreed that there is no good reason to change your main macro economic policies. If there was a structural problem, Sir, then we would have to be talking about changing interest rates in a massive way and fiscal policies and so on, Sir. We have cyclical patterns but they all point to an economy that is able to sustain a strong external position.

I stress that point, Sir, merely to add that it is also showing up in the financial sector as well with substantial foreign exchange inflow from earnings and liquidity in the banking system, as in recent months, also began to show substantial improvement.

12:00 noon.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

Last year, Mr. Speaker, and I will come to this point when I deal with the fiscal situation, while there were certain cash flow difficulties that were occasioned by the Government having to turn over treasury bills in a tight financial market, domestic deposits have now started to increase significantly and the extremely tight liquidity situation which faced us in the middle of last year and towards the end of last year, Sir, has now eased considerably. And whereas last year, Sir, Government's treasury bills issues were being substantially under-subscribed and caused us to have to use, and I will come to that, Sir, temporary accommodation, from time to time, now the Government's treasury bills are being over-subscribed.

Sir, I say that Barbados is on a growth path in which there are cyclical variations, you will have the ups and downs but the trend is sound and is sustainable because there is no real structural deficiency pertaining to the main sector that is driving the growth.

Mr. Speaker, there are certain systemic issues that agriculture and manufacturing must face and we are facing them, but essentially, Sir, we are having cyclical variations in the economy. There is no structural deficiency and those who speak in terms of the economy being in a worse condition than it was in 1991 are seriously misleading the public.

Mr. Speaker, the year 2000, therefore, in economic terms should be one in which we will grow within the sustainable rate of growth that the Government has set for the economy, between 2 per cent and 3 per cent. It will be a year in which, Sir, there will be fiscal stability. It will be a year in which our foreign exchange external position will be better than it was last year.

We started the year with an unemployment rate that is heartening and once we stay on course, Mr. Speaker, we can have sustained growth in the context of fiscal stability, a strong external position and a larger and larger number of Barbadians enjoying a sustainable livelihood. The broader issue is whether the development, not the growth, the development that we have committed ourselves to is sustainable and on this, I believe that philosophical issues have to be raised and answered.

The only thing that can stop Barbados, Sir, from realising its potential for development is if we so doubt ourselves that we refuse to resolve some of the contradictions that can stand in the way of our fully realising all that we have to realise. What are those contradictions, Mr. Speaker, Sir? I am speaking very bluntly, Sir. Mr. Speaker, this country greatly treasures the material prosperity that comes with physical development, but seems unwilling or willing to be led to believe that sacrifices do not have to be made to accomplish those physical developments or that trade-off will not have to be effective and that we can have high levels of physical development while allowing the country to remain in a natural state. It is perhaps, if I can put it so that the other side can understand it, Sir, so that they can grasp what I am trying to say.

Asides.

Rt. Hon. O. S. ARTHUR: I would put it in a language that the other side may understand it, Sir, that the country values the assets that are in the Royal Westmoreland but resents the notion of high levels of foreign investment and resents the grant of concessions to persons to make it happen and that is becoming more and more a facet of the developmental contradictory that Barbados has to resolve, Mr. Speaker, Sir, if we are to sustain our material prosperity.

It is not easy to develop a 21 x 14 mile island, Mr. Speaker, we have few options. We do not have gold. We do not have oil. We have not have a wide range of natural resources. We do not have an abundance in agriculture or minerals. We have certain intangible assets that have been given to us that have been the basis of our building in 166 square miles, physical location, a society that has a high level of human development but it comes at a price.

It very often means that we have to be welcoming to foreign investment in this country and that when they are not speculative portfolio investments but direct investment in Barbados that can help expand the production boundaries of this country, Sir, and that is undertaking within the context of meaningful contribution to the economy that we have to stop doubting ourselves.

Every major development that has taken place in this country has been attended by a controversy that has at the end proven to be an exercise in folly. When Sandy Lane was to be built, it was conceived by Sir Grantley Adams to take an old sugar plantation and transform it into a massive tourism enterprise, it was a big controversy in this country. When the Deep Water Harbour was to be built, Sir, a Government was overthrown because the dislocation that arose from the lightermen and so on was enough to cause people to doubt themselves. QEH caused a tremendous controversy. The ABC Highway, Mr. Speaker, Sir, was condemned as unnecessary. In fact, men spoke about it as a wicked investment.

Asides.

Rt. Hon. O. S. ARTHUR: I was not here when they spoke in terms of how it was intended only to be used for a governmental land loan.

Asides.

Rt. Hon. O. S. ARTHUR: And so it goes, Sir, even Westmoreland, Sir, because that was the nature of our political ethos but at the end of the day we have to take the resources, many of which are intangible, that we have been given, few in number, transform them into social and economic activity of a high quality, sell those activities in a highly competitive world and keep doing it over and over again.

It will mean, Mr. Speaker, Sir, that very often we have to make a choice between leaving things in a natural state and using them for the purpose of sustaining this country's development.

Barbados would never, I hope come to the stage like Singapore that it has to dig up its cemeteries. We must never do that. We must never desecrate the dead, Sir.

Aside.

Rt. Hon. O. S. ARTHUR: Because Singapore has done that, it has dug up some of its cemeteries to make space for physical development. We must never do that, Sir.

Asides.

Rt. Hon. O. S. ARTHUR: I say all of that to make the point, Sir, that Barbados has before it, a sufficient number and range of investment proposals, many of which are sound but many of which will require to contemplate the use of our resources in non-conventional ways that which, if sustained, will ensure that we will keep on our development path for at least the next decade.1210 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

Yesterday, I was in St. Kitts. Most of St. Kitts tourism is inland tourism. They have found a way of remodelling their old plantations and they have exposed to the world a great house style approach to tourism.

Barbados is now in a phase where having exhausted many of our potentials for sea coast tourism and where rightfully so there is a sympathy for us not to close doors on this country by allowing two massive developments on the coast. We are sympathetic to that. There is greater and greater interest in inland tourism.

We have before us very impressive investment proposals that will take abandoned land in inland Barbados and bring onboard the same kind of approach utilising our heritage, as has worked elsewhere, except that we are talking on a larger scale and in places where there has never been tourism investment before. Villa Nova was but the tip of an iceberg. At Apes Hill and even in St. Lucy there are investors speaking to the Government about taking that old heritage building resort to inland Barbados with complementary outlets with beach resorts on either the East Coast or the West Coast. There is an investor who is speaking to the Government of a development in St. Lucy with the beach resort in Speightstown.

There is a relationship between St. Lucy and Speightstown that was evident by the attendance of the Honourable Member for St. Lucy to the opening of the Speightstown branch library. That relationship is there except that there is no politics of inclusion involved but we will have a joint development there.

There are persons who are interested in inland development in Barbados looking at baths and this is going to be the way of the future because as we put a moratorium on development on the sea coast we can only sustain the development of the country if we look inland and rationalise and economise on how we use those resources.

Mr. Speaker, in these things, we have to let the results work for us. We have to understand that we can strike a sensible trade-off in this country between high quality investments that will change the fiscal dimension of Barbados and the retention of the ambiance and the charm of our environment.

I give the House the assurance that the Government as it seeks to improve and approve many of the

investments proposals that we have - and there are many - will take account of our architectural integrity and the heritage of this country. It will be in a manner that is consistent with the enhancement of Barbados' environment and will not disenfranchise Barbadians to their vital access to our principal resource - our sea. The Pierhead project and all of those other projects that are being conceptualised will have all of those features built into them.

We can only sustain our development and sustain job creation if the growth of this country is driven by capital formation, high levels of investments to maximise the resources that God has given us, consistent with the preservation of social justice and with respect for the heritage of this country and with respect for its environment. Once we stay on that course and once we apply common sense in how we treat the two initiatives, this country can sustain its development for at least 10 - 15 years.

Asides.

Rt. Hon. O. S. ARTHUR: I will repeat, Sir. Once we understand the need for sensible trade-offs; once we ensure that all of these investments respect all of these various criteria; are consistent with our precepts of social justice; be consistent with the architectural integrity of Barbados; are consistent with the preservation and enhancement of our environment; are so designed not to pre-empt nor to prevent Barbadians from being able to have access to all of their vital resources and once we stay on this course we can sustain development of this country.

It is not only securely rooted in the best use of our physical assets but it is rooted in the fact that we have a population who wants the country to succeed. We are developing the skills that are necessary to support a high quality service economy such as we are destined to become.

We have to have a new perspective on the nature of the so-called imbalance in the growth. I see cycles rather than structural deficiencies in the functioning of the economy. We are on a development path that has yielded results that can be sustained once the country is prepared to be sensible about the trade-offs that must be effective in the process of bringing about broad-based development in this society.

The fears about the economy have been so widely discussed and are so familiar to Honourable Members that I will not go into all the numbers. I feel that it should stay at the level of concept.

The fact is, Sir, an eight-year cycle of economic expansion with fiscal stability, with external stability, with high levels of investments, with low levels of inflation and with high rates of employment creation, is precisely why - and I come to this point, Sir, - in the year 1999 objective persons who had to measure Barbados for the purposes of satisfying creditors were able to say that the credit rating of this country should be enhanced.

Barbados now enjoys the same credit rating as the Peoples' Republic of China. I think sometimes that we misunderstand the substance of these things, that a 21 x 14 island has the same credit rating as the most populous and the biggest country in the world. In the course of one year, international reputable persons looking at the Barbados economy has accorded this economy the highest credit rating among all regional economies. Also, the Caribbean Hotel Association granted this country a special award as a country that is doing the most for its tourism industry. I leave therefore, the issue of the

state of the economy.

I touch now on the question of the public finances.

Mr. Speaker, there has been a lot of discussion about the state of public finances much of which is inspired by a source who likes to sensationalise things but who happily the Leader of the Opposition has never in his wisdom chosen to appoint as shadow spokesman for finance. I am going to deal first of all with the broader issues and then I will come on to the specifics.

The projections now for the financial year ending March 31, 2000 will see a slightly smaller overall fiscal deficit than that of the projections for the start of the year. This is in part due to the fact, that on the expenditure side - there is a deficit of 3 per cent rather than 2.5 per cent. As the House knows, we are making provision in the year ending March 31, 2000 for the first payment of ...

Asides.

12:20 p.m.

Wednesday, March 15, 2000

Aside.

Rt. Hon. O. S. ARTHUR: Three per cent and we said we will go to 2.5 per cent. This is because we have made provision, among other things, in this year's Estimates, Sir, for the first tranche of the repayment of the 8 per cent, \$21 million, which is of itself equal to one half of one per cent of the GDP.

The fact is, Mr. Speaker, in our fiscal planning in the Ministry of Finance now, we are treating the repayment of the 8 per cent as a one-off activity meaning that it is something that we ought not to be using as projecting the long-term trend of fiscal affairs because we know at some point it is going to drop out. We have made provision for it. In the year in which it occurs, obviously, it is going to

increase the deficit so for the next financial year our deficit is projected to be 2.5 per cent of the GDP but within that, one half of one per cent is for the repayment of the 8 per cent.

It is also true, Mr. Speaker, and I want to outline this very carefully, that although the revenue is projected to be higher this year than it was in the last fiscal year, it is not as high as projected for reasons which I shall outline. We set out at the start of the fiscal year with a projection of revenue of \$1.63 billion. It is likely we will get between \$1.57 to \$1.58 billion for reasons that I shall explain.

First of all, \$35 million in excises that were collectable were not paid over. I will explain why that happened. It means that we will have the opportunity now to collect that in the next financial year and I will explain how that relates to next year's fiscal deficit.

Thirty-five million dollars in the excise tax on energy products that should have been paid over to the Government was not paid over and there is a \$35 million in excise arrears.

Now, Sir, let me set this in the context of Government's energy pricing policies. As we are aware, Mr. Speaker, we have stated in last year's Budget, and the year before, a very clear approach to energy product pricing. Our energy products comprises two essential components, (1) taxes; and (2) the cost of producing and processing the product. The cost of producing and processing energy products are outside the control of the Government and those have to be passed on. Taxes on energy products are within the control of Government.

The Government has given the assurance that in so far as taxes on energy products in Barbados have tended to be higher than those in other Caribbean countries, beginning with last year's Budget, and subject to periodic review, we will review and reduce the level of taxes on energy products to bring them into line with those of our major Caribbean partners. That is within our control.

It has to be understood that the cost of crude and processed products is constant as between ourselves and the rest of the Caribbean, hence any variation in the cost of the product itself will have to be passed to the consumers while we reduce the tax. The facts, therefore, Sir, are that in 1997, the excise tax on gasoline was 69.4¢. We brought down the tax to 65¢ a litre and last year we brought it down to 56¢ a litre, so we have reduced the tax.

The facts also are, Sir, that between 1997 and now, the cost of crude oil has risen from \$14 a barrel in 1996 to \$16 a barrel in 1997 to \$30 a barrel in January of the year 2000. What we have had is that between 1997 and now, the price of crude oil has doubled but the price of gasoline has only moved from \$1.54 to \$1.59 because the Government has reduced the excise tax in the interval.

Our policy, and I want to be clear, is that we will periodically review and reduce the tax on gasoline to bring it in line with regional competitors, but the cost of products which is outside Government's control will have to be passed on.

Hence, Sir, when the cost of crude rose in January from \$10 a barrel to \$30 a barrel in the case of 15 months, unless BNOC had pushed through that quickly, then, obviously, and as they did not, the cost of the crude tripled, but they did not change the price fast enough and ended up having to use their ordinary revenues so they withheld the payment of the excise. A programme has therefore been set in

place for that excise to be recovered.

I stress that point, Sir, because Government's policy is, and I want this to be understood, that we cannot stop the Arabs from changing the price of crude, nor can we absorb all the variations in the cost of crude through variations in the change of taxes, also given that we are committed to changing taxes for other reasons. So \$35 billion in the difference between the projection and the realizable revenue is because of that excise situation.

Another contributor to it, Mr. Speaker, is that there has been an acceleration in the payment of refunds. As the House will know, Sir, recently the Government has put in place measures to improve the administration of the Value Added Tax. We accept as legitimate that the Government has a duty not to bankrupt entities by having a pile up of refunds of Value Added Tax payable to persons to whom those refunds are entitled, but entities must pay the Government.

In the course of the last financial year, Sir, part of the variation between our projection and our realizable revenue was that the Government decided we were going to accelerate the payment of refunds such that whereas in the previous year \$70 million in Value Added Tax refunds were made, in the financial year to end this year, about \$100 million in Value Added Tax refunds will be made. It is an adjustment of which we are conscious of the need for Government to exercise propriety itself.

May I say, Sir, it was assisted by the fact that we changed the Value Added Tax Act such that enterprises were not required to pay the Value Added Tax if they were not making a 'vatable' supply. What this has meant is that in the case of Royal Westmoreland, Sandy Lane, Port St. Charles or any major project now, because the Value Added Tax does not become payable before a project actually goes into activity, and the enterprises do not pay Value Added Tax (VAT) on the building materials, they are able to offset the Value Added Tax they pay on their building materials against the Value Added Tax they pay on their other supplies.

12:30 p.m.

Continuation of Rt. Hon. O. S. ARTHUR:

We are in a position where refunds are very large. It is again a stop adjustment. This will come to a close and very shortly. Sandy Lane for sure. Port St. Charles will be in a position where that period would have gone and it will not be able to reclaim the large refunds.

I raise the point because while Sandy Lane and Port St. Charles in particular will soon have their net refund status changed. Royal Westmoreland is in a peculiar position. It is only subject to the payment of tax after the last villa has been built and I am in a position to say, Sir, that they have not yet completed their building programme. Their arrangement is unique, that their liability to tax only becomes applicable when the last villa has been built and completed.

This is what we are dealing with. Government has accelerated the payment of the refunds.

It is also true in the case of the income tax that the level of refunds now are larger than anticipated. In fact, whereas in the previous financial year refunds for income tax were about \$35 million, in this financial year it reached \$50 million as more Barbadians take advantage of the measures to stimulate savings as well as we bring to account the full effect of lifting the income threshold from \$13 000 to \$15 000. I stress that point, Mr. Speaker, because I spoke earlier about the fact that our demand deposits have started to increase so that there is always a trade-off in the management of an economy; that we recognise the need since we cannot borrow money from the World Bank to boost domestic savings to help support domestic investment and we put in place measures to boost savings that will come back to be a factor for turbulence in higher than anticipated claims for refunds, particularly for savings instruments.

At the point of giving the concession, we are not in a position always accurately to measure the full fiscal effect but we are now accumulating the evidence about the full effect of the whole range of concessions that we will put in place to boost savings in the country.

We would obviously not want to change it, because Barbados has to recognise that a larger and larger proportion of our domestic investment must come from domestic savings, even if it means that we have to do a little trade-off in the income tax to accomplish that, it is worth keeping in place.

Government is not therefore going to panic in response to these things because we know what are behind them. I thought I should make this point, because again, there is no problem with the gross generation of revenue. If there was a massive decline in the volume of the VAT or a massive decline in the volume of income tax generated then it would be structural problem in the economy. What is happening is that we are accelerating the repayment of refunds to the VAT and persons are in a position to claim higher levels of refunds because of Government's savings policy.

I mentioned last year that we introduced the reverse tax credit and that this year ending 31st March is the first year in which that reverse tax credit would have had its full effect between \$10 million and \$15 million. Because you have a larger pool of persons coming into the labour force able to claim reverse tax credit again, it is a factor you have to get into your fiscal planning.

Sir, there are persons in Barbados who are below the threshold at which to pay income tax. They did not benefit from our lifting of the threshold from \$13 000 to \$15 000 as the rest of Barbados did benefit, so the only way that you can help them is to give them a piece of the indirect tax that they paid though VAT and so on. I am not subsidising the private sector as the Member for St. Lucy is saying. I am bringing equity to the fiscal system.

Sir, I stress these points because while the Government has been accelerating its payments of refunds,

the level of arrears owing to the major revenue agencies of Government on February 27 stood at a staggering \$169 million. We are living up to our responsibilities, but the arrears owing to the major revenue agencies of Government on February 27 of the year 2000 is at \$169 million.

The Excise Department is owed \$35 million in arrears on energy products which it has to recover, \$50 million is owed to VAT, \$74 million is owed to land tax and \$10 million in the form of corporation tax arrears. These are documented amounts collectable by the Government.

The implication of all of this, Mr. Speaker, is this. A person purporting to speak on behalf of the Opposition has put out the propaganda that because there was a variation between the revenue projections and what was realised that the Government will have to change the tax rate. If there were not collectable perhaps that might be an argument of some validity but you cannot change the tax rate of a country in circumstances where you are being told that if those who had to pay would pay, your revenue would be more than sufficient to meet Government needs. Hence, the first exercise before you come to change the tax rate is to deal with the question of revenue, the arrears.

If you change the tax rate, all that will happen is that the people who have been faithfully paying and will continue to faithfully pay, will be asked to carry a heavier burden of the tax in the country. A programme has been put in place for the BNOC to pay so that revenue that should have come in this fiscal year is going to be collected next year. Hence it may seem to be an ample amnesty. They will pay up front and we changed the price so that we can collect the \$35 million.

We have made conservative assessments about what we can collect and we do not anticipate collecting even half \$159 million, but people have to pay. When I come to discuss the year 2000 fiscal proposals we will discuss what proportion of this we believe that we can collect but the \$35 million owed by the BNOC has to be collected in full because government departments must set a proper example.

I want to say also that in relation to land tax there have been three amnesties in the last decade and people just have to live up to their responsibilities and therefore the Attorney General's Office which manages this matter has been given the authority to engage auctioneers for the purpose, and that we will use the provisions of garnishment in the same way that the VAT allows for garnishment.

Mr. Speaker, there was a fierce debate, to which I did not subscribe last year and this year, about the printing of money. I even heard about how the Central Bank would have been involved in unlawful activities, that the Ways and Means would have been burst, and a lot of folly. I keep out of those things and I notice the member for St. John did not speak because Mr. Barrow always said to him not to get involved in those matters and "great things are too high for me". I have put it in a simple way.

The relationship between the Government and the Central Bank is that the Central Bank is the banker to the Government, and all of us who have such visits to the Bank generally have a chequing account in case we have an overdraft and we have deposits. Sometimes you might go into overdraft and you can draw down from your deposits to clear the overdraft.

Last year, Mr. Speaker, because of the tight financial situation and if you go to the Estimates you will see there were about four consecutive issues of Treasury Bills that were under-subscribed. We raise

funds by Treasury Bills every three or six months. We put the Treasury Bills back in the market and, depending upon the state of the financial market, sometimes they are oversubscribed and you know there is a lot of liquidity in the system ...

12:40 p.m.

Wednesday, March 15, 2000.

Continuation of Rt. Hon. O. S. ARTHUR:

... but if you have a buoyant private sector the treasury bills are under-subscribed. Meaning that you might go to the market for \$50 million in treasury bills to roll them over but people only bid for \$35 million so there is a short fall of \$15 million and somebody had to take up those. As it is with an individual who is managing his relationship with the bank, if there is a shortfall and you have an overdraft facility you pay on the overdraft until you clear it.

It was so last year with the Government. The Government had \$236 million in deposits with the Central Bank of Barbados. There were times in the course of the year where, the Central Bank of Barbados, because of the short fall in the take up of treasury bills had to use its overdraft to meet the difference and all we did is that we drew down our deposits and paid off our overdraft with the Central Bank of Barbados. May I also make the point, Sir, that at no stage in the course of the financial year was the Government of Barbados other than a net lender to the Central Bank of Barbados because we had \$236 million in deposits of our money like how we have a savings deposit at the bank, you have a checking account with an overdraft attached and you go to your savings and clear off your overdraft. That is all that happened last year, Sir. At no stage for the full year did we have a situation where our position with the Central Bank of Barbados was such that they were lending us more money than we had in deposits with them. That is the point that the Governor of the Central Bank of Barbados is making in these matters, Sir.

If therefore, Mr. Speaker, Sir, there was a permanent addition to spending power by the Central Bank of Barbados, if there was a permanent addition to spending power in the form of an extension of credit on a permanent basis then you could have said that the Government was sustaining a process where its own activities were leading to domestic credit creation in its favour but the Government used the overdraft to pick up the shortfall, paid the overdraft and you have this folly about the printing of money. Sir, I make the point that on no day over the course of the year was the Government of Barbados other than a net lender. We had more money deposited with them than they ever extended to us.

Asides.

Rt. Hon. O. S. ARTHUR: May I make the point, Sir, that for those who saw it as a structural difficulty and even darkly implied that the Central Bank's overdraft limit would have been burst because of their projections about the revenue and how we could not sustain the pattern, Sir, I ask what is the overdraft now? Sir, it is zero. What has been the overdraft for the last few weeks, Sir? It has been zero. It is always down in the low figure. We have wiped off entirely Government's overdraft

borrowings from the Central Bank of Barbados. You hear these dark stories about the trend and expenditures were such that the Government was on an unsustainable path and that by the projections of a guru some time in January, the Central Bank of Barbados had to be breaking the law. It is like saying, Sir, that in accordance with the law of thermodynamics a bumble bee cannot fly. It comes out in the proof.

Asides.

Rt. Hon. O. S. ARTHUR: The man projected that the Central Bank of Barbados would have, on the basis of his projections, had to break the limit and hence was operating unlawfully. Rather than being \$160 million the overdraft now is at zero and the Government still has, Mr. Speaker, Sir, substantial deposits of over \$90 million at the Central Bank of Barbados. We did that while on the last day of the calendar year last year, Sir, we paid back a \$60 million loan in one fell swoop. In 1991, Sir, when the Democratic Labour Party had to pay back a similar loan on one day, well, all hell broke out in Barbados. They had to go to the International Monetary Fund, they had to send home 2 000 workers, Mr. Speaker. They had to cut public servants salaries, they had to make workers pay for their own severance ...

Asides.

Rt. Hon. O. S. ARTHUR: People who were holding foreign exchange abroad had to bring back the foreign exchange and convert it for the Government's benefit. We had to do the same thing - pay back a loan on the last day of the year and nobody in Barbados knew because there were no effects on the state of affairs in the country, Sir. Yet we are hearing that our financial situation now is worse than in 1991 when we had to face the same situation but the results were entirely different and more beneficial.

Mr. Speaker, I make the point that what happened with the revenue does not reflect a structural deficiency in the Barbados' economy because the economy has been growing and it has been generating the revenue, that we have accelerated repayment of refunds, we have allowed substantial concessions and the full effects are being felt to the benefit of the economy.

I end this session, Sir, by saying that those who are calling upon the Government to increase the Value Added Tax, Sir, are whistling in the wind. There is no basis, given what is before us, for the Government of Barbados to increase the Value Added Tax as has been recommended by a spokesman on the other side as the desirable policy to be embraced by this administration in the face of what he fancies he sees.

I am not saying, Mr. Speaker, Sir, that we can allow fiscal abandonment. Last year, Mr. Speaker, we operated an economy that for the first time in the post independence experience of Barbados had to operate in circumstances where there was turbulence in the international economy. In the 1970's when there was turbulence and global recession there was recession in Barbados. In the early 1980's when there was recession in the international economy there was recession in Barbados. In 1990 when there was recession globally there was recession in Barbados but we took this economy through a period of turbulence in the international economy, sustaining its growth, keeping its reserves more than the required 12 weeks, low inflation, Sir, rising employment and reducing unemployment and with a stable fiscal position. It is an accomplishment that explains the basis of the credit rating assigned to this

country by reputable observers.

12:50 p.m.

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Continuation of Rt. Hon. O. S. ARTHUR:

We believe that we can continue in that same spirit of fiscal responsibility by assuring that the overall fiscal policy that has guided this Government continues to guide us. Namely, that we will not seek to go, except we have to bring into account an extra ordinary payment with a one-off repayment beyond a fiscal deficit of 2.5 per cent, that we will eschew Central Bank's financing of our fiscal deficit, that we will also, Mr. Speaker, meet the Government's obligations as they fall due and that we will continue to use strategic and judicious investments through the public investment programme to support the repositioning that has to take place in the Barbados economy.

It is against that background, Mr. Speaker, I want to speak about the fiscal programme that is embodied in the year, Sir, to go more deeply into what the House is being called upon to approve.

SUSPENSION

Hon. D. A. C. SIMMONS: Mr. Speaker, Sir, I beg to move that this Honourable House be suspended until 200 p.m. today.

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

The question that the House be suspended until 2:00 p.m. today was put and resolved in the affirmative without division and Mr. SPEAKER suspended the House accordingly.

12:52 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I want in the process of continuing my review of the anticipated financial out turn for the year ending March this year with the observations, Sir, that there was a short fall in the revenue between what was projected and what was realised of about \$50 million and that the manner in which the Government provided for that variation in revenue was to make a corresponding adjustment in our capital expenditures. So that you will see, Sir, that whereas last year the House approved a capital programme of about \$310 million to \$312 million, capital expenditure for the year to conclude on the 31st March is to be no more than \$260 million. The implication being that the Government has used expenditure containment on the capital side as the basis upon which we have accommodated the variation in the revenue.

There was also expenditure on the current side for a very good reason, Sir. Members of the House who are relatively new to Parliament may not always be able to read these tables: approved expenditures, revised expenditures. The approved expenditure is what the House voted. The revised expenditure is what the out turn is likely to be. And on the current side, the House will note that last year the House approved current expenditures of \$1 657 000 000. The projected expenditure out turned on the current side is \$1 668 000 000. So that if the House remembers that the original expenditure estimate did not include the wage increase, nor did it include the payment of the 8 per cent. The Government has also used expenditure control on the current side as the basis upon which we adjusted to the variations in the revenues and that is precisely the way in which the Ministry of Finance manages these situations, Sir, and that is the way in which we will manage them from year to year because what this House approves is the outer limit of expenditure but the Government's overall financial situation is managed in regard to the cash flow.

I will conclude, therefore, the review of the pattern for last year by saying, Sir, that there was a short fall in projected revenue for the reasons that I explained and that we made an adjustment to accommodate that short fall by holding capital expenditures, \$50 million below what the House voted and bringing into account the wages increase and the 8 per cent, but yet holding current expenditures with those added virtually in line with what the House approved in March. So that there is a programme of expenditure control in place to enable us to adjust to these revenue fluctuations and to avoid our having to use ruinous financial expedience, like sustained printing of money by the Central Bank to finance Government's operations.

Now, Sir, once the House understands that, I can turn to the year to come because we will have to use a flexible approach to the management of expenditure in an economy that prepared the inflows of the dynamics of Barbados. We have a lot of concessions in place which require private response and it is with the best will in the world, very, very difficult always to project a response by the public to a concession.

As regards the fiscal programme for the year 2000-2001 that is for the fiscal year beginning in March and this is what the House has to approve, let me explain the policy, Sir, we believe that we can live with the overall fiscal deficit of 2.5 per cent of GDP and the Estimates have been prepared with that overall deficit in mind. Within the context of that deficit, Sir, we will be bringing to account the second year of the wage increase and the second tranche of the 8 per cent.

This fiscal year to come, is also going to be the first fiscal year when the Government has to provide

in full for the assumption of the additions to the non contributory pension roll. The House will recall, Sir, the Government has undertaken as part of the measures to stabilise the National Insurance that all addition to non-contributory pensions will in future be carried at a charge against the Consolidated Fund, rather than a charge against the resources of the National Insurance and I will come to that in due course, Sir. So that our current expenditures have been based upon our bringing to account the 8 per cent, the second year of the wage increase and taking on board as well the non contributory pensions. We will benefit from the fact, Sir, that I think foreign amortisation in the next year may be less than in the financial year ending March because, as I say, we do not have the \$60 million foreign amortisation which will be due, Sir.

The key, Sir, is the financing. In a way we are trying here to build the whole financial programme of Government, starting from where we know we have to go with financing. It is not a matter, Sir, of propaganda or theory, but a matter of fact that Barbados will increasingly have to use its domestic savings and access to foreign commercial bonds on the international capital market, to meet its development financial requirements. That is we say that as a precept, Sir, this year we are reflecting them in the Estimates and they set the framework within which these Estimates are to be understood.

The Government has already put in place the framework that will allow us to use savings bonds to a greater extent than we have used them in the past. The House will recognise that we are making provision this year, \$40 million in financing by way of savings bonds, as well as \$80 million through debentures and treasury notes, Sir. We are going to use longer term domestic financing to carry part of the financing of Government.

The Government also believes that it is appropriate for us to go back to the capital market this year for a number of reasons, Sir. With Barbados' new credit rating, Barbados is now in a position to tap the market for loans with longer maturities and more preferential rates of interest but there is a more important argument.

2:10 p.m.

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Continuation of Rt. Hon. O. S. ARTHUR:

The experience of developing countries always shows that unless countries at the start of a process of accelerated liberalisation takes specific measures to boost their foreign exchange reserves they can have problems arising from liberalisation. Liberalisation will make imports cheaper.

This year beginning April 1, in implementing the World Trade Organisation (WTO) commitments agreed to in 1994 we are going to have to remove licences on agricultural and manufacturing imports. There is the prospect - I am not saying that it is a certainty - but the reality is that whenever you liberalise you can have a situation where by reason of the fact that imports can now access your markets

to begin with and they can access them at cheaper rates, you can have a potential surge in imports. It is not a necessity but it can happen. Countries that have not manage the relationship between accretion of reserves and liberalisation has found themselves having to pay a higher price of decertification from not managing the two.

We are also now at a situation where the sounds being made by the Federal Reserves Chairman suggest that interest rates are likely to inch upward and that with a good credit rating, good investment grades and with the prospect of having to implement and sustain liberalisation, the time to borrow, if we were to borrow is now. If we are to borrow, we have to borrow more than Government's immediate needs. We have to boost our reserves because we cannot be sure what is going to be the full effect of liberalisation. That is the truth.

The House will note that we have made provision for having access to about \$63 million in foreign commercial borrowing. I have given permission to the Ministry of Finance and to the Central Bank of Barbados to put out to the market Notice of Tenders by the Government of Barbados to raise a note of \$US100 million in the market. In fact, there is an interest of \$US150 million but we will only take \$US100 million with the intention of putting \$BDS60 million behind the Government's programme and accruing reserves of \$BDS140 million because we need to do that if we are going to carry the country safely through this process of liberalisation. I am bringing it to the attention of the House because it is what I think is the responsible thing to do given the movement in international interest rates, given our domestic financial requirements and given the programme of liberalisation to which we are committed.

Sir, we are not going to use the \$150 million in Savings Bonds because we still have a strong demand for credit by the private sector and the Government has obviously to temper ...

Asides.

Rt. Hon. O. S. ARTHUR: Government's overall financial programme therefore has been designed to maximise our use of domestic saving instruments rather than credit creation. A saving instrument takes funds out of the households that would otherwise be used for spending and divert it to Government purposes. It is distinct from borrowing from the Central Bank of Barbados. We are planning to use savings instruments with a longer term maturity next year and the financing of the Government operations so implied. Permission has been given to borrow \$US100 million of which \$BDS60 million will be used for the purposes of financing.

The House has to get accustomed to the fact that once Barbados is no longer able to use multilateral financial resources like the World Bank that from time to time accessing the international capital market is going to be part of our lot. That is a reality. I am levelling it because we are boosting the reserves not just because we want to boost reserves but because we have to anticipate that if we remove restraints on imports of agricultural and industrial goods we can have a current account problem. That is the truth.

Sir, the capital budget therefore has been constructed to enable us to accommodate a deficit of 2.5 per cent of the Growth Domestic Product (GDP). You will note that Government proposes to spend a bit more on the capital side this year than last year because of the strategic role that the Government has now to play in the various areas to which I have adverted earlier.

We really have to redesign the infrastructure of Barbados. We have to spend far more on human resource development whether directly through education or training institutions. We have to spend a lot more on the environment so all the sewage projects have to go. The solid waste management must be done. We have to engender the private/public sector partnerships and the Airport has to be brought on stream. These are parts of our infrastructure. The old infrastructure is crumbling and we have to repair that before we can go into a more high-tech society.

The Government must pay attention to the basic things even while moving the country forward. For example, we recognise that the highways of Barbados as part of the basic infrastructure of this country are in urgent need of rehabilitation. Government has asked the Ministry of Public Works and Transport to conceive a programme over a period of four years to do all of the major highways of this country as a matter of public policy. These are the kind of concerns that required us to spend this year. Perhaps, I should give the House some of the highlights of Government proposed expenditure by treating to some of the most important.

For example, Mr. Speaker, in relation to the Prime Minister's Office, funds will this year be spent for the relocation of the Coast Guard. That is a public necessity because the Coast Guard itself is now located under conditions that whenever there are heavy seas in Barbados the Coast Guard station cannot be used. The Coast Guard facility in Barbados would be of no use to this country if there was a disaster. Therefore, we simply have to remove it and this would have been so whether or not there were a Pierhead investment.

The plans for a new Coast Guard have therefore been drawn up and the Government proposes to start expenditure this year. The full cost of it will be known after an environmental assessment study has been completed. It will be completed over a period of financial years. I would imagine that a reequipped Coast Guard facility will come to over \$20 million. This is the kind of thing that Government cannot borrow from the financial institution. We have to find the resources to do it.

May I also add that in our debate in the fight against crime we have spoken to the expanded role being performed by the Barbados Defence Force (BDF) and the Coast Guard in this fight. Without safe and adequate Coast Guard facilities, the Government's determination to preserve law and order in the country will be hard to realise.

The House will be pleased to hear that Government has allocated over \$69.6 million to the Ministry of Social Transformation to enable it to continue its programme for the eradication of poverty. I would imagine that during the course of this debate the Minister of Social Transformation will speak to new initiatives that are being launched.

There is one I rather fancy, Sir. We have to bring information technology to the masses. Poor people and their children must be able to have access to the Internet and must be able to be literate in the new information technological age.

2:20 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

Unless we are deliberate, we will have a new kind of two “Barbadoses”, one in which persons and households with a capacity to afford it will have facilities in their homes to expose their children while those who cannot will find their children deprived of access to the new social information or access to computer training.

The Ministry of Education has already, through the new St. Peter Library, put in a media centre that allows the community to have access to the Internet. It is part of the building of an institutional infrastructure, as I call it, Mr. Speaker, appropriate to the information age. It is for us really to regard access to information technology as a norm that will become as basic as reading and writing and we should begin to take the steps now to popularise it throughout the entire society.

The Ministry of Social Transformation therefore will be executing a project to convert existing community centres into resource centres and begin on a pilot basis to start putting in Internet and other facilities in those centres under appropriate management so that we can begin to transform the society in that way.

The House will also be pleased to hear that the Urban Development Commission will have expanded resources as well to be better able to deliver on the development programmes of constituencies in urban Barbados. I can only on this occasion call for all of the small contractors, I want to reinforce the point, Sir, all of the small contractors who predominantly make up the client class of the two Commissions to give us full value for our money.

If we spend, as we will spend, Sir, upward of \$12 million a year through the Urban Development Commission, and \$12 million or thereabouts on the Rural Development Commission and almost another \$10 million through the Poverty Eradication Vote, and a lot of this is going into upliftment of community facilities, we must get value for money. Barbados can look forward to having well developed facilities in every community. We are committed to all communities in Barbados having basic facilities like roads and recreational facilities as a matter of right.

Mr. Speaker, I want to say this on the Floor of the House that it must apply to all Barbados. It really must. I make the point that there is no such thing as a constituency road if you are a driver because if your car gets damaged on a bad road in St. Lucy it is damaged.

There are Honourable Members on this side who have very longstanding needs and obviously those Members' needs will be attended to but these Estimates are consistent not only with an expansion of resources for social transformation but for them to be used in new ways.

I want from the beginning to say that there must be equity in the distribution and there must be cost-effectiveness in how Government's resources are being used. I say that particularly to the small contractors because people seem to believe that merely invoking the name of the small black man in Barbados legitimizes foolishness. It has to stop. We can get more benefits from the expenditures we are making through this Commission, Sir, if we get value for money. The Government is not going to condone inefficiencies particularly by persons through the resources of this party. The Government is not going to condone it.

I want to say, Sir, there is no slackening of the Government's programme for social transformation. I want to be clear, Sir, that we will not get there in one fell swoop but if we do it systematically, we will put poverty behind us but there must be fairness. There must be a balance as well. I want value for money. Once we follow this we will get there. The Minister for Social Transformation will speak to these particular issues.

I have said, Sir, that the Government is committed to human resource development. You will therefore find that the commitment to EduTech is the largest. It is possible we could spend \$60 million on it this year. In fact, the programme would have required that, but we will watch it. We are allocating \$45 million because we believe that the resource market of Barbados can absorb \$45 million through EduTech. Our judgment is that if the Minister were to go for the \$60 million that the resource market may not be able to absorb that kind of money this year. EduTech is benefitting.

The Government's commitment to the enhancement of the environment and sustainable development is effected in our continual substantial provision for our policies pertaining to the environment. The South Coast Sewerage Project gets \$25 million and \$5 million for the Solid Waste Management Project. We are accelerating project planning and design for the West Coast so we are voting \$4.4 million this year for the West Coast planning with the intention that as we phase out of actual development of one sewerage project we will be able to go into production and implementation of the other.

I want, Sir, to announce an important policy adjustment by the Government of Barbados. When the Sewerage Projects of Barbados were initially conceptualised in the early 1970s it was determined that the debt incurred by Barbados to finance sewerage projects should be serviced out of the water rates and hence, in the 1970s, there was an increase of water rates with the intention ...

Aside.

Rt. Hon. O. S. ARTHUR: That happened in 1970, Sir. My Government has reviewed that as a financial policy because the overwhelming cost of servicing the debt for sewerage projects is such that if you had to change the water rates to pay for the debt that is still being paid for the Bridgetown Sewerage Project to pay for the full debt on the South Coast, and to pay the debt that will be incurred for the West Coast, and the West coast Sewerage project when it is implemented will cost over \$100 million, it would really mean that you will have to raise the water rates to a ridiculous level. At the same time, the benefits of the sewerage system do not accrue institutionally to the Barbados Water Authority. They accrue to the general society in our having a healthier society.

There is an external economy, therefore, that is greater than the financial contribution to the Water

Authority. Therefore, the Government of Barbados has advised the IDB that we will be assuming as a Central Government obligation any new loans to be raised to finish the South Coast Sewerage Project and that any new loans to be raised for the West Coast Sewerage Project should be a charge on the Consolidated Fund because, in a sense, the Water Authority is not the financial beneficiary of the investment, it is the whole country that will be the beneficiary.

I say that to make the point, Sir, that we will therefore ... and I cannot influence the Free Trading Commission that is coming into existence, but water rates in Barbados will, in the future, not be felt in the context of servicing debts to be assumed in relation to the implementation of the Sewerage projects, that becomes the Central Government responsibility.

2:30 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

The water rates will be set in the context of enabling the Water Authority to meet its operational requirements fully as well as to finance its maintenance, including the replacement of mains. There is substantial arrears going to the Water Authority but we do not and will not substantially increase water rates to reflect servicing of debts for the sewerage project.

The West Coast Sewerage Project is being planned on that assumption. We made that representation to the Inter-American Development Bank and representation in relation to the rest of the financing for the West Coast Project is made on the assumption that it is a Central Government responsibility. Barbados could not pay for water if it had to carry it, because the South Coast Sewerage Project will cost over \$150 million as a project. When you add to that another \$150 million on the West, plus that outstanding on the Bridgetown - and we had to look back at the Bridgetown again to make it right - it would be an overwhelming debt overhang that would strangle the Water Authority.

We have made provision this year to conclude the South Coast Sewerage Project and to conclude the designing of the West Coast so that as we finish one we will start the next. Next year, therefore, the House can anticipate that the Estimates will reflect a substantial contribution for the West Coast Sewerage Project.

As I said, Sir, we have to put in place infrastructural facilities to help us develop Barbados as a high quality tourism destination and the Estimates on the capital side also make provision for a \$23 million programme for the continued development and expansion of the Grantley Adams International Airport. This is a project that has received institutional financing from the Caribbean Development Bank (CDB).

As the House knows, Sir, we are committed to a process of commercialisation of the commercial function of the Grantley Adams Airport. The regulatory and security functions will be exercised in future by the Ministry of International Transport. We could never cede responsibility for regulatory security and other things at the Airport to a commercial enterprise but the commercial functions of the Airport will be vested in a company in much the same way that the Water Authority was once a government department but the Water Commission was established to carry out that as a commercial function.

This investment by Government is one that is to be assumed at a soon date by a new airport authority that will be responsible for the commercial functions of the Airport per se. I speak of this, Sir, as a potential for private and public sector partnership because, in due course, after the Government has evaluated properly its assets we could see ourselves making provision for private investment in a commercial airport authority. Hopefully, the National Insurance, for example, will see it as an outlet for investment and other institutional investors could invest.

This is part of the new function of Government private/public sector partnerships to stimulate activity necessary to continue transformation of the country. The House will be pleased to hear that the Beautify Barbados Project that is also so essential to lifting up the quality of our development will get expanded resources this year.

We have already announced provision to provide for the equipment of the disciplinary forces. The House would have recently seen the tip of this iceberg when we voted expenditures to accommodate the down payment for the purchase of vehicles for the Defence Force, the Fire Service, the Prisons. This year, the \$5.6 million will be expended by the Royal Barbados Police Force, \$2.3 million for the Defence Force, \$3 million for the Fire Service and we will be having \$300 000 for the Prisons, as well as the School Meals which will get \$200 000. All of the disciplined forces therefore will have the rolling stock capacity to enable them to boost their efforts to bring law and order to the country.

For the first year as well, Mr. Speaker, we are providing resources for the establishment of an anti-money laundering authority. We already have the Money Laundering (Prevention and Control) Act on the Statute Book of Barbados. The Act requires the creation of a specialised unit. It is the judgment of the Ministry of the Finance that the Ministry of Finance should maintain a relationship to it. We would want that anti-money laundering unit to be located in the Attorney General's Office but we are providing for the first time this year funding for an anti-money laundering authority.

I stress this point because, as the House is aware, the name of Barbados and the name of so many other developing countries are under challenge by the OECD and some other financial task forces on the grounds of other harmful tax competition practices or lapses from the best regulatory or supervisory norms.

This Government is committed to doing everything in its power to maintain Barbados' niche as a low tax jurisdiction, not a tax haven, that is interested only in doing substantial and legitimate business whose niche is held in place by our willingness to enter double taxation treaties within which is provision for the exchange of information. We are serious, Sir, in the commitment to fight the scourge of drugs by instituting measures that will enable us to cut off drug bandits from the use of their proceeds and this Anti-Money Laundering Authority is going to be crucial in this respect.

Projects in agriculture have been started and will be sustained. Consett Bay and Skeetes Bay fishing complexes are well advanced. I am very pleased with the development at Consett Bay which has taken a long time in coming and will do much towards transformation of the livelihood of the fishing folk in the constituency of St. John.

We will be voting funds effectively to do the Cheapside market and in this matter, Mr. Speaker, Sir, I just want to stress the point that the Government has a coherent programme for the development of vending facilities across Barbados. The Cheapside Market is crucial to it and the designs are well advanced for the transformation of the Fairchild Street Market. We are thinking also of having a structural approach to roadside vending, but people must not feel that they can, by creating agitation, force us to divert to a new programme which has not been properly planned. It has to be a structural approach to this particular matter and we will be voting funds. Funds are voted for Cheapside and funds are also voted for the improvement of the Oistins jetty which has been a matter of the greatest concern for the member for Christ Church South.

Aside.

Rt. Hon. O. S. ARTHUR: The member for Christ Church South is agitating that it is too small. It is far larger than the amount that is being voted for the northern fishing complex which I have been agitating for from the time I came into the House in 1984. I trust, Sir, that I shall have the opportunity to see it become a reality before I leave politics. The Honourable Member for St. Lucy and I may want to discuss this matter some more.

Mr. Speaker, Sir, the Ministry of Agriculture for this year introduced a project on a pilot basis which I hope would have in future years general applicability.

2:40 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

There are a number of farmers in Barbados who are landless farmers. There are farmers who have cows but no land.

Asides.

Rt. Hon. O. S. ARTHUR: The Ministry of Agriculture will introduce, on a pilot basis land for the landless farmers project which will enable us to reconcile the desire of persons with skills who do not have access to land with their determination to become bonafide farmers. This is the kind of vote that I believe is relevant in the context of liberalisation that affects agriculture and is also intended to address issues of development within the context of social justice. We have to bring the landless farmers of Barbados into the main stream.

The Ministry of Public Works will be carrying out as well a \$53 million programme. I want to speak briefly and broadly about rationalization. It is now the Government's policy that the two Commissions will be responsible for the construction of subsidiary roads and roads in community. The Ministry of Public Works will be responsible for major highway construction and for the maintenance of all of the highways across the country. When the Urban and Rural Development Commissions build, they will go into the Ministry of Public Works pool for subsequent maintenance. Members of the House will agree that much more could be done by way of the Ministry of Public Works maintenance if we get better value out of the maintenance depots stretched across the country. In large measure it is not because the men in the Ministry are lazy. Very often they do not have the requisite equipment to get the work done.

There are almost 600 persons working at Government maintenance departments across Barbados and what the Government is seeking to do, Sir, is by better concentration of the role of the Ministry on maintenance, to press those depots into a full and effective occupation. As a result, Sir, \$1 million is being devoted to the Ministry of Public Works to enable it to begin to properly capitalised it maintenance depots across Barbados. In many instances, it is small pieces of equipment are needed, some of them need to be able to draw from a pool of trucks to be able when they weed the road to move the it, Sir. It is these small things that we are talking about. We anticipate over the course of the next few years, Sir, to treat the capitalisation of the maintenance depots of the Ministry of Public Works as an essential part of Government capital programme.

Asides.

Rt. Hon. O. S. ARTHUR: It is an essential expenditure. If those depots were functioning to fullest efficiency the quality of the roads across Barbados would be greatly enhanced and we are pressing them into fuller occupation. It will mean that some of the workers who were employed by the Ministry of Public Works in road construction will incrementally be allocated into road maintenance exercise.

Sir, by road maintenance I mean also the weeding of the roads, Sir. I am keeping the curbs clean. We are giving the Ministry this year the vehicular equipment to do it but the Government wants to see results. I have, as Member of Parliament for St. Peter to spend a disproportionate amount of my time as

a constituent representative following the work of the MTW depots. I do it, Sir, because that is the way in which the Government relates most to the local community in terms of whether the roads are in good condition or not, whether the bush has been removed or not, Sir. We want full value for this.

Sir, I mentioned earlier that one of the major new initiatives this year will be the special road rehabilitation project to be conducted by the Ministry of Public Works. The Ministry has drawn up a schedule of thirty-one major highways that are in need of major rehabilitation. We will be doing it over a four year period and in each year there will be a special vote to enable us to bring this matter within the realms of satisfactory completion.

I think we can all agree that the road system in Barbados has crumbled somewhat because of the volume and the nature of the vehicles now using the road and that monies have to be spent on them. This is necessary expenditure that just simply has to be done and it will be done as a matter of course. Thirty million dollars of the Ministry's resources will be allocated for highway construction and maintenance and \$5 million for special road rehabilitation.

We have singled out, Mr. Speaker, the Hindsbury Road. Hindsbury Road, I think that Members will agree it is in the most woeful shape. It has to do with the foundation of the road and matters of that kind. It is not a road that was included in the Bridgetown Road Project funded by the IDB. The Government is treating it as a special project and the designs have now been completed and we expect this year to complete works on the Hindsbury Road.

Sir, we will also be in the next financial year starting the work on the Bridgetown Road Project funded by the IDB and the Government will be expanding its programme for drainage.

May I say in this respect, Sir, that some of the new measures being taken by the Government of Barbados is the building of mini-catchment areas upstream of major settlements in addition to the digging and cleaning of wells. Members of the House might be aware that part of the inadvertent benefits that have accrued to the country from Rayside's Quarry is that it serves as a catchment for water, relieving some of the pressure on Bridgetown. We are now in the process of building a number of catchment across Barbados. In St. Peter, Sailor Gully has already been excavated and it serves as a mini-dam catchment. It takes water off Speightstown. We are doing it upstream of Holetown in Blowers Quarry and we are trying our best to find ways of addressing this problem.

In this respect, Sir, the Ministry of Public Works has been given funds to do drainage at Ellerton in St. George so that lands on the outskirts of Ellerton, St. George, that has been declared as non-arable land but that is suitable for housing development on a major scale can be provided with a proper infrastructure and then released for housing. As part of the efforts of Government, the Ministry of Public Works and the Ministry of Housing are working in tandem on this as a joint project.

Mr. Speaker, I would have covered most of the major areas of public expenditure. We are also providing this year for nominal allocation for the Fair Trading Commission. I am very pleased to say that the legislation in relation to the Fair Trading Commission is now ready. It will be laid during the course of this week. It will provide for the establishment of a Fair Trading Commission. We will have new legislation for utility regulations and legislation on consumer protection is to follow in short order. This is, I think, a very necessary development in this society to better enable us to be more competitive

by creating, as I have said, virtual market structure in a society where there will be a natural tendency towards monopolies. We have provision here for the Fair Trading Commission to be established.

Sir, as I have said, this is a broad based programme which cuts across all of the functions that I believe that the state has to exercise and which can only help us to build a more competitive and more cohesive society. However, Mr. Speaker, we would agree that a lot of it is in the nature of discretionary expenditure that will come from Government resources and we will review the capital programme in the light of our cash flow.

On the revenue side, Sir, we are projecting revenue for the next fiscal year. Total revenue of \$1,725 million which is a 9.8 per cent growth over revenue for last year. An analyst will argue, why would an economy that is growing at 3 per cent generate revenue of 9.8 per cent?

2:50 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

The answer is, Sir, that in that revenue estimate is provision for collection of arrears and I want to speak to this, Mr. Speaker.

We are certain of increased revenue for next year because part of the reason why there was a shortfall in revenue, Sir, is that a government-owned company collected excises but did not pass it into the treasury so that the \$35 million in arrears of the Barbados National Oil Company (BNOC) that should have accrued in this financial year - and it is part of the reason for the shortfall - will be brought to account.

The Government is making provisions, Sir, for the collection of about \$70 million of the \$169 million owed to the Government as of the 27th February, 2000 and half of that is the BNOC. So that the BNOC is certain, Sir, half of the \$70 million in arrears that constitute part of the \$1.7 million revenue is money that we are sure to bring in. There are \$6 million in PAYE that the Commissioner of Inland

Revenue has to collect in Income Tax and \$8 million in Corporation Tax arrears are to be brought into account.

As regards the VAT, Sir, the Government has changed, as you are aware, the administrative leadership of the VAT. There are 13 vacant posts of Auditor in the Value Added Tax (VAT) Department which we are now filling and will in the course of this financial year, fill.

May I say, Sir, \$50 million is owed to the VAT Department, but we are making provision for only \$5 million of that to be brought and included in the revenue. We are therefore very conservative. I am not saying this because people feel that the \$50 million owed can be kept while the Government is accelerating repayment. It is just that to plan the revenue, we have assumed that putting in the 13 new auditors that we will be able to rake in \$5 million of the \$50 million in VAT arrears.

There will be an aggressive programme, Mr. Speaker, put in place in relation to the land tax. The AG's office has been required to be engaged as of today, Sir, and we will soon empower the Land Tax Department with the authority to garnishment in the same way that the VAT has power to garnishment. But the situation with the land tax in Barbados, Sir, is ridiculous - \$74 million is down the road. There have been three amnesties in the last 10 years. People have been given every reasonable opportunity to pay. We heard their complaints about our going back too far to the 1970s. The Government has recently said,

“Write off all that, start with what is documentable. You have had the chance to settle, put yourself in a position with the Land Tax Department where you have a programme in place for settlement.”

The biggest proportion of the revenue of the Arrears Collection Programme is in relation to land tax where we would like to reduce it by bringing in at least \$25 million of the arrears. Seventy-four million dollars are owed so we have used relative and conservative estimates of the revenue but the point is, if the arrears programme does not release the intention, and there is no reason why they should not because these are conservative, five million dollars in VAT arrears are neither here nor there, but if they do not then, we would vary the amount of domestic financing or even foreign commercial financing. I say, Sir, the Government is going to borrow BDS\$200 million but it is only intended to use \$60 million for financing so we can use that as the balancing item or we will vary the capital programme because we still have a situation where there is a possibility of overheating of the domestic economy.

I would like to touch on two matters before I close, Sir. One is that outside the context of what I am presenting here, during the course of the year, we will be carrying out a partial privatisation of the Barbados National Bank (BNB) and the Insurance Corporation of Barbados (ICB).

The Government will shortly be bringing to Parliament, a Ministry paper, setting out the basis upon which the privatisation is taking place after this has been approved by Cabinet. I would not at this stage, Mr. Speaker, want to go too deeply into it because it is subject to Government's approval. The two departments are now far advanced towards having a prospectus drawn for the issue of shares to the public and that prospectus should be ready for consideration by Cabinet by the end of March.

Effectively, the opportunity will be made to Barbadians to be part of privatisation exercise where they can subscribe to a share issue of successful enterprises. Both the BNB and the ICB are profitable

enterprises, in this financial year, Sir, both have generated a fairly substantial profit. They will be following a pattern, Sir, where there will be different classes of shares, some will be for workers, some for the institutions and I hope we could have a concession for this.

I really believe in a case of the BNB that we have to look at forming institutional alliances between indigenous commercial banks in Barbados and in the region. It has not yet been finalised, Sir, but I am not ruling out the possibility of there being some consolidation of indigenous commercial banking in Barbados arising out of the partial privatisation of the BNB. This is the way forward, Sir, but this is to anticipate.

The point I am making is that the House will note that I am making no provision for the use of the proceeds from privatisation for the purposes of financing Government this year, although through the issue of shares, the two together would yield over \$50 million. It would be the Government's intention to commit these resources to the Public Enterprise Investment Fund, but more especially to earmark them for the servicing of some debts that would have accrued off-budget that the Government has to continue a liability for.

Aside.

Rt. Hon. O. S. ARTHUR: We have a Tourism Investment Development Corporation that is going to the market to raise bonds to help expand our tourism product. The general economy will benefit from what will happen in St. Lawrence Gap, Bridgetown and Speightstown but is it not anticipated that the Corporation itself will benefit directly in a financial way.

The Honourable Member for St. John will remember because we started planning all along, Sir. We have reached a stage where the enterprise is going to the market to raise a bond of \$25 million this year. The Government is supporting it but we feel that we should secure that bond issue by putting part of any funds to be realised from privatisation into special sinking funds to service part of Government's contingent liabilities.

The same thing, Sir, the Needham Project is well advanced. There is the possibility for our using some of the funds with those kinds of high return investments, Sir, but that has to be earmarked. The largest portions however, must go into the Public Enterprise Fund and be used largely for that purpose.

I also want to say that the National Insurance Scheme also seems to be the subject of some improvement. The House will be aware of the great concern that I have brought to this matter of the National Insurance Scheme and the very precarious nature of the fund's viability has been the subject of discussion from time to time.

In the course of the last two or three years, the Government has made certain changes to the systemic features of the fund, Sir, and I am pleased to say that the evidence is that they are beginning to bear some fruit.

3:00 p.m.

Wednesday, March 15, 2000

Continuation of Rt. Hon. O. S. ARTHUR:

Whereas the difference between the national insurance contributions and its revenue and expenditure ... I will get the facts for you, Sir. For example in 1995, the national insurance had a balance limiting its receipts and payments were only \$217 000; in 1996, \$3.9 million; in 1997, \$4.8 million; but I am pleased to say that in 1998 the balance was \$91.4 million and for the first eleven months in 1999 the surplus of the national insurance scheme was over \$80 million.

Asides.

Rt. Hon. O. S. ARTHUR: The point is that this suggests that if we continue with the changes to the systemic feature to the national insurance that we can by building these surpluses, put the fund in a condition such that the doomsday scenario that was anticipated for it can be avoided. This performance is still not enough. I will be asking the House for its support by treating to this matter because it still remains one of the crucial problems of a society like ours which is an aging society.

I want to close as I began, Sir. The greatest challenge facing this Barbados economy will be to accommodate and make sensible provision to put in place a process of accelerated liberalisation. We will have to implement our Single Market and Single Economy provisions. We are going to have to implement our World Trade Organisation (WTO) commitment. As we go into FTAA negotiations we will have to prepare the way and measures will have to be continued to be deliberately engineered to help the Barbados domestic economy to use World Trade Organisation (WTO) compatible measures to accommodate liberalisation better. Part of the efforts this year in our financing would be to boost reserves in anticipation of further liberalisation and I am going to ask the House for its support in that matter.

We are going to bring an Agricultural Development Thrust to this House not to dispense subsidies but to help the agricultural sector find agricultural solutions to agricultural problems. It will be a source of funds that is intended to help people who have to adjust to liberalisation, to recapitalise and re-tool.

There are many areas in Barbados' agriculture where the sector can become more competitive by using better technology. There is a need for a source of concessional financing for recapitalisation. We see it in the poultry industry. We see it all across the sector.

In the case of sugar, we have to finance studies for options to increase efficiency at the factory level. The Booker Tate experience has shown that the cost of production at the field level can be contained in Barbados. In fact, the Booker Tate field operations are far less costly than those of others but factory expenditure is still high.

We need an agricultural development thrust to help us to recapitalise the productive sector of Barbados. There will be a consistent need for new measures particularly in the industrial sector for re-tooling and recapitalisation. It is not by chance that Trinidad and Tobago today has a relatively successful manufacturing sector. They made the effort to retool and to recapitalise.

I made the point to send the signal that the general thrust of Government policy will be in a direction of trying to find solutions to our competitiveness at the industrial source by supporting well-thought out programmes not for subsidies but for provision of resources that can allow us to use more efficient technology in the key sectors of the Barbados economy that face great challenges of competitiveness. Those are to anticipate, Sir.

I just want to say that these Estimates therefore have been designed to allow us to keep this country not only on a stable course to realise our development objectives but to contribute to the repositioning of the Barbados economy in general.

I started, Mr. Speaker, by alluding to the matter of context. My role in this whole exercise may very well be to help to conceptualise what has to be done. In that respect, I would like to make a document of this House the Protocols establishing the Treaty of the Caribbean Community. These Protocols set out the legal provision for the creation of a Single Market. There will be one amendment. It will be in Article 43 of Protocol 9, where rather than give people the right to derogate from the court as the court of original jurisdiction for the interpretation of all matters of these Single Markets, we allow for best efforts in meeting constitutional impediments to create the court in some country. I would like to make this document a document of the House because all Honourable Members of this House have to become familiar with the provision in order for us to understand the context within which economic policies in the future will work themselves out.

Mr. Speaker, I would also like to make a document of the House, a document called 'Small States Meeting Challenges in the Global Economy'. It is the Report of the Commonwealth Secretariat and World Bank Joint Task Force on Small States that will go to the development committee in March.

I had the good fortune, Mr. Chairman, to have been the Chairman of the Commonwealth Ministerial Group on Small States that in many respects help to conceptualise what I trust will come to be accepted by the international community as a development agenda for Small States. I am making this point because anyone speaking from my perspective has to see the fight to sustain the development of the Barbados economy as a fight that must be exercised at the international level and hence this Small States Report. It must be a fight at the regional level and it must be a fight that has to be take place in the context of the domestic economy.

I am trying my best to help to conceptualise what I feel is the way forward. Very often, the person who conceptualise a project is not necessarily the best person to implement it because you can become so fascinated with your own handiwork that you become wedded to it and believe that what you have done is the only way.

I therefore speak in anticipation of the fact that at a soon date, that having contributed to the conception of these things I will have to allow the responsibility for implementation to pass voluntarily or otherwise into other hands.

It is because we are at the point of conceptualisation that I am presenting this Estimates to this House in the great hope that in addition to what I may have to say on the numbers, that the House can really join in the debate on how we use these instruments to reposition the Barbados economy with a view to

sustaining its development, eradicating poverty and doing all this in the context of social justice.

I am obliged to you, Mr. Speaker, and I beg that this Bill be read a second time.

3:10 p.m.

Wednesday, March 15, 2000

Mr. D. J. H. THOMPSON: Mr. Speaker, we have convened again for what is probably one of the most important debates in the annual calendar of the House. I believe certainly that for members of the expanded Backbench and also for Ministers of Government who have not yet had the opportunity to participate in any meaningful debate during the course of this year on their portfolios that this Estimates debate will provide the opportunity for them to do that.

I am always accused after every debate by the Honourable Member for St. Peter, of failing to come into contact with the issues that he places on the Table in the Estimates debate. Mr. Speaker, I believe that the Estimates debate has to achieve a number of things. It is the responsibility of the Minister of Finance and where he is also Prime Minister to set the general tone of Government's priorities in domestic, regional and international.

At the level of Ministers of Government, it is also their responsibility to set the tone of the debate in their particular portfolio whether that portfolio may impact on Barbados' international outlook, its regional outlook or whether it may only deal with domestic issues.

Backbenchers are called upon in this debate to raise issues about their constituencies and also to seek to put perspectives about the development initiative that the Government is undertaking and to indicate whether they have confidence that the Government will be able to undertake those initiatives in the given fiscal year.

Likewise, Sir, it is the job of the Opposition to essentially point to the deficiencies in the

Government's programmes, to point to concerns either expressed at the local level, concerns it may have about regional developments, concerns it may have about international developments so that the people are able at the end of the day to have a better understanding of the way forward. What you have to do this year is look, if you are doing a review of the current fiscal year, at Government's projections in March 1999 and see whether the Government was able to meet those objectives.

I think the Honourable Member for St. Peter this morning did not spend as much time as I felt he should have in determining whether the Government had, in fact, achieved the very lofty objectives which propelled him back into Parliament and into a very exciting debate in March.

Those who were in here in March 1999 would have remembered the great sense of enthusiasm with which the Government embarked on its fiscal programme. At that time the country was flowing with milk and honey. There were new initiatives to be introduced in a number of areas, not the least among which was small business development and social transformation. I thought all the Ministers were going to get all the money they wanted and that the people would have required for them to carry out their programme based on that debate.

We heard that there would be a new take-off in international business. We heard about the new vision for agriculture. All of that formed part. I think the only exception to it would be the Honourable Member for St. Michael West Central but he makes cameo appearances every night on television and what we would have missed in the last Estimates has been made up for very quickly since his appointment as Minister.

We heard all of that, and yet at the end of the last calendar year it was still obvious that the Government had not been able to get its teeth into many of the very difficult challenges that faced Barbados. There are no two ways about that.

I think the Honourable Member for St. Peter, even if he is or is not handing on the baton, needs to have a very frank assessment about the ability of the members on that side who listened to his speech today, to carry out the mandate which he alleges is going to be his legacy to this nation. I have my doubts because, as I have said already, never have I seen the talents of such young men of promise so wasted in a Parliament which should boast some of the most successful doers and thinkers, and it is fact. That is part of the problem.

I really and sincerely wish to say to the Honourable Member for St. Peter that it is about time he took some of his Ministers by the feet, turned them on their heads and shook them and told them what their responsibilities were as Ministers. That is my view. I cannot say anything else because, during the course of this year, what you have had is a demonstration of men, even holding Ministries for the first time in their life, acting as though they had been Ministers for 20 years and loitering in the corridors of power while major decisions needed to be made to advance the interest of the people of this country.

I have to start there because there is plenty of evidence for that. There are those people who think the Opposition is too laid back. Of course, we believe, like anybody else, that if you had a 26-2 majority, one could hardly expect that the Opposition would suddenly become a dumping ground for everybody's problems in Barbados, but it seems as though within a very short time two members of the Opposition have been called upon to grapple and articulate many of the frustrations felt, not only by average

citizens, but felt even by Backbenchers in Parliament who only a few weeks ago recognised the limitations of the Opposition and decided to speak for themselves, which is a good thing because you cannot dump on us.

I think something needs to be done about that first of all because all of the grandeur of today's presentation, I do not mean grandeur in a cynical or critical way, or the importance of today's presentation, will be lost if the nuts and bolts of it cannot be put together by the political actors who make those major decisions and who might be unable to inspire those officers who function in their Ministries to carry out the mandates for which they are responsible.

By now, the Government would have to hold its head down in shame for the fact that we are now in March of the year 2000, and not even the first draft of new legislation, either in relation to unfair dismissal or any of the other labour issues would be on the Table before this Parliament.

The Fair Competition legislation which was supposed to be in place by the Honourable Member for St. Peter's promise by January 1 of the year 2000, and what basically has happened is that the CARICOM Heads of Government have been able, even though people accuse that entity of being a dinosaur, to come ahead of the Government of Barbados with precedents galore in this region, Trinidad, Jamaica, Antigua and Barbuda, and even smaller countries than ours, which do not boast the level of technical expertise, like St. Vincent and so on, to have consumer legislation consonant with the modern draft of consumer legislation in place.

You have a small Ministry charged with one responsibility and three months later, the Honourable Member for St. Peter, thank goodness, was able to say today that the Heads of Government had been able to conclude some aspects of their deliberations which also deal with competition policy and yet domestically in Barbados this has been an area where there has been a complete gap of legislation. That is a fact, if we look down through the years.

There is no fair competition legislation. There is antediluvian public utilities law. There is no proper consumer legislation in place. This was an area right for reform. I really do not know if to believe that before the end of this sitting that legislation would be in place.

3:20 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

If it is going to be three months late, you would have told the Heads, as the Minister responsible for the single market, not to bother to sign the Protocol. I agree with you that the Protocol should be signed, but the Protocol should reflect the ambitions and the aspirations of the domestic population of the Caribbean. When you have a situation where they design regional laws and regional architecture and institutions which are way beyond what the most developed country in the Caribbean, the most successful economy in the Caribbean, has not yet been able to design for its own people, it must tell the

Right Honourable Member for St. Peter that Barbados is falling out of the lead.

We are not falling out on economic performance. It must be something else that is sustaining us. Where we are falling out, to my mind, is at the level of performance of those who are in charge of designing policy in Ministries, Ministers of Government, that is what needs attention today. No prime minister can do it alone.

In the 1990's many of the same issues arose and at the end of the day because of necessary reforms that needed to be put in place a government shackled apart. People think it shackled and you think it shackled apart for different reasons. People may feel it was personal. You believed that. You did not understand what was happening because you see there is a context in Barbadian politics in which we believe that everything is only personality driven, 'X' does not like 'Y' and therefore 'X' is undermining 'Y'.

The very reason for the problem was the need for fundamental reform in a particular sector of the Barbados economy and the resistance to the need for that fundamental reform. For five years, you had a Ministry of Tourism that had no capacity to design any strategy or put out any information on tourism policy. What you had was a tourist board that was doing everything. A new Act was put in place and it was as a result of the reform introduced by the new Act which people did not internalise. That is the point. It is going to be the point about CARICOM that the Honourable Member for Christ Church South knows. They sign on the dotted line and say they agree but, unless you absorb the need for reform and change and adjustment within your own heart, you will not be able to do anything at all. In fact, that is where the personality conflicts will start to arise and where other elements of Government performance will shackle over.

It is not my job to warn the Barbados Labour Party that it has its foot in a snare. That is not my responsibility. My responsibility is to call on Ministers of Government to earn their salaries and to do the work that they are supposed to do on behalf of the people of Barbados, to stop the grandstanding, to recognise that the elections are over and that any government that sees it as its principal obligation to win the next election rather than to deal with the long term problems that face the country will be a threat to the people who elected it. That is my view of the state of Barbados as I see it right now.

We go back to 1999 and, despite what the Right Honourable Member for St. Peter said, I still say that based on what Government has projected in 1999 in terms of the qualitative improvement, as well as its ability to finance and sustain some of the specific initiatives that it was to undertake, that there were problems. There were financing problems. Those financing problems the Right Honourable Member for St. Peter basically did describe today in a manner reminiscent of a debate that took place back in the eighties between himself and the late Mr. Wendell McClean. He was then Senator. In those days they were debating over the issue of net credit to the Government and a big imbroglio broke out between the two of them and the Right Honourable Member for St. Peter wrote a very - I cannot read it I will send it over to him to read his language in those days. That was December 1989. The Right Honourable Member for St. Peter was in those days arguing with his colleague at Cave Hill about the difference between the word "the" and the word "a". He made the point then that some economists set out to prove their superiority as economists, not by the warmth of their argument, but by launching offensive and vitriolic attacks on the professional competence of the person with whom they differ.

Now the Right Honourable Member for St. Peter and the former Honourable Member for St. Michael North West are two economists. They are arguing over the difference between Government facing perhaps a daily shortfall or a monthly short fall of financing, as distinct from the net position of Government within a given calendar.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I have not spoken on that matter at all prior to giving the House the facts today. The former Member for St. Michael North West might have been locking horns with the Governor of the Central Bank but, certainly, Sir, I have kept out of the debate entirely. I have only given the House today, as required, a statement of the finances of Government. I do not debate with him, Sir.

Mr. D. J. H. THOMPSON: Mr. Speaker, when the allegation was made by the gentleman in the Other Place, the response of the Right Honourable for St. Peter to printing money was that it was amazing. In those days, in 1989, the argument between Senator McClean and the Right Honourable Member for St. Peter was over whether a larger proportion of deposits from the bank were being pulled in by the Central Bank or the larger proportion of deposits from commercial banks were being pulled in by the Central Bank as a result of a decision by the then Minister of Finance, Dr. Haynes, which was followed by his successor.

The argument broke out later on. In those days the Right Honourable Member for St. Peter was making the point quite clearly that net credit to Government by the overall banking system is the difference between the credit Government gets from the commercial banks and the Central Bank and the deposit which Government lodges in those institutions. It was obvious at that time that allegations were being made about the Government basically creating problems for the private sector, the banks, because of the Government pulling in too many of the commercial banks' deposits when it was not necessary to do so.

There was a big argument but it was one of those economic arguments that, as the Right Honourable Member for St. Peter admits today, was too high for him and he says it is too high for me. At the end of the day, Sir, nobody would have anticipated that at the end of 1999 on a daily or monthly basis Government would have had to require accommodation from the Central Bank even though the Government may have been holding deposits with the Central Bank.

3:30 p.m.

Wednesday, March 15, 2000.

Continuation of Mr. D. J. H. THOMPSON:

I suspect that is the basis of the statement. It is an accurate statement as supported by the Central Bank of Barbados. It went no further than what was said. The Honourable Member for St. Peter is arguing, and there is nothing wrong with that, that the Government is in a net credit situation with the Central Bank of Barbados at the end of the calendar and, therefore, even if it faces fluctuations during the course of the year in relation in its need to draw on financing from the Central Bank of Barbados which is its bankers, that should not be viewed as a structural problem.

Sir, nobody said ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order. If the Member were to check the Central Bank of Barbados statistics he would understand the source of the argument.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, that, as the Honourable Member for St. Peter said in 1989, is an argument about the difference between we and them, that is all it amounts to. At the end of the day, Mr. Speaker, the allegation that was made by the gentlemen from the Other Place was accurate in substance. He did not seek to mislead and I urge the Honourable Member for St. Peter to read his criticism of Mr. McClean, in circumstances not dissimilar because it amounts to a debate between economists who may have a view and are entitled to express that view.

Had the Government's accommodation by the Central Bank continued they would be cause for people to ask further questions even now. The fact that the Honourable Member for St. Peter is able to say that at the end of the day the situation was rectified and that the Government drew down significant deposits, it is true, but there is nothing wrong with commenting on that because if the situation had not improved and the Government had continued without going to the capital market or taking other defensive measures to draw down and had reached the limit of its overdraft with the Central Bank of Barbados, there would have been a large and raucous debate in Barbados once again about the problems of the Central Bank of Barbados financing of the deficit and so on.

Mr. Speaker, Sir I am not sticking on that issue. I only raised that because I think it is important for the public to understand that it is quite legitimate for economist and other public commentators to analyse the direction which the Government's financing is taking. It is also legitimate for them to comment on the question of whether growth in the Barbados economy is balanced or not. The Honourable Member for St. Peter should not dismiss out of hand those criticism nor should he believe that a mere redefinition of what is trading and non-trading sectors is going to make such a significant difference as to replace the criticism that the growth in the Barbados economy is not balanced.

The late Senator Wendell McClean always advanced the argument that you have advanced, that there are transactions which would not be categorised in the trading sector but which contribute to the earning of foreign exchange in Barbados. It is a point that he continued with so that whenever that particular view as advanced, that the growth is not balanced, he still said that it was quite possible for there to be periods in the Barbados economy when there would be overwhelming growth in the non-trading sectors and yet it would not do such significant damage to the economy that it would not be sustainable. That does not mean that the Government should view that as a reason not to try to get the Barbados economy to be firing on as many cylinders as possible.

It is quite true to say that apart from the fact that the tourism sector has been able to contribute but registered a pretty significant decline in the last fiscal year that none of the other sectors in the Barbados economy are registering the kind of growth and performance that would be desirable. Contrary to what the Honourable Member for Christ Church East is trying to say, all of the evidence is there that he is only grandstanding, that there is no strategy for the offshore financial services sector, that he is coasting and that the Government is involved in both a domestic and international public relations exercise which is not bearing fruit. That is why I believe the Honourable Member for St. Peter needs to turn some of his Ministers on their heads and shake them to see if that reservoir of energy and

creativity that they should have somewhere in them would flow to their brains and help them to understand that far too much in terms of the future of Barbados is going to be dependant on getting that sector to grow.

The Honourable Member for the City will tell us that much of what she is seeking to promote in relation to international trade is going to be based on a perspective of Barbados as a country that wants to promote high quality services with a well educated population, fully mobile but using Barbados as its base. That, therefore, has to tie in to some strategy in relation to international business and financial services that in the change-over period is still going to stabilise those persons who are interesting in pursuing careers or have businesses in existence in that sector.

There may be a day when everything that is offshore come onshore. There is a big fight to do that now but that will not necessarily wipe out Barbados because when that happens, we can go offshore. We can then start to move out and do the things that need to be done to attract foreign investment by earning hard foreign currency for the services that we provide.

Likewise in the agricultural sector, the decisions that would affect the BADMC in relation to the closure of the abattoir and all of the other down stream decisions did not come upon us overnight. Nearly three years ago the Government closed down the packaging unit. The private sector processing plant closed down just at the end of the period when the Democratic Labour Party was in office.

A prominent land owning business man went and opened a packaging plant in Welches and said he would become the kingpin and he wanted the Government to shut down everything else and he told the Ministers who were at the opening to send a message back to the Prime Minister that he wanted all kinds of other things. He wanted the Hope Diary, he wanted everything. He said he could manage it and prove to Barbadians that it is possible for the private sector to manage those entities ten times better than the lazy people in the public sector. Less than six months later it was closed - the thing established at Welches was closed down.

Asides.

Mr. D. J. H. THOMPSON: I do not know what it was. Anything that does not last for more than six months cannot attract a business designation.

Now you have the abattoir, a similar scenario. I think the Government needs to anticipate those kinds of developments that are going to take place in the Barbados economy as a result of decisions, some of which will come on 1st April but some that are coming faster than we anticipate.

Likewise, in the manufacturing sector, it is clear that most of the Barbadians manufacturers are losing their confidence. It is true to say, and I am not one of those persons who are going to get up and rail against the Government for this, the Honourable Member for St. Peter opted to be even more generous than the previous Democratic Labour Party Minister of Finance by giving them additional concessions and perhaps that tied them over ...

3:40 p.m.

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Continuation of Mr. D. J. H. THOMPSON:

... but that also gave them a comfort level and created a scenario which would have delayed the necessary re-tooling and restructuring that could have taken place in the early years of your economic growth when the other sectors of the economy would have been firing.

In other words what I am saying is, that between 1994 and 1996 the hard decisions in relation to the manufacturing sector needed to be made and you would have been able to push it because it was clear that tourism investment was going to continue. It was clear that there was going to be a revitalisation of the sugar sector. All of the evidence was there that the offshore sector, as a result of the reforms put in place in 1993, would have taken place and you could have cut your losses there.

The Honourable Member for St. Peter spoke a few days ago in here about the sugar sector. There was a year that we decided was the “cut your losses year.” You cannot stop the world and start from scratch and in every scenario where you already have plans, expertise and so on, the kind of restructuring that you undertake that is going to be necessary to meet the challenges of liberalisation, is going to require every one of them to take a step back before they take two steps forward.

One of the real fears I have - I have heard it articulated in here, I have heard it articulated outside, I have heard it articulated on this side and articulated on that side from time to time - is a real fear that even with all of the investment, and what the Honourable Member for St. Peter calls “capacity building” taking place in the tourism sector, there are many other factors right now which are going to militate against a major thrust in the tourism sector in Barbados.

The issue of competitiveness is still a critical issue. The issue of attitudes in the tourism sector is still a major issue. The ownership issues still exist and compound the problems in tourism and I believe that the Government should appreciate that there is a lot of fragility, you may very well end up having the capacity.

There was a time, in 1989, the Honourable Member for The City and I went to Bermuda, not together ...

Asides.

Mr. D. J. H. THOMPSON: ... to a CPA Conference. It was not a very enjoyable occasion. It prepared me, Mr. Speaker, for my later battle with the Honourable Member which has never gone more than skin deep. Thank goodness, because it would be worse.

Asides.

Mr. D. J. H. THOMPSON: But anyway, we went to Bermuda and the tourism in Bermuda was in a state of major decline. They had significant capacity that was just there idle. The entire Princess Hotel,

you could run elephants through it and all of their major resorts were facing challenges at that time. They had just undertaken major strategic investments. What was even more fortunate for them was that they were able to attract the brand name operators in the hotel sector, the Four Seasons, Sheraton and all of the others, to undertake a lot of this new investment. But the capacity sat there idling because they also had major competitive issues and they had other regulatory issues that needed urgent attention.

I am saying that capacity building which is being undertaken has been going on since 1993. The records are there showing major capacity building in the Barbados economy.

Aside.

Mr. D. J. H. THOMPSON: I hope that when that cycle reaches its downturn that major new jobs would, in fact, be created in the tourism sector to absorb those workers who would no longer be in construction and the other kinds of activity because that is the ideal situation that you want.

I still fear that major decisions that have been taken in terms of the administration of tourism in Barbados have not yielded the results that would be desired. People do not have the reforming zeal and the creativity that you see coming out of a lot of the other Caribbean territories in that.

Aside.

Mr. D. J. H. THOMPSON: Do not mind the awards that you may get because the awards may relate to what you are doing in terms of designing the strategy. However, in terms of implementing it, and with the present Minister's record - he is not in his seat and therefore I am very reluctant to say all I would what to say - but with his record in terms of the implementation of programmes, at the end of the day all you are left with is a financial hole that you have to fill. You are not left with any qualitative improvements in the sector and I believe that his successors in office will be able to tell you more about that.

Aside.

Mr. D. J. H. THOMPSON: The Honourable Member for St. Andrew.

We therefore started the year 2000 with some warning signs on the horizon, despite the talk about changes in the world trade architecture, I still think the Government has to put a lot more on the table. The Fair Trade Commission legislation did not materialise in January but I still felt that the Government needed to tell the country what the Fair Trade policy was. There is a difference between bringing the legislation and bringing the policy.

Aside.

Mr. D. J. H. THOMPSON: You do not have to come with a white paper because we do not need a fancy white paper. What we need is a statement of the Government's objectives in this area. What is the purpose of the establishment of the Fair Trade Commission? What kinds of trading arrangements you would like to see in Barbados? What kinds of business climate and environment? What should be

the rights of consumers? Put out the policy. Let Members of Parliament start to understand what it is all about so that when the legislation comes ...

Aside.

Mr. D. J. H. THOMPSON: The legislation is not all there is to unfair competition policy. The policy is wider than the legislation. All the legislation does, is sets up the parameters, tells you what the procedures are and tells you what the enforcement provisions will be. But what has been absent in the process, is a statement from Government on what is the most desirable trading relationship that should be designed for Barbados. Because what you have is a situation ...

Aside.

Mr. D. J. H. THOMPSON: Let me give you an example of what you have now. You would have had the Prime Minister of Barbados two days ago in St. Kitts, talking with Heads of Government about competition policy. And if one really wanted to be absurd but right, they would have said to him, "Do you have a competition policy in Barbados?"

Asides.

Mr. D. J. H. THOMPSON: You may have it in your head, but I know the public does not know yet and the Minister has not made available the elements of the policy. Not the legislation and I reiterate that what the Leaders, Ministers of Foreign Affairs, Attorney Generals and so on from our territories, when they go to Heads of Government meetings need to do, is to speak on the basis of conditions or environment that they would like to see in their own countries. But if you go out there singing one tune, while at home the domestic scenario that exists does not accord with the overall objectives of either the regional institutions to which you belong, or the international institutions to which you subscribe, it hampers you.

Therefore, I feel very strongly that the Government should have put the key principles of its trade strategy as well as its competition policy on the table so that we can see the extent to which the future of Barbados, in terms of the world trade architecture, is being designed.

3:50 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

What is happening is far too knee-jerk right now. The non-governmental organisations (NGO's) take a position and the Government will respond to the position they take. They have a problem with FIS and Government response to that. They had a problem with bananas and there is a respond to that. Very few people understand how the most favoured nations status scenario applies. They assumed that when these disputes come about the argument is that you should stop offering those concessions to a particular region of the world or to a particular grouping or whatever, when in fact the argument is that those concessions should be applied across the board.

When we were addressing young people in the secondary schools, they raised the question of globalisation and trade issues. They are hearing about them and they want to know about them. You have to reiterate to them what the tenets and the basic background to the design of the World Trade Organisation (WTO) architecture is all about.

I think the Government on this particular debate need not to tell us that the legislation is coming but both the Minister of Business Development and the Minister of Foreign Trade need to set out quite clearly in this debate what the Government strategy is, both in relation to domestic trading arrangement and also in the relation to the international aspect of the legislation. Of course, I look at the resources that were being made available to the Fair Trading Commission (FTC) and I think the Minister needs to explain - I assumed since the commission is supposed to be operational very shortly -how it would be possible for the Government to finance the operation of the Fair Trading Commission (FTC) which has a larger mandate.

Asides.

Mr. D. J. H. THOMPSON: I think the Minister still needs to tell us what is the estimated cost of the operation of the commission, what kinds of resources are going to be made available to the commission and what would be the strategy of the commission in undertaking its work so that when Government comes for more resources that Parliament as a whole would be in a better position to understand the direction that it is taking. That is in relation to broad competition issues. Then there is the gap in relation to labour legislation.

The people who are going to be most affected by those elements of the World Trade Organisation (WTO) scenario that requires liberalisation and more flexible arrangements are going to be the workers. I believe that Parliament has taken too much for too long from the Honourable Member for St. Philip South in relation to the new labour legislation. Every time there is a debate in here, he gives us a date and time when he is going to lay the new labour legislation. He obviously also gives the Prime Minister that information. He also gives the Attorney General that same information. We sit and wait for the legislation. We gear ourselves up and yet at the end of the day we are able to function in Barbados under a Protocol in which labour plays a critical role in the absence of the cutting edge

legislation that we need, to protect the rights of workers in this country both their rights to organise as well as their rights in relation to labour contracts and other issues.

This is really unbelievable, Mr. Speaker. I believe that you must be tired and if you were not wearing that garment to stop you from hearing what you do not want to hear you would wonder why it is ...

Mr. SPEAKER: I am listening to you, you know.

Mr. D. J. H. THOMPSON: I know you are listening but you must be tired hearing the constant pleas from this side in relation to that legislation. Throughout the world there is evidence that flexible labour contracts and other arrangements which are going to be put in place to create greater labour mobility are going to have a tremendous impact on the workers in this country, throughout the region and in the world.

In other parts of the world, countries that are not as workers' friendly as Barbados and who do not have a prices and income protocol and do not have a trade union like the Barbados Workers Union (BWU) which is essentially a monopoly union for private sector workers have legislation which deals with wrongful dismissals and occupational health and safety.

I wonder if the Minister of Labour is aware that the claims in respect of workplace injuries on the national insurance fund in the past four to five years have almost tripled. We are talking about going from a situation of about 3000 claims because we are now bordering on 10 000 claims. All kinds of new injuries have started to develop now. In fact, in the industrialised countries like Germany and the United States of America (USA) where twenty years ago significant time was lost in the workplace by workers engaging in industrial disputes, the amount of time they use to engage in industrial disputes has now been lessened because those disputes do not occur as often.

What has been taking over are new forms of stress related injuries which are having a very debilitating impact on the workers. As you produce successive generations they are attracting the same susceptibilities to these injuries and yet they do not have in place the kind of legislation that could offer protection to workers. I still believe that at the end of the day that the Honourable Member for St. Peter as I said need to shake up his Government.

Minimum wage legislation: We all agreed in here on the desirability of extending minimum wage legislation to new categories of workers in Barbados. There are many domestics working in homes in Barbados who are earning next skin to nothing. Sometimes they are earning next skin to nothing in homes where people preach values that go against treating workers in that way. It is a fact. There are some people working for \$18 a day as domestic in homes in Barbados. That kind of exploitation cannot be part of Barbados in the year 2000. I believe something needs to be done about that. We agreed on the minimum wage legislation and I believe that Government has a moral obligation to bring that legislation as part of the new arrangements for Barbados in the year 2000.

I dealt significantly with the issue of tourism. I think also that the Honourable Member for St. Peter needs to appreciate that the Government's inability for whatever reason to deal with the very serious problem of crime in this country could also have a severe impact on all the other gains that we have made in the economy. It is vital that national leadership at the highest level need to be given to the

question of fighting crime because the point is that it can have the most dramatic impact of all of the other factors on the ability of the Barbados economy to forge ahead.

Jamaica, although it is in a unique situation suffered quite badly, I think, in the last year or year and a half because of problems with crime on the north coast. Fortunately, Barbados has not reached that situation. We are reiterating again that if the Government does not nip this situation - not in the bud because it has gone further than the bud - and deal with it because if we do not, every one of the other gains that we have made in Barbados could be sacrificed very quickly.

We will give Government all the support that is necessary. There are alternative positions that we may have on specific issues but we feel very strongly that Government, the police force and the other law enforcement agencies should be given every assistance. In that regard the resources that are being made available to the police and the Barbados Defence Force (BDF) for improved surveillance and to whatever elements of the law enforcement establishment in Barbados, would receive our support. We believe that those measures need to be put in place very quickly.4:00 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

The tendency of Government to blame allocation needs to come to an end. While it is true that you can point out what some of the factors may be that contribute to crime in Barbados, the manner in which the Honourable Member for St. Thomas expresses these views from time to time suggests that blame is being cast.

I think what we need to do is to get out of that culture. We know it is a challenging exercise but we also believe that the only way you can enlist the support of everybody in that exercise is in an environment in which they do not feel that blame is being thrown at them. I think we need to appreciate that as part of our strategy for dealing with the issue.

I think the comments which the Honourable Member for St. Peter made in relation to CARICOM - I believe the time has come that Barbados' Prime Minister, as the lead Prime Minister in relation to the Single Market, needs also to set the pace, not for the Protocol because that has been done, but Barbados needs to be congratulated. It has been a long process but it has been intensified recently.

There is a second phase which is going to be even more important and that is putting in place the national legislation.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order. I have not had the change to brief the Honourable Member nor the country about what is going to happen now with the signing of the Protocol but there will be a special consultation on the Single Market and Economy in Barbados this year to do that on a regional level. The Government of Barbados, as one of the first actions going before the Committee for Competitiveness, is taking a paper that brings together in one place all of the things the Government has to do by way of legislative and administrative action and we will be bringing that matter to the House as soon as we have put it altogether.

Two quick points, Sir. There will be a special consultation in Barbados on the Single Market and Economy for the entire region to discuss what has to be done to carry it forward. We will have our own programme ready for public discussion by early April.

Mr. D. J. H. THOMPSON: What I am referring to, it is not in my place to prejudge what should happen next but, as the Honourable Member for St. Peter may know, I have done some work on Belize and Jamaica. Jamaica is a very open economy, but there is still a lot that Jamaica is going to need to do to bring into being those aspects of Protocol II. That is only Protocol II. You have signed up to Protocol IX.

There is some draft legislation, a model CARICOM draft, that Governments need to follow. There is going to be a whole phase of drafting new legislation territory by territory. Resources are going to have to be found for that. Even in Barbados getting new legislation out apparently has been a major challenge for the office of the Attorney General even though in every Budget we have had since 1994 resources have been made available.

I remember in Budgets since 1994, \$50 000 here to draft legislation for one thing, \$150 000 more there, special amounts being made available for new legislation and very often that legislation continues to languish. The point at the end of the day is that the Heads of Government may make important decisions and then find that those decisions cannot be fully implemented because Governments and their leaders go back home and decide they are not going to put in place the legislative arrangements to facilitate these initiatives. Every country in CARICOM is going to have to go through a major process of designing new legislation and resources have to start to be allocated.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. The Attorney General drafts legislation on the basis of policy instructions received.

Mr. D. J. H. THOMPSON: I hope you would get those policy instructions soon. The point is that even at that level, translating the decisions that are made at Heads of Government Meetings into policy decisions, into instructions, into draft legislation, into the implementation phase, is going to take a long time because we have a history of that kind of scenario. Therefore, to save that, and this is what I am going to suggest to the Honourable Member for St. Thomas, the Attorneys General need as a general principle to start observing the use of the model legislation where appropriate. They have to start to commit themselves strongly to the harmonisation of legislation.

I am not talking about Barbados only. For example, we had the new Small Business Development Act which has a local definition. We spoke about it in the debate. That particular definition is not something that should be coming into legislation in Barbados as the lead country in relation to the development of the Single Market. Now, whether they pick it up in the reports is a different thing.

What I am saying is that the culture, even in relation to policy instructions, that should inform our movement into the Single Market has not yet infused all of the administrators and all of the Government officials. Barbados is the lead country so you can imagine that in relation to local ownership - I cannot remember. I pointed out the section but you were not here for the debate.

Aside.

Mr. D. J. H. THOMPSON: I think it said local ownership. I felt that a word like “domestic” which very often ends up being interpreted as CARICOM would apply. We have to be very careful. What needs to happen is that the draft model legislation needs to be made available to the territories. A team needs to be set up for the purposes of monitoring the implementation and, where appropriate, pulling the resources into the various territories to assist them with drafting the legislation so that these developments can take place because, as I have said, we have seen changes in legislation.

Hon. D. A. C. SIMMONS: Mr. Speaker, on a point of order. Just as the Heads set up an intergovernmental task force to draft all of those Protocols, apparently it is agreed that the intergovernmental task force will stay in place as a mechanism to help in the drafting and harmonisation of legislation.

The Honourable Member will also recall that at the end of the recent Legal Affairs Committee Meeting here, I gave a Press conference in which I said that we were trying to harmonise areas of legislation regionally. I gave some examples, including the wiretapping legislation, which we are having done as a model draft in CARICOM.

Mr. D. J. H. THOMPSON: I think it would be desirable, as I say, to put in place the institutions to ensure compliance because four years is not a long time. As I say, what may have very well happened is you find that obligations that are even greater than those which arise under the Protocols will supercede the implementation of national legislation and it will be extremely undesirable.

I think that the public of Barbados still needs to better understand the enormity of the undertaking that countries in the Caribbean region are proposing. I still feel very strongly, even though I know the Honourable Member for St. Peter said in a previous debate, that unless these things are imminent people tend not to pay attention to them, there is still a constituency out there that wants to hear and understand what globalisation, trade liberalisation, the WTO and so on are all about and I think it is necessary to do that.

When you move on, Mr. Speaker, there is the problem of health. The challenges in health are very significant. I thought that when the Honourable Member for St. Peter changed the Minister of Health and demoted the individual who was previously the Minister of Health that things would improve but apparently now the health professionals think they would like back the old Minister because things have got worse in the Ministry of Health since her departure.

We went to Greenland and we were promised within weeks that a decision would have been made based on a review of the design of Greenland and that the country would be told what would happen in relation to Greenland. Nothing on that. There was a gentleman there from Egypt who was the consultant. He said his report was in and we heard we would get information on that.

The conditions at the Queen Elizabeth Hospital, even with more money being made available by the Government are still deteriorating. It is now becoming a national scandal.

4:10 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

In fact, at the end of the day we are going to reach a situation where we are going to end up surrendering and saying we cannot deal with the running of a national hospital in this country because of the major problems that are being faced. We are reaching that situation very quickly.

More money is made available, decisions are made administratively, a Commission of Enquiry is set up and yet it does not seem as though there is the ability or the will to undertake the major challenges that need to be undertaken in relation to health care. The people who suffer most from this are the Barbadians who do not have medical health insurance. My constituents by and large are not the kind of people who have health insurance in The Mutual or Life of Barbados or any of those entities. They are the people who are lining up at the Queen Elizabeth Hospital (QEH) and finding major challenges in terms of the Accident and Emergency Department, getting operation schedules or getting any of the basic services that the hospital should provide in Barbados. It is not just at QEH, it is also the case at many of the other hospitals.

Recently, at one of the hospitals the diet that was made available to the patient was clearly inadequate because either the institution did not have the food or the adequate resources to purchase a balanced diet for the patient. This is a very serious matter and I think that we are continuing in a situation in Barbados where we are not able to deal with the problems of the major health care facilities and that is also a threat to the average citizen.

We had a lot of promises, a lot of pledges made about health care and the situation seems to be getting worse. If the health infrastructure in Barbados declines further that is as much a threat to the future economic development of Barbados as any of the other issues that I have raised because the health needs of a working population are going to be very critical.

The Barbadian population is also an aging population in which more and more people are going to need to have direct and personal relations with medical health professionals because the kind of sicknesses that people are getting nowadays are a normal part of life. No sickness nowadays surprises people.

The Right Honourable Member for St. Peter dealt with the looming crisis in retirement. He started to deal with this issue. He made some of the information available to us about what is happening in relation to the NIS but I still fear even on those figures, based on the last actuarial review, and I had a vague recollection in my mind that you would need to be earning significantly more than that from the operations for the National Insurance Department to absorb the future needs of citizens in relation to social security.

The Barbados Association of Retired Persons is doing a good job and they have a manifesto. They have been circulating a manifesto, Mr. Speaker, and it should be made a document of the House because I think that where an organisation is doing such a worthy job and they ask for their issues to be

raised I would like to make the Manifesto a document of the House so that we can say that we have taken formal note of their proposals. The question of retirement for Barbadians is also going to be one of those critical issues that we face and every effort must be made. Government has to start setting out clearly and vigorously what measures it is going to put in place in relation to retirement.

Mr. Speaker, Sir, despite the presentation of the Right Honourable Member for St. Peter, the Government cannot get away from dealing with the issue of land use policy. In March when we had our last Estimates the Right Honourable Member for St. Peter spoke at length. Government continues to speak at length over the years about land use policy.

The Right Honourable Member for St. Peter has said on more than one occasion that land use policy, as with the problems of water, could be one of the major constraints to our development if we do not start to deal with it.

Barbadians at every level of the society are becoming more and more concerned about this issue. There are commitments the Government gave in its investment sector loan with the IADB and we need to know what stage those commitments are at in terms of implementation. Is Government still going to pursue the theory that land must find its highest economic use in Barbados? What about the role of the Town and Country Planning Department as presently designed, what is happening about that?

In relation to the land that is presently under sugar, I noted recently, Mr. Speaker, Sir, that the Executive Chairman of the BAMC indicated that the amount of land available for growing of sugar in Barbados is declining and therefore all that we have heard from the Honourable Member for St. Philip South about the Government's target in relation to the production of sugar could fall to nothing if we do not seek to deal with this situation. Government, according to reports in the newspaper, I do not know how true it is, is about to take even more land out of sugar production, that area between the supermarket in Six Roads and Groves Plantation.

There are other areas of sugar lands in Barbados that need to be protected if we are going to continue to have a sugar industry in this country. The impression is being given that there are certain land owners in Barbados who are able to get any land they want to subdivided.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. I want to believe that the member does not want to mislead the House but to benefit from the appropriate information. Lest he mislead the House inadvertently there has been no application for the movement of land at Groves from agriculture and from sugar into housing.

People are at liberty to put out flyers but there is no application approved by me as Minister of Town Planning and only the Minister of Town Planning can approve land to be moved to housing.

Mr. D. J. H. THOMPSON: That is all well and good in relation to Six Roads. The statement was made by the Executive Chairman of the BAMC as in respect of land being used for other purposes, commercial and otherwise, that land previously available for sugar is being used for other purposes.

In relation to public land use policy in Barbados, I think that serious attention needs to be paid to this. Government is one of the biggest offenders. It has also acquired land in various parts in Barbados that

have previously been in sugar production when there are other areas that could be used.

4:20 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

It has done so in some cases where the cost of developing the area has far exceeded the return for the sale of the land. The Honourable Member for St. George North would probably be aware of those areas that I am talking about. It is a very critical issue that need to be looked at and the Government needs to indicate what direction it is going to be taking in relation to land use policy so that we can trash it out in here and we will put our position at the same time.

In relation to housing, the Estimates would not reveal this just as the Estimates do not reveal the direction Government is taking in relation to land use policy except expenditure on the Town Planning Department. Let us get to the issue of housing. The National Housing Corporation was essentially set up to build houses where there was a need for that kind of housing and the private sector was not fulfilling that need. When I look at the direction that the National Housing Corporation has been taking, at all levels, whether in relation to its sites and services programmes, in relation to the construction of low income housing or in relation to the areas that it has diverted its attention to like the construction of office complexes, what I can see is a corporation that is galloping down the road to a financial disaster. There is evidence there already. The National Housing Corporation is projected to lose significantly. I believe that the operational loss for the National Housing Corporation would have more than doubled in the space of two years. I can only go on the projections that I saw recently but it is quite possible that the operational loss could be as high as \$12 million. In 1995 we were looking at a operational loss for the National Housing Corporation of about \$2 million.

What is going on at the National Housing Corporation? I am not asking about lots and so on yet. That is a different issue. I am talking about the direction the Corporation is taking. Can you imagine that the National Housing Corporation, almost a year ago started to construct some houses at Clifton Hall in St. John, construction finished in about March last year? When we were going into the Estimates I was able to confirm in last year's Estimates that they were almost finished. Do you know that not one of those persons who had been approved since 1994 and some of whom switched and decided to take the houses have been able to get a key to the house? I went to football at Gall Hill on Sunday and saw brand new Government houses sitting there. It is now nearly eight months and nobody is occupying them. That is a national scandal.

Asides.

Mr. D. J. H. THOMPSON: It has nothing to do with lawyers. You do not even know what is going on. You always push your mouth in things when you do not know. That is a 'Jambuster' technique.

We are talking about low income housing. These are people who are low paid workers either in the

public sector or in the private sector with families and with children. They have paid their deposits, they have done everything they could conceivably do and the National Housing Corporation is allowing these houses...

Asides.

Mr. D. J. H. THOMPSON: These are timber houses just sitting there.

Asides.

Mr. D. J. H. THOMPSON: Yes, outside they look nice but when you go inside the flooring is not properly propped as the Minister would indicate to you. The floors were not supposed to be wooden, they were supposed to be concrete so the Minister needs to investigate why the floors ended up wooden. There is a lot of nonsense going on in relation to the housing policy in Barbados. The Minister will not get up and level with the House. The Minister is not going to get up and tell the House that in the lead up to the last Elections that the National Housing Corporation bunched all of its projects and has significant commitments out there that cannot now be paid, that that in term is threatening the banking system and it is going to have an impact on the Government major bank because no doubt the Barbados National Bank would have extended the facility to many of the contractors who undertook this work. The Minister is not going to tell you ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I really am not seeking to stop the flow of the Honourable Member for St. John's review of this important matter, Sir, but I could only urge out of concern that he does not mislead the House and in doing so to cause a run on the bank; to temper his language in relation to the threat that the housing portfolio will cause to the BNB because they are safeguards written into law and into financial institutions as to the exposure of the bank to other institutions. I can only assure the House that there is no threat to the Barbados National Bank.

Mr. D. J. H. THOMPSON: It is not a threat of insolvency. It is a threat of embarrassment because invariably the contractor is the bank's client so when the bank stops the contractor from issuing any more cheques or doing any more business it is the bank's client who at the end of the day suffers. Therefore, it is the integrity of the bank itself.

I do not know when the last report was filed in here for the operation of the National Housing Corporation but the last year I remember seeing a formal report would have been for the 1995 financial year. The situation there is so critical that if the National Housing Corporation does not get a major injection of capital ...

Asides.

Mr. D. J. H. THOMPSON: We are not talking about a small amount. I wonder if the Honourable Member for St. Peter really knows the amount of money that the National Housing Corporation is going to need. It is not any small amount of money and I wonder how a minister ... it is not the present Minister and if the present Minister had any sense he would level with the country and with the House and avoid attracting any of the blame for the madness that has gone on at the National Housing Corporation.

Asides.

Mr. D. J. H. THOMPSON: Sorry, Sir, I said I hope he would have the good sense ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, I really cannot let the record stand as if the circumstances of the National Housing Corporation has not been very clearly represented. The Ministry of Finance has had not only substantial meetings but we have sent in a team and we have had the benefit of substantial representation on this matter. The situation has been measured and it is now under control. A procedure and a financial programme is in place to bring this matter under control. The Member would have misled the House if I would let him say that there is no programme being implemented to ensure the financial solvency of the National Housing Corporation or that the Ministry of Finance is not aware. The Ministry of Finance is fully aware and has been party through Cabinet to the institution of a programme to maintain the financial stability of the National Housing Corporation.

Mr. D. J. H. THOMPSON: I am glad, Mr. Speaker, Sir that the Honourable Member for St. Peter has had the good sense to confirm that there is a crisis at the National Housing Corporation. While we talk about the way forward for the Corporation, and I agree that you have to be proactive and look to the future, somebody is going to have to investigate how the National Housing Corporation got to the state that it is presently in. The National Housing Corporation is carrying out major projects, one at Warrens ...

Asides.

Mr. D. J. H. THOMPSON: At Warrens? That is invisible to the naked eye. There is a crane there that seems to have seized up for about six months now. There is a project on Country Road and I know it had to go to a commercial bank to borrow money in respect of that project. There are about four commercial activities being undertaken in various parts of Barbados, two are in St. George, one is in St. Peter and one is in St. Joseph, where the Corporation is going to sustain a major loss. Asides.

Mr. D. J. H. THOMPSON: It has nothing to do with you. 430 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

It has something to do with the way they priced the project and the amount of money that they spent putting in the sites and services in areas where nobody can tell me that it can cost that much for

anybody in the world to put in those sites and services but that has been happening at the National Housing Corporation. We are talking about Mount Brevitor, Blackmans, Flat Rock I think is one and another one, in which the Corporation is going to lose significantly on those projects.

Asides.

Mr. D. J. H. THOMPSON: No. Clifton Hall, St. John is low income too, but they project a \$270 000 profit on that. How could they project that in St. John? All of the other commercial housing and sites and services, they could project a profit.

Asides.

Mr. D. J. H. THOMPSON: The National Housing Corporation is in a serious mess and these Estimates at the end of the day need to reflect a direction for the National Housing Corporation. I am surprised that the Honourable Member for St. Peter did not see it as his duty.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I think the Honourable Member is missing the point, Sir. It has not been the policy of the Government to reflect a subsidy in these Estimates for the National Housing Corporation. The Government is satisfied, and I want to stress the point, Sir, about the committal of resources we have given to the Corporation by way of the land acquired and passed to it in support for the debt, Sir, but we are also satisfied as well that the financial programme in relation to the support of the Corporation's activities, preempts the need for us to bring to Parliament a subsidy for the operation of the Corporation, Sir, and I know of which he speaks.

Mr. D. J. H. THOMPSON: I know of nothing on which the National Housing Corporation is not losing money now. They are even losing money on the interest for the money that they have deposited in the bank that this Parliament gave them.

Aside.

Mr. D. J. H. THOMPSON: You can go and check the net position in relation to the interest. I mean, it is unbelievable. The National Housing Corporation is going to be spending \$48 million - \$35.8 million on one commercial building and \$12.7 million on the other. Those are the projected figures. That is nearly \$50 million alone in office facilities and so on.

Asides.

Mr. D. J. H. THOMPSON: No, no, no. I know that may be spent already. I am not getting into that now. I am talking about projections. My projections may be old. I hope the Honourable Member for St. George North ...

Aside.

Mr. D. J. H. THOMPSON: You will have a chance to speak. You do not have to interrupt me yet. You have all the time in the world because we want to hear you. You did not put the Corporation in this and leading up to the last election you were not the first who bunched all the projects. You were

not the first who took on addition staff and increased the wage Bill significantly at the National Housing Corporation. You were not the person who costed, at least I assume not and if it is so, I hope you would correct me and the impression that I and all of your colleagues have, and tell us who it was.

Asides.

Mr. D. J. H. THOMPSON: Because this situation is unbelievable, Mr. Speaker, Sir. I believe that when ...

Aside.

Mr. D. J. H. THOMPSON: The Opposition has been in possession of this information since about November last year and we have waited patiently for the Honourable Member for St. George North, who is sworn as a Minister to do certain things in relation to the people, not only who he represents, but the people of Barbados as a whole, who came down to this House every week with land acquisitions, this, that and the other. The Honourable Member for St. Peter would like this House to believe that it basically does not have any significant implications in relation to the Estimates for this year and I agree with that.

The part that I do not agree with, is that it is going to have significant financing implications for the economy of Barbados at the end of the day because the Government is going to have to provide the capital, even to dig the National Housing Corporation out of its present hole. It is true that there are administrative things that could be done. It is true that they have blown a lot of money already. It is true that we cannot see the building with the naked eye as yet in Warrens. All of that is true but to get it back on a solid footing, is going to require a capital injection.

The National Housing Corporation was still having difficulties up to a month ago in making money available to people to finish the purchase of houses. I know of a number of people who were waiting. One guy was paying \$2.25 a day in interest since about last October or so, because the National Housing Corporation did not have the resources. They advanced the deposit to him. He got everything ready and when he went to close ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. I really cannot have the records misrepresented to the effect that the Government is unmindful of its obligations to the National Housing Corporation and has not acted, Sir, to ensure that a programme of financial and other management is put in place to sustain the housing project of the National Housing Corporation and to protect the financial intent of the Corporation.

The affairs of the National Housing Corporation had been the subject of a comprehensive investigation of the Management Accounts in the Department of the Ministry of Finance. Substantial reports have been prepared, addressed to Cabinet on all aspects of the matters before the Corporation, Sir, and a programme for the sustaining of the housing policy, the delivery of the housing programme and a programme for the protection of the financial viability of the Corporation has been agreed upon. That, Sir, is in place and is being executed.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, that is the way forward and I am not disputing that. I

have no control over that. I state my mind and the Honourable Member for St. Lucy stakes his political reputation on supporting the request of the Barbados Government. The Cabinet came to this Parliament and I voted in support of a bond issue for the National Housing Corporation. I am not satisfied that the manner in which that money was managed is something that anybody can be proud of.

What the Minister of Finance is telling me is what will happen next and he will tell me about all the reports that had been written since the problem came to light. What the Minister needs to tell us is that a long time prior to the situation which the National Housing Corporation found itself in, reports were written, requests were made to reorganise the departments and to restructure it. Requests were made for additional finance. Requests were made to stop bunching the projects. All of that information may not be available to the Honourable Member for St. Peter. That is why I am saying the Minister needs to say why it is that despite the fact that attempts were made to stop what was happening in relation to the National Housing Corporation that nothing was done until the situation reached the stage that it is in now.

Who suffers in the end? If it was Royal Westmoreland, Port St. Charles or something like that we were arguing about, the Minister could afford not to have said anything in here. Two weeks ago there was a big 'licking down' debate in here on housing and the Minister never saw it as his duty to tell the country that he has a situation as Minister that he cannot control, that the National Housing Corporation is in a financial mess, that he cannot explain the mess and that the assistance of the Ministry of Finance had to be sought to try and pull the Corporation out of the mess that it is in. Until we raised it in here today and we raised it since last November, not a word was said to his House and of course the Public Accounts Committee would not know because the National Housing Corporation is delinquent in making its reports available like many other statutory corporations so you have to get that information elsewhere.

No wonder the Minister of Housing has been extremely feeble, Mr. Speaker, Sir, in his approach both to his parliamentary duties ...

Asides.

Mr. D. J. H. THOMPSON: Feeble? It is not fair?

Aside.

4:40 p.m.

Wednesday, March 15, 2000

Hon. G. A. CLARKE: On a point of order. I did not want to get into this debate but the Honourable Member is misleading this House. The National Housing Corporation (NHC) has not made a single loss on any of the capital projects that they are doing including the project in St. John where all the houses have been allocated. It is a fact that persons have not moved into the project yet but there have all been allocated.

The suggestion that the National Housing Corporation (NHC) is broke is not true. It is not true to say

that the projects that we are doing at Warrens and at Country Road will make a loss because they have not been completed as yet.

Mr. D. J. H. THOMPSON: I am going to sympathise with the Honourable Member because he is getting it from all around. This is the first time that he has got it from this side but we had no choice because as I said we have waited six months. I thought that the Honourable Member would have laid his trials down before us and let this House try to deal with the problem but the Government has been silent.

We have been commenting constantly about the conditions of the National Housing Corporation (NHC) and nobody on that side has been able to tell the public why it is that people cannot get the resources to complete their purchases, why the houses which the Government has built are not yet occupied, why there is a difference in the pricing, why there are problems, despite what the Honourable Member said, in relation to four of the projects which are projected - I use my words carefully - to make a loss. The Honourable Member said they have not made a loss. These are very serious matters that need to be dealt with.

I hope that we would get to housing in this debate, that all of those poor Barbadians who made deposits to occupy the matchboxes that the National Housing Corporation (NHC) has been building and are unable to even give people the keys to those houses that before this debate is finished, a full and frank explanation should be given because the situation at the National Housing Corporation (NHC) cannot continue forever. It makes it worse to think that they are spending nearly \$50 million on building buildings when people cannot get access to houses in this country. That is what the Honourable Member has to answer.

Asides.

Mr. D. J. H. THOMPSON: I would like the Honourable Member to stake his reputation on this since he is getting up to contradict me on the fact that money has been paid to a contractor to build a building in Warrens and you cannot see the building come off the ground.

Hon. G. A. CLARKE: On a point of order. Mr. Speaker, it is not true to say that you cannot see the building that is being built. The building is now out of the ground.

Mr. D. J. H. THOMPSON: The Honourable Member for Christ Church West would have to speak too because the National Insurance Department put a lot of money in the bonds issue, I think, I have to check and see but I suspect so.

Asides.

Mr. D. J. H. THOMPSON: Do not worry with that. I was not living in that era. We are talking about now. We are talking about people who need houses ...

Rt. Hon. O. S. ARTHUR: On a point of order. Mr. Speaker, I really must not let the record reflect the notion that Government silence - as the Honourable Member for St. John said - reflects an absence of Government policy and programme to put the housing programme of Government on a sustainable

footing and to protect those entities such as the national insurance, the banking sector and otherwise who has invested in the programme. The programme has been reviewed and it is in place. Because the Government is not shouting, does not mean that the action is not taking place.

The affairs of the National Housing Corporation (NHC) both in terms of housing programme and the financing of that programme have been reviewed and have been put on substantially sound footing. The interest of persons subscribing to the bond issue as well as the financing of the two commercial properties have also been reviewed and have been put on a sound financial footing. Government's silence does not mean an absence of Government responsibility to public propriety and to persons investing in Government Bonds.

Mr. D. J. H. THOMPSON: Mr. Speaker, I know who will need to be put on a financial footing. The people selected to own the units at Mount Brevitor.

Asides.

Mr. D. J. H. THOMPSON: You have got to fight for them. Let me tell you why you have to fight for them. Now that the National Housing Corporation (NHC) may not be able to lend them the money they have been put like many other people to the commercial banking system, either to the Barbados Mortgage Finance or to some other entity because they would not be able to qualify in the commercial banking system. The National Housing Corporation (NHC) has an obligation ...

Hon. G. A. CLARKE: On a point of order. The Honourable Member is really misleading the House. We have not defaulted on any of the loans that we have approved to workers under the General Workers' Loan Fund. In fact, we have made arrangement with the Barbados Mortgage Finance Corporation (BMFC) to continue loans at \$50 000 with an interest rate of 6 per cent. We have just secured \$10 million from the National Insurance Fund which will be released by the end of this month. All those persons who did not get the loans will be able to secure a loan but the point is that the National Housing Corporation (NHC) has over committed itself.

Mr. D. J. H. THOMPSON: The Minister said that the National Housing Corporation (NHC) has over committed itself. That is a serious matter. At the end of the day ...

Asides.

Mr. D. J. H. THOMPSON: I am glad that we have got this because knowing the Government we may never get to debate housing in this Estimates. The situation at the National Housing Corporation (NHC) is not one to be easily dismissed. All of this is going to come to account at some point. We are going to find out the extent of cost overruns; the extent of mismanagement; we are going to find out the extent to which the Board did not act when it was asked to act on certain matter; we are going to find out whether or not there was political interference by any Minister and we are going to find out whether in the run up to the last election the Board did not over extend itself obviously for electoral purposes and undertook major electoral works in Barbados. That is what is meant by overextending itself. This does have financial implications for the overall economy. The Minister or the Minister of Finance has to tell us the extent to which it will be dealt with. I believe this debate can continue and I am not going to stick on this any longer.

The other area of concern would be the large number of people in Barbados - I dealt with them when I spoke about domestics - who are still within the category of the working poor and the failure of Government to tackle more seriously and effectively many of those problems. The Honourable Member for St. Michael South East has not said it in so many words but it is clear that the Ministry of Social Transformation needs more resources because the magnitude of the problems which are being faced in relation to the working poor, single mothers, young people who leave school uncertified and all of the other social problems that need to be tackled will require significantly more resources. There cannot be any big boast about what is being given this year.

The Honourable Member for St. Peter will have to be described as a million-dollar man. He added a million dollars to Urban. He added a million dollars to Rural. He added a million dollars to Welfare and he added a million dollars to the Barbados Tourism Authority (BTA). To my mind that does not reflect any strategic planning of one sort or another. There need to be a specific focus on assaulting those problems that contribute to anti-social behaviour in Barbados.

4:50 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

I still firmly believe that the Government needs to make available resources beyond those which parliamentarians may have for the large number of young people in Barbados who are involved in extracurricular programmes, whether it is football, cricket, volley ball, basketball, all of those kinds of activities. There are still inadequate resources being made available for that kind of thing. It is one of those areas in which Government had made pledges a long time ago and those pledges have not been marked by any action.

The question of the reverse tax credit cannot have a significant impact on a family of six or seven when there is one major breadwinner who is earning less than \$170 a week. That needs attention too by way of minimum wage legislation and also by a concerted programme to move people out of welfare and into work and into better paid jobs as well. Mr. Speaker, Sir, those are some of the threats during the course of this fiscal year. Usually, before the Estimates debate the Leader of the House and the Minister of Finance would have laid an Economic Report, that has not been the custom in recent times so that in relation to the Barbados economy we have to rely on the Central Bank Review and that goes

up to the end of September 1999.

Despite what the Right Honourable Member for St. Peter said about the sustainability of the present course that the Barbados economy is on, it is clear that there is need for great concern.

On page 1 of that Report it said:

“For the third consecutive year, the expansion was led by the non-traded sectors, particularly construction and wholesale and retail trade, while the export sectors recorded their first contraction since 1992.”

The point is that unless there is a significant boost and better performance by the trading sectors in the Barbados economy this situation will become unsustainable. I know that the Honourable Member for St. Philip South is going to get up with a long, drawn-out explanation to cover up the major problems that might be faced if the situation continues like this. There must be better performance in the productive sectors and the foreign exchange earning sectors of the Barbados economy. No redefinition of trading and non-trading sectors as I said already is going to make a significant difference, we have to get tourism going, the international business and financial services sector and manufacturing that can make a contribution and the agriculture sector, both sugar and non sugar.

The Report goes on to say:

“In addition, the weakness in the other foreign exchange earning sectors, accompanied by high import spending, led to a foreign exchange loss of \$86.2 million during the third quarter, the largest third quarter loss in the 1990's.”

That is the largest third quarter loss of reserves in the 1990's. I am not talking about the past two decades. We are talking about the end of last calendar year.

“In spite of this loss, the Net International Reserves (NIR) of the monetary authority increased by \$134.9 million ...”

The reason for that is because Government borrowed \$150 million. The Right Honourable Member for St. Peter said that money was going to be segregated and used as an insurance policy against future losses and it seems as though it was required a lot faster than anticipated.

The Report said:

“The performance of tourism was adversely affected by a sharp decline in cruise ship passenger arrivals. During the first nine months of 1999, activity in the tourism sector is estimated to have contracted by 7.4 per cent, compared to a 4.5 per cent rise for the same period last year and a 0.2 per cent expansion in 1997. This was the first decline since 1996.”

That is true, the 1996 decline was not as large as this decline and that is something that we need to look at.

“Cruise tourism performed disappointingly during the period. The number of cruise ship passengers visiting Barbados fell by 16.9 per cent ...”

Output in the manufacturing sector contracted by about 1.5 per cent and in the International Business Services sector it is clear that the number of registrations did not increase.

If you look at the trend in the Barbados economy for 1999 and you compare what the Right Honourable Member for St. Peter said in the last Estimates debate, the Government could not get a pass mark because it has not met its targets either in relation to the policy reforms it was to undertake, nor in relation to the performance of the economy nor in relation to how that performance was financed. That is also one of the critical tests because every year we come in here and we have an Estimates debate and the Government gives the impression that it is going to be able to undertake major projects and major programmes during the course of the fiscal year and then when we get into the next fiscal year or the next Estimates debate the Government is unable to fulfil those obligations and nobody can tell us why. No Minister can get up and say that in the last Estimates he promised that the following things were going to be done but he was unable to achieve those things because of the condition of the economy.

What we then go into is another cycle of public relations and propaganda in which Ministers trot out another series of new projects that they hope to get implemented and then by the next fiscal year none of those projects have come to fruition. That, basically, is the position that we find ourselves in this Estimates debate.

Therefore, when you look at the Estimates as a whole, apart from the modest increases in the Budget of the Rural and Urban Development Commissions and in a few other areas, apart from the additional expenditure as a result of the repayment of the eight per cent and the salary increases that were negotiated it is basically business as usual.

Somebody on the Front Bench would have to tell me that there is something new that is going to come out of this year's Estimates in their presentation because there is nothing on the basis of the documentation that we have before us that demonstrates any new or fresh ideas.

We are not saying that in every estimate you have to have new ideas because there are projects which are ongoing. There is the EduTech project. There is the South Coast Sewerage Project. What are those new initiatives which the Honourable Member said will have to attend Barbados as this watershed period, according to him, is entered into that would safeguard the future of this country?

Government has been in office for five years and therefore you cannot blame the Opposition for its inability to deal with the problems and move forward. The Government said it has great economic management. It said the level of confidence in the Barbados economy is high and yet the people who are employed by the Government who know what is happening internally, because they are civil servants, do not even wish to invest the eight per cent that the Government is paying them back in Government bonds. That may be the best indication of the inability of Government to inspire confidence in the Barbados economy at this time.

If the Government really had a handle in relation to investment and the confidence of citizens all of

the money that is spent on advertising to take their eight per cent and put it into Government Bonds would have had some impact. At the end of the day, the civil servants have decided that they know where they can invest their money better and there is a reason for that, Mr. Speaker, Sir. The reason why civil servants believe that they can invest their money elsewhere and feel safer is because they know about the level of wastage that has been taking place in relation to certain projects in Barbados over the past five years.

5:00 p.m.

Wednesday, March 15, 2000.

Continuation of Mr. D. J. H. THOMPSON:

They have decided that they do not intend to give back the Government their money for the Government to waste it. We could list a series of projects, Mr. Speaker, Sir.

Asides.

Mr. D. J. H. THOMPSON: No, they would have expected it since November 1998. The Prime Minister said he was paying it since then according to the Honourable Member for St. Thomas.

The Greenland Project, millions of dollars spent and approved by this Parliament and nobody can tell me or any body else in Barbados what is happening. The Honourable Member St. James South had to take the full brunt of the criticism and a business mogul, a re-engineerer, a down-sizer, and I do not know what other epithets would apply, was put in place to turn that Ministry around and all he has done is put his foot on the gas and carrying it plunging further into confusion. Nobody can tell us what is the state of the Greenland Landfill after millions of dollars have been spent on a project that was badly designed and cannot carry out the task that it was designed to carry out.

Then you had the GEMS Project. I look at the Auditor General's Report and the Contingent Liability that Government would have assumed in relation to the GEMS Project is \$77 million, Mr. Speaker, Sir.

Asides.

Mr. D. J. H. THOMPSON: You can defend it. I do not have any money in it so I cannot say anything about it, and thank goodness, but \$77 million of taxpayers money cavalierly spent on the GEMS Project, 10 million dollars taken up from the Public Enterprise Investment Fund, the proceeds of the sale of Heywoods spent on that project and no doubt other facilities being extended to that project by the banks in Barbados and yet Parliamentary Question after Parliamentary Question comes to this House and we can get no answers from the Government about the way in which the money is being spent on the GEMS Project, neither the capital expenditure, the current expenditure, the levels of staff, the return on investment, the amount of money it proposes to spend in the future, nothing. The Government simply refuses. They finished hotels, finished the renovations and are selling the rooms at prices less than the prices that the previous owners of those hotels would have been making the rooms available at in some instances. They are also enjoying the benefits of Government guaranteed loans and no doubt other concessions and yet the average small hotelier on the south coast in Barbados has not yet begun to benefit from any significant injection of capital or concessions from the Government.

Mr. Speaker, Sir, to the average person running a hotel on the south coast, the message would be clear that the Government is basically going to allow the GEMS Project to continue to swallow up major amounts of capital, that it is going to continue to allow it to price its rooms in direct competition with the small hotelier on the south coast in Barbados and, therefore, it must be Government's intention to see the entire south coast tourism industry that is privately owned or is not part of the GEMS Project, wiped out in this country because that is exactly the direction in which we are heading.

I had a conception about the GEMS Project, every few weeks you would hear something about 'x million' being spent on this but I did not myself know until I read and saw with my own eyes in the Auditor General's Report that the contingent liability had reached \$77 million.

Mr. Speaker, Sir, again that is an example, to my mind, of significant wastage because unless they are going to price those rooms like the rooms at Sandy Lane hotel prior to it being licked down, they will never recover the capital that has been spent on refurbishing those hotels. They actually got to a situation, Mr. Speaker, Sir, where they were able to fool the Honourable Member for Christ Church East that within two years with debts of \$77 million in terms of capital, the \$10 million from the Public Enterprise Investment Fund, all the bank loans they have taken out, the Honourable Member for Christ Church East could get up somewhere and say that within two years they would be making an operational profit as if he were speaking to a room full of accountants.

We all know what an operational profit is but tell me how long it will take to pay off the capital investment on the GEMS Project? That is the question that I have for the Honourable Member for Christ Church East. How long will it take to do that? What is the strategy that is being employed on the south coast other than one which would see all of the other hotels on the south coast go under because of what essentially would be predatory pricing by the GEMS Project, which as I have said, have benefitted from considerable assistance from the Government of Barbados. What would the other hotels have done if they had \$77 million made available to them?

Asides.

Mr. D. J. H. THOMPSON: I do not even know how many hotels there are. You see, we cannot get any information. You ask Parliamentary Questions on the Order Paper for years about the GEMS Project and about all kinds of things and since coming to office this Government has not answered one single Parliamentary Question about anything. No wonder the Members of the Back Bench do not ask Parliamentary Questions. No wonder they come in here frustrated and have to take the Ministers to task for their complete indifference.

Asides.

Mr. D. J. H. THOMPSON: Well, you do not come in here at all so you would not have that problem. If you would come in here you would not be making that remark.

Hon. Sir HENRY FORDE: Sir, on a point of order. The Honourable Member does not even read the Minutes of this House because he would see the times that I have been present. He is obviously not here. When I come in here I do not see him.

Mr. D. J. H. THOMPSON: Mr. Speaker, I did not identify anybody. I miss the Honourable Member for Christ Church South when he is not here because the fellows tell me that he likes Parliament so much that when he is not here I always wonder if something is wrong and I always ask somebody where he is but I do not miss you because I know you are a busy gentleman. Anyway, do not worry, I did not say who I was talking about.

Sir, the GEMS Project is serious. I dealt with the National Housing Corporation. When I look in the Estimates I see that nearly \$50 million has already been spent on the expansion at the Airport and they are making provisions for more. The truth is that I cannot see where that \$50 million could have been spent. I am not an engineer and I am not professing to be but I think the Government needs to tell the House exactly where that \$50 million has been spent at the Grantley Adams Airport and also to bring the House into its confidence about what other developments are going to be taking place at the airport.

If I had a significant sum of money to invest in Government bonds, I too would like to know what would have happened to that \$50 million. I suspect that one of the reasons why the public officers in Barbados have failed to take up the Government generous offer to sell them savings bonds is because they believe that their money is better spent putting it in the credit unions or in institutions that are better going to manage their funds.

5:10 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

The National Petroleum Corporation (NPC), I am told, I have not seen any reports recently but I am

reliably informed that they have depleted all of their reserves so that the significant sum of money which they had, had been taken up in major capital expansion, again prior to the election. I want to know from the Minister responsible for energy - and I know he knows because he is not very happy about the staffing arrangements and other things at NPC - what the position is because we have not had a statement in this House, either on energy policy even though we were promised an energy white paper four years ago, or has the Government come out and made it quite clear to the country what position the National Petroleum Corporation is at this time. Which brings me to Barbados National Oil Company Limited (BNOC).

How could the National Oil Company in this country get to the stage where it would have collected excise tax for the Government amounting to over \$30 million and not paid it over? The Honourable Member for St. Peter said that a plan is in place to collect it but can somebody explain to me what kind of administrative nonsense could be going on, either within the Government department that was to receive the excise tax or at the National Oil Company that \$35 million would have been missed by everybody. The people who were to receive it did not remember they were to receive it and the people who were to pay it over, did not pay it over. Now something must be wrong.

You may have in some Government departments a situation where they collect ...

Aside.

Mr. D. J. H. Thompson: If you read the Auditor General's Report, there are many examples of how a Government department collects money. The Gymnasium collected money and kept it for nearly a year and the Auditor General said it should have been paid over right away. There are other Government departments where that happens, but not \$35 million. The Honourable Member for St. George North needs to explain to us how that came about.

Do you know, Mr. Speaker, Sir, that the Government formed a company as a successor to the Mobil Refinery and to this day, other than a trite statement in a Budget speech and one or two other comments from time to time in relation to other matters, this House has never been told what the formal arrangements were for the transition from Mobil to the new company. I do not know who owns the Terminal company, whether it is 100 per cent owned by Government or owned by BNOC or owned NPC. We do not know the level of profit that is made by the company. We know absolutely nothing about it and the Government moved in the direction, and I very much supported it, of forming private companies. I remember in relation to the Sugar Industry, we formed private companies because we found it more effective than establishing statutory corporations but we need to find some mechanism to have those private companies, since they are wholly owned by Government, report to Parliament on their performance.

The Government formed tourism companies as well, Needham's Point, the Golf Course one at Durants. I believe all of those companies should be required to lay financial statements. The GEMS Project, Hotel Resorts Limited, they all need to be laying financial statements because these companies are now handling millions of dollars in any given fiscal year and are also having an impact in relation to investment and overall financing of Government's operations. Yet, the House knows nothing about the operations of these private companies.

I believe in flexibility and I think that the movement towards establishing these companies was desirable but I think that for the purposes of accountability that we need to have regular reporting. As I say, Hotel Resorts Limited had been in existence for about four years and other than when we came here for the loan guarantee, and we even asked for the legislation to be changed at that time so as to require the companies to whom the guarantee is being given to file financial statements and the Government said it agreed with that, nothing had been done. You have a contingent liability to Government of \$77 million with Hotel and Resorts Limited and yet the Parliament of this country, which is the representative of the people, does not know about the investments which have been undertaken in any significant way by Hotel Resorts Limited. Which brings me to another point, Mr. Speaker, Sir, the sugar company; the Barbados Agriculture Management Company (BAMC).

The Prime Minister gets very hot under the collar when I talk about the exchange of BSIL's assets for the debt but that is a private company too and if I did not talk about it or write about it and if the Democratic Labour Party did not raise it, nobody would have known that there was any arrangement to exchange the assets of BSIL for the debt. Do you know why they would not have known, Mr. Speaker, Sir? I am going to show you the extent to which people are contemptuous of this Parliament. An agreement was entered into sometime in 1997, between BSIL, the BAMC and Barbados Agricultural Credit Trust (BACT). Do you know that there is actually a clause in this Agreement that the terms of this Agreement shall be kept confidential?

Mr. SPEAKER: From what do you read, Sir?

Mr. D. J. H. THOMPSON: I am reading from the Agreement page 5, clause 7, under the heading "Confidentiality," section 701.

"The term of this agreement shall be kept confidential. No public announcement of any kind shall be made in respect of the subject matter of this agreement, except as specifically agreed between the parties hereto."

I am saying that any company, whether it is a private company or a statutory corporation that enters into obligations as significant as the obligations entered into by the BAMC and the BACT, in relation to BSIL or the Hotel and Resorts Limited, or Needhams Point development, or ...

Asides.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. Discussions are, as I understand it, taking place and have not yet been concluded in relation to the transfer of the factory assets and therefore I am not aware of any agreement that has been concluded on this matter, that is why we were so clear that there was no transaction in 1997-1998 for transfer of funds. So if there is a document in the process of being negotiated ...

Asides.

Rt. Hon. O. S. ARTHUR: ...but that is being negotiated and that is the draft document ...

Asides.

Mr. D. J. H. THOMPSON: Let me read the whole document because it sets out what needs to be done. This is an asset purchase agreement, Mr. Speaker, Sir.

Aside.

Mr. D. J. H. THOMPSON: I told you it is between Barbados Sugar Industry Limited (BSIL), Barbados Agricultural Management Company (BAMC), Barbados Agricultural Credit Trust (BACT). It went to the Board of BSIL on the 8th June, 1997. It was then reconvened on the 31st July, 1997 at 930 a.m. at Sherbourne Conference Centre, Two Mile Hill in the Parish of St. Michael for the purpose of transacting the business, approving and ratifying a resolution and then going on

“...considering the draft asset purchase agreement and supplemental agreement thereto, a copy of which is circulated with this notice.”

Mr. Speaker, Sir, the Honourable Member for St. Peter indicated that the Government had agreed to the transfer of assets of BSIL value at \$80 million to extinguish the debt of \$138 million.

Aside.

Mr. D. J. H. THOMPSON: Do not get hot under the collar because we are going to get to that.

5:20 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

I know what has not been ratified. What has not been ratified is the question of ...

Rt. Hon. O. S. ARTHUR: On a point of order. It was on the insistence of the Government on the basis of a Resolution moved by the Government shareholders that the meeting at Sherbourne took place because the Government was not prepared to agree to the original transaction. The meeting of which the Honourable Member spoke at which this issue was to be discussed was not because Government was trying to conceal anything, it was at the insistence of the Government shareholders.

As far as Cabinet is aware and certainly as far as the Ministry of Finance is aware, no agreement pertaining to the transfer of the assets has yet been concluded. At the end of the transaction there is an agreement between the Barbados Agricultural Credit Trust (BACT) and the Barbados Agriculture Marketing Corporation (BAMC).

Sir, if the Honourable Member is speaking of what was proposed at the meeting in 1997 then he should say so but as far as I am aware no agreement has been drawn.

Mr. D. J. H. THOMPSON: If that is true, Mr. Speaker, then the Honourable Member would have to revise his response to what I said because in that statement that he issued, he said that the Barbados Sugar Industry Ltd (BSIL) agreed to transfer assets valued at \$80 million for debts valued at \$138 million. Therefore, the value of the transaction could not be \$240 million. All I am saying is this, this asset purchase agreement did not come to the House. What this reflects is the transfer of Barbados Sugar Industry Ltd (BSIL) assets valued at \$80 million - that is not in dispute - for a debt valued at \$138 million.

Mr. Speaker, my own view is that any of these private companies established by Government which are undertaking any major decisions which would have a financing impact on the country, those decisions should be publicly known. You know why I say that. The Auditor General's Report refers to this matter, Mr. Speaker. It is an interesting thing. I had to draw it to the attention of my parliamentary forum just by chance because a lot of 'song and dance' and hue and cry were made over this issue.

The Barbados Sugar Industry Ltd. (BSIL) debt was frozen in 1993 for the purposes of the transfer. What I am saying and will repeat for the record, is if you add the interest that was charged on that debt between 1993 at the time of the transfer or the time it was settled, the real cost to the taxpayers of Barbados would have to include that. You know why I say that, Mr. Speaker. I am not talking about the figures that the two parties agreed to but the cost of that money not being in circulation as against the value of assets if there were not a going concern because if Foursquare factory could be closed and two years after it was closed, somebody could buy the factory and the land for \$400 000 that must tell you that if Buckeley, Portvale and Andrews were closed tomorrow that two years later they could not be worth more than \$3 million. They are valued for the purposes of this at \$80 million. What the Auditor General said on page 10 and this is in relation the statement of the public debt and sinking fund:

"The net proceeds of loans raised as at March 31, 1999 was shown as \$3 011 047 040. This amount excludes securities with nominal value totalling \$256 269 000 issued in 1994 to assist with the restructuring of Government's financial institutions and for which no cash was received. These transactions will remain incomplete until consideration for the issues are determined and recorded."

What that means is that they had to be some point in the future when these transactions are brought to

account ...

Rt. Hon. O. S. ARTHUR: On a point of order. The Honourable Member for St. John have a nerve to seek to mislead the House on this serious matter. What the Auditor General was speaking about is the transaction that took place when he was the Minister of Finance to transfer the asset of the non-performing estates from the portfolio of the Barbados National Bank (BNB) and asked the Barbados National Bank (BNB) to hold papers in the extent of \$256 million without their ever bringing it into account.

You would feel, based on what he says, that the Auditor General is now casting a stricture on this Government. In fact, may I also make the point that not only did he not bring it to account but as Minister of Finance he forced the Barbados National Bank (BNB) to hold papers in the extent of \$250 million at a loss which is lower than the cost of borrowing plus the administrative cost of managing the portfolio. This is a stricture not on any manner having to do with the transaction between the Barbados Agricultural Management Company (BAMC) and the Barbados Agricultural Credit Trust (BACT) which has not yet been completed but which are intended to give effect to a provision in the 1993 agreement with a lease with the option to purchase at a specific time - mainly 1997. All we have agreed to in principle is that the option to purchase should be exercised subject to all matters being properly put to account and put to bed. This is nothing to do with us, Sir.

Mr. D. J. H. THOMPSON: Sir, the Honourable Member does not even understand the point that is being made. The statement speaks for itself. The transaction was undertaken in 1994 but was not completed because at that time the valuation of the Barbados Sugar Industry Ltd (BSIL) assets was not undertaken. There were a whole set of legal problems including problems with the receiver and therefore it would have been at some point in the future that you would have to value the asset and value the debt. What I am saying, as the Auditor General is saying, is that there is some point in the future that this has to be brought to account. When it comes to account, it would then give you a better indication of the true cost ...

Rt. Hon. O. S. ARTHUR: On a point of order. The Honourable Member is misleading the House by trying to cast the perception that there was some increase in the value of the assets in the nature of the factory assets that were the subject of the 1993 transaction to which he was involved, that would have led the Auditor General to have a stricture applied because there was no provision for interest to be added to what was imputed to have been transferred when he transferred it. He is now trying to manufacture a scenario where \$110 million transferred in 1994 is to be worth in the Auditor General's mind \$240 million to justify the statement he put out in the Press by way of an open letter. The Auditor General is not saying anything of the kind.

The Auditor General is saying that \$250 million was transferred under him but it was never brought to account. That is what he is saying. He is not trying to lay a basis for a legitimization of the claim that was made by the Leader of the Opposition that \$240 million were paid over by this Government in 1997 in return for three factories worth \$1 million.

I am suggesting that because of that misrepresentation, all that has been said has to be struck from the record.

Mr. D. J. H. THOMPSON: Mr. Speaker, nonsense if the Honourable Member does not understand what is being said, that is his business. My contention is that the assets of the Barbados Sugar Industry Limited (BSIL), whenever they were valued as long as they were valued at \$80 million, were overvalued. That is my contention. That is my view and nobody can challenge my view. I am certain that there are other people in here who have a knowledge of the sugar industry who may agree with me that the assets of Barbados Sugar Industry Ltd (BSIL) valued at \$80 million is excessive.530 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

The second point, Mr. Speaker, if you value the assets in 1997 at \$80 million or 1998, or whenever they were valued ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order. The Honourable Member is seeking to enter into the records of Parliament supposition and presumption as fact because the assets of the BSIL that are an issue are not just the factories but all of the land surrounding the factories. The valuations have been upon the basis of independent valuations, independent of Government and its agencies.

Unless the Honourable Member can advance a basis to question the professional methodology of the valuation, I am saying that we are allowing to enter the records of Parliament a presumption not based on fact. What we are dealing with is not just three sugar factories but a lot of the real estate surrounding them which have great value.

Mr. D. J. H. THOMPSON: Mr. Speaker, I stand by my position that I am entitled to say in here, and nobody can stop me, that I disagree with a valuation. That is my right. All I said was that I disagree with it. I am saying there is no way as Minister of Finance that I could have agreed to a valuation of BSIL's assets at \$80 million. It could not have passed me.

The third point I want to make, and I do not care who did it. As far as I am concerned, I am not even going to opine on that. I disagree with that valuation. There is a very simple basis on which you can disagree with it, Mr. Speaker. If, as I said already, Foursquare Factory was in operation up to 1992, and in 1994 Foursquare Factory could be sold for \$400 000 ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order. I rise again to plead with Your Honour that the remarks passed by the Leader of the Opposition in relation to what was said in the Auditor General's Report and their implications should be struck from the record. The Auditor General said in his report that he cited that the net proceeds of loans raised by the Government at March 31 were \$3 billion. This amount excluded securities with nominal values totalling \$256 billion that were issued in 1994 by the Honourable Member for St. John to assist with the restructuring of Government's financial position and for which no cash was repaid.

There has to be some balancing, Mr. Speaker, to the matter he is referring to. He is simply saying that in 1994 \$256 million in securities were issued and proper accounting for it was never undertaken by bringing both sides of the ledger to account and that has to be done. He was not reflecting on the value of what was transferred by way of BSIL's assets. He is simply saying that the Honourable Member for

St. John was careless.

The Honourable Member has used this, Sir, for a misleading purpose. It cannot stand as part of the records of Parliament. This is a serious misrepresentation and misleading of the records of Parliament.

Mr. D. J. H. THOMPSON: Mr. Speaker, at the end of the day, and I think what the Honourable Member for St. Peter does not understand is the \$256 million is not BSIL's debt, only a part of it is BSIL's debt. The balance of it would have been the debt in relation to the entire sugar industry and there were also some other transactions that were part of this.

The debt of BSIL at the date of transfer of the assets and, in fact, the agreement says it, which was on the 24th June, 1994 between the Bank and BACT, the value of the debt was \$138 270 309. What happened was, the Government in 1994 gave the BNB bonds and took out the entire debt of the whole sugar industry but at a later date, somebody had to exchange the assets of BSIL for the debt of BSIL.

My question is, and I keep asking the question, Sir, why is it that, both expressed in this agreement and expressed publicly, the impression is being given that the value of that debt, and I am talking about the sugar industry, is only \$138 million when, had that debt remained with BNB, or the interest that should have been applied to it when the debt was agreed to, it would have attracted interest.

Now, Mr. Speaker, no allegation is being made against the Government. The Honourable Member for St. Peter is getting all excited because I read the Auditor General's Report. All the Auditor General has said is what I am saying that at some point in the future the full effect of the transaction showing how the value of the assets and the value of the debt have to be brought to account for the simple reason that you cannot have a situation where there is a company in Barbados, like the BACT, which is holding a debt of \$256 million and there is no way that debt can be supported by the assets the company holds. There has to be some point in the future where the transaction has to be brought to closure.

Mr. Speaker, what I am saying is that when that is done, if the lands are still valued under the production of sugar, then they will be undervalued in relation to the debt. If the assets are valued as if they are still in the production of sugar, then they are overvalued in relation to the debt.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, I rise on a point of order. That is not what the Auditor General's Report is saying. It is simply saying that an amount called net proceeds of loans of \$3.1 billion was what our proceeds of loans were. You raise a loan, you are supposed to get the proceeds.

In 1994 the Government purported to have raised a loan by issuing \$256 million to the BNB for various reasons but they was never any record of the net proceeds because no cash passed. Therefore all he is saying is that you have to show both sides of the ledger, reflect the loan as a liability, and the net proceeds as some form of assets. That process of balancing the ledger has never been completed, so he is speaking about the net proceeds of the loan, he is not trying to reflect on what assets in 1994 are worth today, he is saying that a ledger transaction was never carried out. The Honourable Member is misleading the House when he is seeking to impute that anything in the Auditor General's Report can be adduced in evidence to suggest that the assets of the BSIL as imputed by him then, is worth \$240 million today. That is why I am saying, Sir, that false and misleading information should not grace the records of our Parliament.

Mr. D. J. H. THOMPSON: Mr. Speaker, I have not even said \$240 million in this entire debate. The Honourable Member seems to have something on his mind. I talked about what was in here. I talked about what was issued in an agreement and I gave my opinion. The Honourable Member is obviously speaking for the benefit of other people who he wants to write the story, as usual, the way he puts it. 540 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

Mr. Speaker, there is nothing I can say today that will convince the Right Honourable Member for St. Peter. The facts are as simple as this. Private companies owned by Government are entering into contractual obligations which are going to have financial implications for the people of this country at some point in the future and this House does not know about it because if I did not bring this agreement here today, if we did not talk about the National Housing Corporation and if we did not raise ...

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. Again, Sir, what is the status of the document to which the member alludes if he is also agreeing that no agreement has been reached? We cannot have this. It is a negotiating document, Sir. There has been no agreement. How can you enter into the records that there is an agreement?

Mr. SPEAKER: Just what is the Honourable Member saying, that there was no agreement?

Mr. D. J. H. THOMPSON: It should have been a document here ever since because as I have said this is not a document produced before 1994. This is a document being discussed according to the Right Honourable Member for St. Peter even now.

Mr. Speaker, Sir, there is an agreement by the Government of Barbados to exchange the assets of BSIL valued at \$80 million for the debt of BSIL valued at \$138 million. That agreement has already been made. That is not anything new. There are other things, Mr. Speaker, Sir, which form part of this agreement which have implications for the financing in the future and the bringing to account of this transaction that I am saying the House of Parliament should be aware of.

The Right Honourable Member for St. Peter for some reason seems to be getting agitated. I did not write this document and when he is ready he can read it when I am finished with it. I did not write the Auditor General's Report. The point is that the Auditor General is saying that the \$269 million has to be brought to account at some point in the future and what it tells me is that there has to be some point when this House must be able to discuss whether the valuation of the sugar industry assets is a fair valuation or not. This House must be entitled to discuss what kinds of burdens the taxpayers of Barbados should bear in relation to the sugar industry and it should not fall as it has done with the GEMS project. If you check the records, you will see that the arrangement between the BAMC and the BACT was made available to this Parliament, including the formation of the two companies in a Budget speech, all of the information in relation to the establishment of the companies, where their headquarters were, the initial capitalisation of them, everything was made available to the House.

Rt. Hon. O. S. ARTHUR: On a point of order, Sir. The member is misleading the House. What was not disclosed to the House was the name of the lawyers who profited from all the transactions, who were lawyers in one law firm with which he was familiar when he was on the Back Bench and another law firm which profited when he became the Minister of Finance with which he was going to become familiar. All of the information pertaining to all of the transactions of the formation of the BACT was never disclosed to this House, including the legal fees paid on both sides.

Aside.

Rt. Hon. O. S. ARTHUR: It is a Parliamentary Question and it is coming soon.

Mr. D. J. H. THOMPSON: Mr. Speaker, that is why I asked the Parliamentary Question because when the Right Honourable Member is under pressure he reaches low. Therefore, I want all the information in relation to the financing of the sugar industry, not just past legal fees. We want current legal fees, current quantity surveyor fees, all of the consultants' fees and all of the other fees. We want to know whether it is true that the Government, even though it is not going to subsidise the abattoir is paying BSIL \$150 000 a year. We want to know if the Government is providing BSIL with offices.

Rt. Hon. O. S. ARTHUR: I will give the member the assurance that we will not only provide that information but we will even draw reference to the person employed as a financial officer at the BACT who had no qualification in accounts but who was appointed only on the recommendation of a referee who happened to be the Minister responsible for the institution. All that will be disclosed.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, the Honourable Member for St. Peter must not end the answer to the questions in 1994. The questions go right up to the date of this agreement. The arrangement which the Government would have made, what was said at the meeting, including why the present Minister of Agriculture decided to get rid of certain people off the board of the BAMC the same day that the board was meeting and sent a message up there, "Sorry you are not Chairman any more."

At Foursquare Factory - how the Chairman of one company could bid on a factory which was being sold by the sister company and both were owned by Government and this House did not know about it, all of those things, Mr. Speaker, Sir, because they have financing implications. At the end of the day, it is the taxpayers of this country who are going to bear the burden of all of that that has gone on in relation to the sugar industry, and the Right Honourable Member for St. Peter is not going to like to have to answer those questions. Once he is finished, there will have to be another round of questions that have to be asked.

The point I am making is that we have a series of private companies owned by Government in this country for which transactions are being entered into which are not being made available to the people in this Chamber.

Rt. Hon. O. S. ARTHUR: The Auditor General's Report is saying, as we know, that the Treasury Bills issue when the transaction involved the National Bank has been included in the national debt but the net proceeds of the loan have not been brought to account because no cash passed. All he is saying is that there has been a financial consolidation and a reconciliation of those two things, that you have assumed a debt but there is no record of the net proceeds of the loan because no cash passed. That is all

that is saying. It is not reflecting on the then value or the future value of the shares of the assets that have been passed.

What the member has said, Sir, should be struck from the records because it is misleading the House.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, all of it will come out in the wash and this is the appropriate time to deal with it, it is not only the shares but the assets. In due course all of that has to come to Parliament because we will insist that nobody in the BAMC and nobody in the BACT will continue to make decisions that have financial implication, just as we will insist that people at Hotel Resorts Limited should not be allowed to make decisions which are going to have major financial implications for the taxpayers of Barbados and at the end of the day, every single Member of the Barbados Labour Party Government by their silence would permit those decisions to be made.

We therefore need to have a higher level of accountability in this Parliament in which companies like the Needham Development, the companies that are dealing with Sherbourne Conference Centre, all of those companies are reporting to this Parliament so that we know what is happening.

There is very little difference between the operations of a statutory corporation and a private company established by Government, except that the private company owned by Government has greater flexibility but the implications of the decisions taken by that board are based on the policy of the Minister at the end of the day. Therefore, if you create those boards and then the decisions they take are not communicated to this Parliament it means that a link in the chain of accountability in this country is missing, and that is what needs to be rectified. That is the point I am making. That is why you could have those kinds of issues and we will get back to that.

I am not finished, Mr. Speaker, Sir, we still have a long way to go.

The National Sports Council, there is need in that area for an investigation. The Right Honourable Member for St. Peter just raised issues in relation to the matter of conflict of interest. He did not use those words but I believe that there may be conflict of interest issues in relation to the National Sports Council that are going to need attention, particularly in relation to the catering contract for events held by the National Sports Council.

Mr. Speaker, Sir, I thought we had long passed the stage in this country where the level of accountability was such that you would be required if you are involved and certainly all the legislation ...

5:50 p.m.

Wednesday, March 15, 2000

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. The Honourable Member St. John sought to enter into the records of this House that an agreement was enter into. I have in my hands now what was made a document of Parliament. It is a notice of a special meeting of the shareholders from the Barbados Sugar Industry Limited to consider a draft Assets Purchase Agreement and Supplementary Agreement, a copy of which is circulated. Sir, it is a draft Asset Purchase Agreement, it is not signed and it is not dated.

Sir, I really have to say that we were led to believe that an agreement had been entered into when all that he was discussing was a document sent by a Mr. Cave to be discussed as a draft, not signed and not even dated. Is this House is to take the word again of the Honourable Member for St. John? Sir, he has no moral minimum. Sir, we were led to believe that it was an agreement. I must insist that everything that has been said about this agreement should be struck from the record. This is wickedness now, Sir.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, do not mind the Honourable Member, that is for the benefit of the media.

Mr. SPEAKER: Just give me one minute. Honourable Member for St. John we did not hear the word 'draft' coming from you. It is not dated nor is it signed. The Honourable Member did not say that he was reading from an agreement. He referred to it as an agreement. Honourable Member please proceed.

Rt. Hon. O.S. ARTHUR: Mr. Speaker, Sir, I must insist that the records of the House must reflect that rather than referring to an agreement to which the Government is party that the Honourable Member for St. John was referring to a draft document sent by the Barbados Sugar Industry Limited to its shareholders and a draft document for discussion, that there has never been any conclusion on the matter, Sir. It is not an agreement to which any Government or anybody is party, Sir. It would be a pollution of the records of the House for this monstrosity to stand.

Mr. SPEAKER: I am suggesting to the Honourable Member for St. John to make the necessary amendment.

6:00 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

The document I am referring to is a notice of a shareholders' meeting of Barbados Sugar Industries Limited (BSIL) issued from Nicholas Abbey in St. Peter signed by the Chairman of BSIL, Captain Cave. Attached to it is a draft agreement which was put before the shareholders of BSIL. It is a draft agreement that proports, Mr. Speaker, Sir, to agree to transfer the assets of BSIL, valued at \$80 million for the debt of the BSIL valued at \$138 million.

Asides.

Mr. D. J. H. THOMPSON: It is signed, and I said so at the beginning, the notice by Captain Cave. The document itself, Sir, was prepared with the parties being BSIL, BACT which is the Barbados Agriculture Credit Trust and BAMC which is the Barbados Agricultural Management Trust.

Mr. SPEAKER: Before you move on, the point is that it is only a draft agreement.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I said it was a document attached to the notice and that is what it is. I read the shareholders' notice, Sir, and what the document is asking the shareholders to do is to agree to that document and it is a draft agreement.

Therefore, Sir, if you want the words "Draft Agreement" to be substituted, insert the words "Draft Agreement" but at the end of the day, Mr. Speaker, Sir, the Government has already agreed to transfer the assets of BSIL of \$80 million for the debt of \$138 million. That is nothing new and Mr. Speaker, Sir, that document was purporting to do the same thing. It was proposing that the Government should transfer ...

Asides.

Hon. D. A. C. SIMMONS: On a point of order. Mr. Speaker, Sir, I am thoroughly loss. I want to understand if this has anything to do with the Government paying over \$240 million to BSIL in the fiscal year 1997/1998 because there was a figure of \$256 million that was mentioned by the Auditor General. I want some clarification on that. Is this the document that is supposed to have grounded that transaction? I want to know, Sir.

Mr. D. J. H. THOMPSON: That cannot be a point of order, Sir. The Honourable Member cannot ask ...

Aside.

Mr. D. J. H. THOMPSON: He can ask you, Sir, because I certainly am not getting into that. I am delivering a speech in here.

Asides.

Mr. SPEAKER: Order, please, order. Could you proceed, please?

Mr. D. J. H. THOMPSON: Anything I say in here I am prepared to say outside but I will start outside because the Honourable Member threatened legal action and all kinds of other things.

Mr. Speaker, Sir, we are not speaking on that and the Honourable Member for St. Peter opened the can of worms by responding the way ...

Asides.

Mr. D. J. H. THOMPSON: I do not have you confused at all. You know exactly what is going on and you check your records and see where the actual signed document is because at the end of the day, the Honourable Member for St. Peter has to answer the questions, not me. I am not the Minister of Finance.

Asides.

Mr. SPEAKER: I hope that is clearly stated in the record that this was a draft document for discussion at a meeting and it was an unsigned document also. Proceed please.

Asides.

Hon. Sir Henry FORDE: Mr. Speaker, Sir, on a point of order. The Honourable Member is an attorney at law. He knows that during the course of any negotiations, several drafts are proposed, it does not mean that either party has accepted any of the clauses. Therefore, to say how the Government can be in a position of a confidentiality clause really will be misleading this House.

The Honourable Member knows that Government's contracts included with the IADB and IMF sometimes involve aspects of confidentiality but unless the agreement is agreed, then the Honourable Member cannot make a statement giving out to the public that the Government has accepted a confidentiality clause, because the House will be misled on that point.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, I have dealt with the matter and I believe during the course of this debate, if we get to agriculture more information ...

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, on a point of order. On the confidentiality clause, the Member did not read the full statement. It said,

“No public announcement of any kind shall be made in respect of the subject matter of this agreement, except as specifically agreed between the parties hereto.”

It said that the parties would agree on the next public announcement, Sir, but the House was led to believe, Sir, that there would be no public announcement.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, if as I say, Members on this side did not raise any of these issues, this is the kind of nonsense that would be going on. And you had the example of Foursquare Factory and I think we could list a series of other examples that have financing implications for the people of this country at the end of the day.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, on a point of order, Sir. The Foursquare transaction was a transaction between BSIL, acting in its capacity as BSIL and a private citizen of Barbados upon the basis of a tender that was in the public domain. I am saying, Sir, that it is a wrong to the person who purchased from BSIL, a Mr. David Seale, for first of all the transaction to be made to appear as if the Government was involved in it, Sir, and for the facts not to be told that Foursquare was sold by way of a public tender.

Mr. Speaker, Parliament deserves better, Sir.

Asides.

Mr. SPEAKER: Proceed please. Let us move on.

Mr. D. J. H. THOMPSON: We have to move on because the Honourable Member obviously does not understand that Foursquare Factory was sold after the debt of BSIL had been taken out of the ...

Asides.

Mr. SPEAKER: Please, could we move on, please?

Mr. D. J. H. THOMPSON: He does not understand these things and he is jumping up and at the end of the day, Sir, when these matters are brought to account, it is going to be a different story and the Honourable Member for St. Peter will come to the public with some very apologetic tones to say that these things had to be done because of the Democratic Labour Party.

Sir, I want the matters discussed now because when the final decisions have to be made in relation to some aspect, the GEMS Project, any of those aspects of private companies set up by Government, that we would have been taken into confidence of the Government.

Rt. Hon. O. S. ARTHUR: Mr. Speaker, Sir, the Honourable Member is misleading the House. The only estate under the control of the Government that in 1994 was sold without a process of public transparency was Bushy Park. It was sold to the Enterprise in London at a price very far below the debt, over the objection of the Director of Finance, in circumstances where the then Minister of Finance was trying also to put in place arrangements to let the persons buying Bushy Park, under a price less than the debt, to have the casino gambling licence.

Foursquare was by way of public tender. Bushy Park was done in secret and in vacuum.

Mr. SPEAKER: Let us move on, please.

Asides.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, we can talk about Bushy Park, we can continue to talk about the other aspects of the sale of the sugar, we could talk about all of those things and in due course, we will get the chance because none came to this House and that is the point that needs to be made at the end of the day.

But, we were dealing with the Sports Council, Sir, and the fact that an investigation needs to be launched into the catering contracts which have been given by the Sports Council to caterers for their public events, that is a matter that needs attention. I would not want there to be any conflict of interest between any employees of the National Sports Council and the renting of chairs, tents, food, drinks or any other items. I would like to be assured that that is not the way in which funds voted to the National Sports Council are being applied. It is a serious matter and needs attention.

The Auditor General also speaks about large areas of office space, rented by the Ministry of Foreign Affairs at very significant sums of money which are not presently used. I believe once again that if we are to have true accountability, some explanation needs to be given by the Ministry of Foreign Affairs because the Auditor General report indicates and it seems to be that an inordinate amount is being rented in some Missions which is not being fully utilised and we need to make sure that we have value for money.

Mr. Speaker, Sir, the South Coast Sewerage Project is another one of those projects for which we have heard nothing during the past year and I think we need to have some firm indication from the Government. Let the accusation be made, and you may be quite right in making it, that it is another one of those projects in which there has been complete wastage.

In the Ministry of Public Works there is a need for tighter control of the inventory, particularly equipment that is brought into the island because there have been incidents I understand, where there have been problems with equipment that was supposed to be brought in which has not yet reached the Ministry. I think tighter control would be desirable in that area.

In the Ministry of Agriculture, there are still problems persisting in relation to the public markets and despite the facts that there were supposed to be an inquiry launched into the activities in relation to the expenditure of money in the public market, we still have not heard what the outcomes of those investigations are. Therefore, Mr. Speaker, Sir, I believe that the Minister owes us an explanation.

Mr. Speaker, Sir, that would not be, the case with statutory corporations if they were laying their reports in Parliament on a timely basis but there are several statutory corporations that are in breach of the requirement to lay financial reports on a timely basis.

Aside.

Mr. D. J. H. THOMPSON: In successive administrations, you came to Parliament and to this task with a pledge boldly made by the Honourable Member for St. Peter that we would be requiring every single statutory corporation ...

Hon. Miss B.A. MILLER: Mr. Speaker, on a point of order. This is the case in almost every department of Government in respect of successive administrations. I certainly can speak to the portfolios which I have held and which I hold today. You are cleaning up eight years of arrears and in some cases, we have had to put together three and four years of annual reports in order to catch up. Eight years of arrears.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, that is no excuse at all. I did not expect a feeble response like that from the Honourable Member. This is not new. The law says it is to be done. The Public Accounts Committee needs to have access to the information and part of the problem is, Mr. Speaker, Sir, that far too many of the statutory corporations in Barbados ...

Asides.

Mr. D. J. H. THOMPSON: When the Government first came to office, they laid one report and then you have not heard anything from them since then. This is a serious matter, Mr. Speaker, Sir. Other than one or two which do so rigorously and observed the requirements, the vast majority of statutory corporations in this country do not lay their reports in Parliament in time.

It is a matter, Sir, that needs attention because we cannot be talking about accountability and higher levels of accountability under a new administration when statutory corporations are that delinquent. It is the Minister's responsibility to ensure that the statutory corporations lay those reports on a timely basis and the fact that it is not being done, cannot be met by such excuses as those which the Government has put out.

6:10 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

I heard in this debate today talk about a new road programme. In October 1994 - I am bringing this to the attention of the new Minister because he was not the Minister in the last Estimates - the road at Foster Hall collapsed. There were rains right after the Barbados Labour Party (BLP) was elected and those rains washed away the road. Mr. Speaker, nothing has been done to that Foster Hall road since then.

Last year, the Honourable Member for St. Peter said that a survey had been undertaken and that the whole Scotland District is in need of repairs and a whole set of other old talk. I assume that work would have commenced on that Foster Hall project shortly thereafter. This is five years now that that

main artery has been closed off, buses have been diverted, there have been land slippage and many of the houses in the area are suffering damages to their foundations. Once again, this is the fifth successive year, I am calling on the Government to deal with the problem of the Foster Hall Road.

In relation to tenantries, Sir, not a single tenantry road has been done in the constituency of St. John since 1993, I think it was, when the last one has been completed.

Asides.

Mr. D. J. H. THOMPSON: Society is the only tenantry road that has been done and it was not done by the Rural Development Commission (RDC), it was done by the Ministry of Public Works and Transport. The Rural Development Commission (RDC) despite taking over tenantries roads has not done a single tenantry road in my constituency. It has not undertaken any of the house repairs that were promised. I went to the trouble of getting quantity surveyors reports and all kinds of things done in respect of two houses for two very seriously destitute families and all I have had in relation to the matter have been talk. One set of street lights was put up and since then not a single street light has been installed anywhere in the constituency of St. John, that would have been about since 1997.

Mr. Speaker, every year, the Ministry of Public Works and Transport writes to me asking me to give them a list of the roads that need repairing. Every year, the Rural Development Commission (RDC) writes to me asking me for a list of roads by priority which need to be done. Every year somebody calls me. Every year, I give the same exact information about tenantries and main roads and no work is being done at all.

The other day, I met the Honourable Member for the City butting about in Foster Hall where the road was closed and she nearly went up the hill, had she done so, she would have been history. Thank goodness, somebody was there to divert her down into St. Margaret's. The road is very bad and dangerous and yet nothing has been done about that road.

I am asking the Honourable Member responsible for rural development to ensure that the resources of the Rural Development Commission (RDC) are evenly and fairly spread throughout the constituencies of Barbados. The Government has been in office for five years now and they can have no excuse for their failure to make any resources available to certain constituencies.

Asides.

Mr. D. J. H. THOMPSON: Easy Hall is not in St. John, that is in the constituency of St. Joseph. All the St. John tenantries roads that go in St. Joseph have been done but not a single tenantry road in the constituency of St. John as distinct from the parish has been done. That is a serious matter.

Mr. Speaker, in relation to the financing of this year's Estimates, the Honourable Member for St. Peter came to office on a pledge that his commercial borrowing would not exceed amortisation in any given fiscal year. We are now hearing that he has to borrow more but the impression he is giving is that he has to borrow it to hold it somewhere in case there is a problem from the introduction of more liberal trading arrangements in Barbados. When he borrowed the \$150 million, he came to the House and said that he does not really need the money but he is going to borrow it and put it one side. Had he not

borrowed it, that decline in the reserves at the end of the last quarter of 1999 would have been more ominous for the Barbados economy. The Honourable Member for St. Peter is therefore borrowing well in excess of the amount needed for amortisation. I believe that the Government needs to very clearly identify the strategy and also to pay very careful attention to the financing of its operation so that we do not have a situation similar to the one we had in 1999.

There is also nothing to indicate based on what the Honourable Member for St. Peter said, that a 24.4 per cent increased in capital expenditure is obtainable in the Barbados economy in the next fiscal year, that is almost a pipe dream. We have never had a fully executed capital works programme in Barbados to the best of my knowledge and basically to project much higher levels of capital expenditure, there are not realistic particularly against the background of the foreign component of the financing.

Mr. Speaker, I think there are some things that the Government needs to respond to very quickly in this debate. In relation to the performance of the productive sectors, the Ministers need to tell us what directions they are proposing to take to resuscitate agriculture, tourism, international business and manufacturing. All four of these are in serious need of serious attention and restructuring.

In relation to tourism and the impact of the closure of the Hilton Hotel, we need to know what progress is being made on replacing the rubble with a new hotel and when it would be open and operational. Likewise, I think the Government should be able to get a handle on when Sandy Lane Hotel will be completed and operational.

In relation to the Airport, I remember some years ago the Democratic Labour Party (DLP) made a statement that the airport and seaport were going to be privatised and the Honourable Member for St. Michael North vehemently denied it and said that they were not going to be privatised, that they were going to be corporatised, which mean that they will still be owned by Government but they will create a corporation which would be a private corporation like the same Barbados Agricultural Management Company (BAMC) and the Barbados Agricultural Credit Trust (BACT). Now, we are hearing that the Airport is going to be privatised. I want to know what is going to be the position with the Port Authority, although, it would not flow from the Honourable Member for St. Michael North since he is not in those portfolios, the Government is not corporatising but is actually privatising those areas. There are people who would have grave concerns about a small county like Barbados privatising security areas like the Port and the Airport.

Hon. Miss B. A. MILLER: On a point of order. The Right Honourable Prime Minister in his opening this morning specifically made the point that there were certain aspects of the airport and seaport operations which could never be subject to privatisation and made special mention of the security aspects. This is deliberate now. Let the Honourable Member move on to something else. He cannot get into inventions now. There has been enough of that for the last hour and a half.

Mr. D. J. H. THOMPSON: Mr. Speaker, you would have had situations all over the world where airports have been privatised and not the security services. At the end of the day, you still had some of the major problems of which I speak including security threats for the simple reason that the airport itself will not provide the resources to upgrade the facility or to make the necessary adjustments to its accesses and so on. There is a direct connection between the privatisation and operation of an airport and the security. It is that, that I am raising concerns about and there are legitimate concerns.

6:20 p.m.

Wednesday, March 15, 2000

Continuation of Mr. D. J. H. THOMPSON:

There are people who raised concerns about the Port Charles Marina and to this day there are still people who feel very strongly that the arrangements at that Marina are not adequate in terms of the security, policing, Customs and so on. These are legitimate concerns.

There must be somewhere in this country that even with the Government owning the Port and the Airport that the drugs are coming in. There must be somewhere that illegal drugs are being stored. There must be somewhere they are being distributed from and transported into the various points around the island. Let us get serious about it. Therefore, when we hear about the privatisation of the Port or the Airport, it has to raise serious red flags about the question of security because we are much more vulnerable than larger countries which have undertaken privatisation of their airports and seaports.

Mr. Speaker, you know the Democratic Labour Party was wrongly criticised at the time when certain aspects of the Port ...

Asides.

Mr. D. J. H. THOMPSON: “Wrongly” and “roundly.” Thank you. You can use both. The Democratic Labour Party was criticised for agreeing to certain aspects of the seaport operation being utilised by the private sector. The same security and other concerns were raised at the time.

In relation to the sugar and non sugar agriculture sector, the Honourable Member for St. Philip South will need to tell us what is going to be the role of the Barbados Agricultural Development and Management Corporation (BADMC). As I understand it, that is an entity that is near to complete closure. What is going to happen to the workers who are being sent home from the BADMC? What is the future of an institution like the BADMC in terms of our economic development having shut the Packing Unit, the Abattoir, having sold off the tractors and established a company to take over the

tractor scheme? What is left of the BADMC and what is its role in terms of the development of agriculture?

In terms of non sugar agriculture, we have had experts saying that the cotton industry in Barbados is almost dead. What is also clear to us is that food crop production is down and other areas of agriculture production are seeing difficult times. When you remove the licences on 1st April on the importation of all those items, what is the strategy which the Ministry has in place to deal with the threat of liberalisation in respect of agriculture?

I heard the Minister say, or read it, that he was attending some event and he said at the event that the agricultural sector in Barbados is basically not ready for full liberalisation. Basically, I have noticed a trend in Barbados where Ministers issue warnings, raise concerns, make points but never provide solutions.

I was aghast the other day when I heard that a Minister had said that he had warned that we would be getting drug cartels in Barbados. The job of a Minister is not to warn. The job of a Minister is to deal with problems, but all of a sudden Ministers go to meetings and read these speeches in which they tell you that they warned about the imminent collapse of this, they knew this and that was going to happen as if they were completely powerless to deal with the problems. Therefore no Minister should be getting up at an event saying that his sector is not compliant or not basically ready for the introduction of liberalised trade without making some immediate recommendations for dealing with the matter and ensuring that the persons in those sectors do not see their livelihoods destroyed.

I already spoke to manufacturing. I spoke to the offshore sector. There obviously is no strategy in that area. All you have to do is to listen to the key operatives in the offshore financial services sector talk. They are bluffing all the way to the bank. They are drawing salaries when the months come and engaging in a lot of public relations but there is absolutely no substance to anything they are saying.

All the talk about the OECD Report and so on, all the gobbledegook that you could want, they know; but when it comes to telling you what the specific strategy is that is going to be employed in Barbados, what are the new products that are going to be made available, how Barbados is going to deal with a lot of the activities that Governments are going to want to bring onshore, how is the offshore sector going to cope with those who wish to use the precepts of money laundering to whittle away the development of the sector by imposing rigorous conditions which basically would wipe out your offshore sector. How are these things going to be dealt with?

Mr. Speaker, they are not applying the same rigour to their own operations. What, therefore is Barbados doing about those kinds of things? We heard some years ago that the informatics sector was going to provide 20 000 jobs in this country, that it could provide 5 000 a year. All that has happened is that most of the operations in Barbados have closed their doors and left.

There are horror stories that investors we invited to this country can tell you, not about problems with workers, but some of the basic things that they need to get action on they cannot get any response from the Ministry. They cannot get rulings or registration of entities although they were supposed to, when the computer whiz was in charge of it, you were supposed to be able to register a company online, well try registering something online in Barbados. Try it. None of those great initiatives that he heralded

from the Senate as the new way for the offshore sector have borne any fruit. Basically what has happened in Barbados is that Government's expenditure in relation to international business and financial services has increased.

The private sector has pulled back a lot of the funds that they once used to put into promotion. I always warned that if Government took up its money and put it in the offshore section promotions that the private sector would pull out their money. They are famous for doing that. They pull the money out so the Government is spending significant sums of money in promotion, significant sums of money on product development for no product, professional services, et cetera, and all we are doing is going around in circles.

Five years ago we had an International Business and Financial Services Unit that had in four people. We were able to cover the FIS Conference, all of the other major conferences as well as ensure that all of the registrations were brought under one roof and it was run very effectively.

I cannot guess how many people must be employed now in the unit that is dealing with international business and financial services but I can tell you that the number of registrations is not increasing commensurate with the new amounts of money and new resources that are being thrown behind the product. That is something that concerns me because, as I say, there are many young Barbadians who look to this kind of activity as part of their future. Mr. Speaker, I think those are some of the key issues that would arise out of these Estimates.

The Honourable Member for St. Peter also owes it to the country to tell us what he was going to do, particularly to deal with the statistics in relation to unemployment among women because the number of women who remain unemployed in Barbados still remain stubbornly high and those women are invariably the heads of households and single mothers who need attention in terms of our development objectives. As long as they remain unemployed there is going to be poverty, misery and unhappiness.

The other point is the issue of public sector reform which so far has been a complete farce. There has been no reform at all in the public sector in Barbados. I think one of the best indications of that would have been the way the public servants have responded to Government's request to put their money in bonds because there is no confidence. There is a lack of morale in the public service.

6:30 p.m.

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Continuation of Mr. D. J. H. THOMPSON:

There is a lot of wastage and beyond that Government is bringing in local consultants, not just foreign consultants, invariably party supporters. The Right Honourable Member talked of people who did not have qualifications to be an accountant but I can give him a whole list of people who could not even pass the exam to get promotion in the Police Force but they are earning more money as youth commissioners than as assistant superintendents, but that would not bother him, there are about 50 of them but he is bothered about one person because his task as usual is to personalise issues.

Let us move on from that and say that public sector reform has seen a scenario where civil servants who had been trained and have the expertise in certain areas are being sidelined and people are being brought into the civil service, being given three-year contracts with perks and significantly larger salaries, to do the work which these civil servants were previously doing. It is leading to a high level of demoralisation in the public sector and at the end of the day it is going to reverse many of the gains and also the opportunities that would have been available to the Government.

So as long as these Estimates do not focus on these main engines of sustainable growth as well as the threat to economic growth in Barbados we would not have been achieving anything. I look forward to statements from Ministers in Health, Foreign Trade, Tourism, Business Development, International Business, Agriculture, Public Works because I think they are all important. We need an assurance from the Minister of Education that the untenable situation in the EPIU in relation to expenditure on a house - I should not say expenditure - workers in the Ministry working on the house of a public officer has been dealt with and attempts will be made to ensure that no such occurrence is detected again.

It is a very serious matter. That is not the only area so do not get agitated. There are many other Ministers who have similar situations going on in their Ministries, at least in your case it was dealt with and I am giving you the opportunity to say that. So I hope the example would be set for other Ministers of Government and the people at the Sports Council who have been permitting similar conflicts of interest and would not do anything about it.

We are making a note of it and there are a lot of people who are going to want to get up in here and talk about morality and so on when the debate gets to a certain level and I hope that when the heat starts that they could stay in the kitchen because there are several examples of us approving estimates in here and the money being squandered and wasted at all levels of the public service in Barbados and invariably by people who believe that they have the blessing of the political party that they support. We have to bring attention to that, because it would not make sense our approving \$2 billion and then finding out that millions of it is being secreted away.

There was an anonymous flyer that went out to people, apparently last week, about whether you want to go and visit the EduTech model house in Maynards, St. Peter and asking whether IDB funds are now being brought into Barbados to build houses for people. It breeds cynicism.

Hon. Miss M. A. MOTTLEY: On a point of elucidation, Sir. I do not want the impression to be

cast that there is any house being built out of any funds provided for in the EduTech programme. There are no houses being built out of the funds provided by the EduTech programme.

There was a difficulty with a public officer who allegedly took workers from the general Ministry, not with the EduTech programme, to a house to help out. In those circumstances, the officer asked to be reassigned once he was confronted with the matter.

There is no evidence whatsoever that any funds from the EduTech programme either local funds or bank funds are being used to build anyone's house.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, the point is that an alert Opposition has to deal with these kinds of issues, whether it is in the Public Accounts Committee or elsewhere. The Government sometimes like to give the impression that it has a holier than thou approach and that everybody is to be part of the how great thou art choir, singing the praises of the Honourable Member for St. Peter.

If he were in his seat he probably would be jumping up and down now trying to get the Press to report this the way he wants it reported as well. At the end of the day the Government must demonstrate a strong commitment to dealing with those areas of corruption, particularly where that is being done by persons who are not public officers but who are being brought into the public service on contract and whose service is demeaning and demoralising the rest of the public service in this country.

Mr. Speaker, Sir, the coming fiscal year will be a major test for the Barbadian people and also for the private sector in this country. They need to have a Government that makes sensible choices about their future and about the Government's role. We have many choices and many challenges and these estimates neither come into contact with the challenges nor do they present alternatives.

By the end of this decade we might end up being described as a country that made cosmetic changes to its Constitution but made no changes that would have sustained the economic growth which we would have enjoyed throughout the period since 1994. These Estimates should be speaking to these kinds of issues.

I do not yet see that level of appreciation from members on the other side of the tremendous task as well as the tremendous opportunities that face the people of Barbados and face this country in this coming decade and the Estimates are the best starting point to give you an indication of the extent to which a Government is responding or not to the critical concerns that affect the people. Thank you.

Hon. Miss M. A. MOTTLEY: Mr. Speaker, I rise to speak in these Estimates for the year 2000-2001 and to give strong support to the programme as outlined in the Estimates of Revenue and Expenditure as laid in this Honourable House. We are, as outlined by the Prime Minister, confronted with a situation where there is going to be continuous change and challenges facing this country in respect of its efforts to meet domestic obligations, regional obligations and international obligations so that we can maintain a quality of life for our people that is comparable to one achieved today with greater levels of equity and a reduction in the level of poverty experienced by those even today.

I want to start by making a point, Mr. Speaker, Sir, that these Estimates in a very real way continue the very strong programme that Government has articulated and set out over the course of the last few

years. We have indicated that there were adjustments that would have to be made within the productive sectors to meet the challenges of the World Trade Organisation strictures. We have indicated that there would have to be restructuring to meet the challenges of the creation of a single market and single economy in the CARICOM region.

Indeed, we have indicated that the general quest for competitiveness as excellence in producing high quality services must be the hallmark to which we all aspire as a nation. We also indicated that there should be greater levels of equity in the distribution of wealth in this society and that there should also be in the society the effort to eliminate all forms of poverty wherever it raises its head.

In a very real way it explains why Government is pursuing the programme that we have been doing, why it is necessary before the end of next week that we should lay the legislation for the Fair Trading Commission to begin to deal with inequity that may exist within aspects of our economy, particularly within the private sectors, that we can seek to remove all forms of monopolistic practices so that we can seek to ensure that there is a greater level of transparency and a greater level of opportunities for smaller businessmen and also to protect consumers in their efforts to be able to pursue their love for economic activity.

We have also indicated, Mr. Speaker, Sir, that we would be bringing programmes to deal aggressively with the need to stop any attack on our capacity to build our offshore sector,...

6:40 p.m.

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Continuation of Hon. Miss M. A. MOTTLEY:

... particularly as evidence in the (OECD) Report against harmful taxation which would seek to marginalise destinations like Barbados, even though not a tax haven and one of low taxation, but would seek to ensure that there is a return of capital to major developed countries of the world and not allow them to participate in economic activity in the smaller developing countries such as ours.

We have also indicated, Mr. Speaker, Sir, that the adjustment in agriculture would have to be met by the establishment of an agriculture development trust which would seek to look at a number of things but most importantly, the investments which have to take place in terms of any losses that are caused by structural aspects or for example, where there are exchange fluctuations or where there are by reason of the trade liberalisation process a total inability to be competitive and therefore, need for an adjustment in terms of developing new crops or going after different niche markets within the agriculture sector.

We have also indicated, Mr. Speaker, over the course of the last two years, a willingness to ensure

greater competitiveness in the tourism sector by the implementation of a number of incentives and a number of measures as well as the creation of a number of funds, the last of which is the Small Hotels Fund, to ensure that the tourism sector in Barbados is capable of building more capacity so that we can ensure that we are capable of increasing the earning capacity of that sector.

Mr. Speaker, Sir, one of the things that marvels me is that in spite of the consistency in programming in all of the areas of the reproductive sectors and in spite of the fact that the first quarter of this year already shows a marked improvement in the performance sector over the first quarter of last year, the Leader of the Opposition wants to continue to still insist that there are structural problems in the economy and that we are being oblivious to them and not taking the necessary precautionary actions.

The Right Honourable Prime Minister in his speech today clearly indicated that not only has there been a better performance by the productive sectors for the first two months in actual terms over last but indeed, Mr. Speaker, Sir, further indicated that there was a case where the net international reserves had increased considerably.

In addition to that, Mr. Speaker, we have a situation where we have maintained a commitment to have a strong, fiscally stable position which we have not yet deviated from as a Government. This economy has had seven full years of growth and is going into its eighth but at the end of the day we have maintained our commitment to lower the fiscal deficits to about 2.5 per cent except where we had the balloon payments, as we indicated today, with the 8 per cent repayment taking it 3.1 per cent this year. We have maintained a position where, with the exception of the year when VAT was introduced, inflation has been exceptionally low. Indeed, inflation is lower than most developed countries in the world.

We have maintained a situation, Mr. Speaker, Sir, where our unemployment rate is now the lowest ever recorded rate since we started taking statistics in the history of this country. It is a rate, Mr. Speaker, may I add that is lower than countries like France and Germany both of who belong to the OECD grouping and both of who were not facing 26 per cent unemployment six years ago. The turnaround therefore has been nothing short of phenomenal. I would not want to say that those who want to taunt us, by laying the Barbados Labour Party Manifesto in here on the first day of Government Business purported to be laid by the Leader of the Opposition and to canvass day in and day out for the first few years that 'Job No. 1 is jobs' remain absolutely quiet today on the issue of unemployment except to say that female unemployment is lower than male unemployment. Mr. Speaker, Sir, if that is the sum total of his contribution on the issue of employment then we know, Mr. Speaker, Sir, that the Government has truly performed beyond his own expectation in respect of a reduction of unemployment in this country.

Suffice it to say, that we maintain that we had a commitment to stable fiscal policies, that we had a commitment to responsible monetary policies and year in and year out an examination of the records will show that we have not veered from that and that further, when we saw signs of difficulty on the horizon when there was the disruption with the Asian economy and the emerging markets that we put early corrective actions by ensuring that there was a cut back in Government capital expenditure as signalled from August 1998 to ensure that Barbados did not find itself in the same problem that we were confronted with in 1991, when the Democratic Labour Party took this country to the brink of its worse crisis.

I want to suggest to you, Mr. Speaker, that we could afford to have paid that loan for US\$30 million to Bankers Trust at 31st December, 1999, was a result of the early corrective action taken by the Honourable Minister of Finance and the Right Honourable Prime Minister recognising that even in spite of the fact that we were about to face an election, this economy could not handle a massive splurge of expenditure on the part of the Government, and that we were not going to be gaining and earning at the same rate and, therefore, they had to be a reduction in Government expenditure.

It went further, even when there was tight liquidity situation last year, even when the cash flow was not what we would have wanted, early action was taken with the borrowing of the funds to ensure that there were reserves to meet any cash flows difficulties and that has now become an object of derisory comment from the Leader of the Opposition who would have us do nothing and instead face the situation where the Government would be perilous when they needed to spend money to keep the ordinary activities of Government running. Early action to ensure that you are going to have in your pocket funds to carry you through the year now becomes an object for derision.

I find it very difficult but perhaps, Mr. Speaker, that explains why the Democratic Labour Party took us to where they took us in 1991 in respect of the financial management of this country. But to go even further, one of the most dangerous things any Minister of Finance can do is to send the wrong signals to the market and to the private sector of a country by making people feel that there is a panic. The manner, therefore, in which the Right Honourable Prime Minister handled the cash flow difficulties of last year deserves commendation because at no stage was there a panic in the private sector. Indeed, warnings to the country were that as a developing country Barbados needs to save more, Barbados needs to ensure that there is a greater level of its earning power being committed to savings so that we can finance our own development, those messages have been consistent without raising levels of panic among the private sector and the productive sectors of this country.

We knew, Mr. Speaker, and that is why I am so amazed when we talk and begin to quote the decline in tourism, we knew from 1998 that we would be facing declining receipts in tourism because of the absence of Sandy Lane Hotel, because of the absence of the Hilton Hotel and at that time because of the absence of Welcome Inn. To come now and say that you had a decline, is to believe that you have not been following how the economy has been performing and what we have been doing to further its capacity generation over the course of the last two years.

How can you earn the same level of tourism receipts when your two major hotels as well as one or two of the others are out production? If in three years time we are still seeing a decline in receipts then we will have a major problem. I want to suggest to you that the increase that have been evidence as stated in the last Central Bank Economic Review of 1999 clearly shows that in spite of the reduction in rooms with those hotels being out of order, there has been an increase in Barbados' tourism. Indeed, we all know that the major decrease last year came not in long staying tourism but in cruise based tourism where there was a reduction of almost 17 per cent, that was largely due because of one of the major ships that visit that country being out of the water for the purpose of repairs.

Mr. Speaker, Sir, all of that in the context also where the Cruise Journal of North America is now saying that the year 2000 will show the biggest expansion to any region in the world of cruise ship tourism to the Caribbean, where the cruise ship industry would expand their capacity in the Caribbean

by 22.2 per cent to a total of 4.6 million passengers from 3.8 million passengers in 1999. The increase in capacity that they gave us in 1999 was 8 per cent. The increase in capacity that they gave us 1998 was 1 per cent. We are anticipating this year that the increase in capacity to the entire region will be in the magnitude in excess of 20 per cent.

I am saying to you, Mr. Speaker, that the first two months of the year has already shown that cruise tourism has picked back up substantially. This is not to say that there are not issues that we still have to face in tourism. We have indicated that we are doing it with a specific plan in mind and we have said that we will be bringing to this Honourable House a programme of legislation to properly update the incentives that will be available to the hotel and hospitality sector in this country so as to put them on a path of long term sustainability in terms of their capacity to be competitive. Even before we did that legislation, the Caribbean Hotel Organisation could vote this country as having done the most for tourism in the entire Caribbean region.

I do not want to stay on tourism alone, Mr. Speaker, because the reality is that we have stuck to the programme that we indicated. We told the country two years ago that we were going to start to see declines in manufacturing and agriculture and that the propriety periods which were being given for the adjustment of the trade liberalisation process have to be used wisely by the private sector. The reality is that the Barbados Manufacturing Association is still calling for more time. Indeed, those who are planting sugar are still calling for more substantial incentives both in terms of a planting incentives as well as subsidies to cover the impact of any exchange losses that occur from the sale of the sugar to the European Union.

I want to suggest, Mr. Speaker, that we have indicated as a Government that we will deal with these things systematically and we have shown it on occasions.6:50 p.m.

Wednesday, March 15, 2000

Continuation of Hon. Miss M. A. MOTTLEY:

In respect of the planting incentives of sugar cane, the Estimates of Expenditure this year reveals that there is a great deal of pride in there as well. In respect, Mr. Speaker, Sir, of Barbados Manufacturing Association, we have indicated that we feel that we ... in fact, the Leader of the Opposition even indicated that the Ministry of Finance has given them a longer time than the last Government had indicated they would receive and that they had more than adequate time to make the adjustment.

It does not mean, Mr. Speaker, Sir, that we are going to walk away while the suffering takes place in an industry but by the same token there has to be a level of responsibility on the partners to the development of this country. We know that we are facing some of the more challenging times that we have ever had to face as an independent country. We also know that Government, in a very real way, can only point the way and develop the regulatory framework and create the facilitating and enabling environment for the economic activity to expand and for social partnership to occur and that very often much of this has to be done with the compliance and agreement of the Labour Movement and of the private sector. The very basis of our social partnership, Mr. Speaker, acknowledges those paths.

I want to say to you, Mr. Speaker, Sir, that there needs to be a greater commitment on the part of

persons at all levels to energise themselves to meet the challenges that we must face regionally, in the form of the Single Market and the Single Economy, internationally in respect of our obligation to the World Trade Organisation, while recognising that Government has already signalled that it gets the longest possible adjustment period for the engineering of any new measures that we possibly can.

The Prime Minister in his speech today indicated, Mr. Speaker, that the developed countries had 50 years to make the adjustment. The developing countries are being asked to make it in 10 years and that he has come strong by chairing the Commonwealth Small States Committee Task Force to see that within the international forum, there is an understanding as to the inherent vulnerability of small island states such as ours and that there is an understanding that much of what we are being asked to do within the time frame within which we are being asked to do, is unrealistic and may jeopardise the fundamental viability of our society to exist.

Now I want to say, Mr. Speaker, Sir, there has been no Minister of Finance who wants to see this country adjust to challenges of the external environment in terms of the regional challenges and international challenges that this Government is said to have. But the time has come for the private sector to be equally energised in adapting their responses to meeting the changes that we have to face over the next few years.

There is no reason, Mr. Speaker, Sir, why persons must see the 166 square miles of Barbados as the only possible market vending circuits to do their businesses, either in terms of the provision of goods or services. There is no reason why Barbadians should not be expanding into the Eastern Caribbean, Central America and Latin America or even North America and investing in activities in which they have already made a successful hand of here. Eventually, we will have to face competition in all areas and instead of us talking about facing competition here, let us use these areas to be able to establish similar enterprises in other Eastern Caribbean, Central American and Latin American territories. Apart from one or two of the major groups, like Goddards Enterprises which operates in Central America and Latin America, too many of our businesses continue to rely on Government's protection, instead of going out there ...

Asides.

Hon. Miss M. A. MOTTLEY: Yes, I agree, Chefette needs to expand and put franchises out there, rather than relying on this Government to protect them from any form of competition.

Indeed, Mr. Speaker, Sir, the Honourable Member for Christ Church West reminds me that there is no female entertainer in the Caribbean now that surpasses what Alison Hinds has been able to achieve on behalf of this country and that perhaps if some of the traditional private sectors were to follow the example of the emerging industries within the country's industries, we might see the kind of confidence and the type of aggression that lead to the hallmark of our private sector in this new world.

Mr. Speaker, I want also very quickly to address the issue of how we as a country will deal with some of the social issues that face us. There is absolutely no doubt that it has been written elsewhere that only a welfare state that benefits most of the population, will create a common morality for its citizens.

Part of the difficulty, and I say this smiling at the Honourable Member for Christ Church West

because I know he feels passionately about it, is that we have a society in which those who constitute the middle class and the professional classes have abdicated their responsibilities. They have moved away from the front line and they fail to participate in the building of the society as have been their responsibility and have been doing this 30, 40, 50 or 60 years ago.

7:00 p.m.

Wednesday, March 15, 2000

Continuation of Hon. Miss M. A. MOTTLEY:

Mr. Speaker, I believe that there is no political divide on this issue because I have also heard the Honourable Leader of the Opposition speak to the fact that these persons continue to criticise from the sideline instead of coming and getting their hands dirty and giving back time to the country that help put them where they are today. The majority of the middle class in this country has benefitted from free education and continues to benefit from free health care for the most part. They have benefitted from subsidised transportation, subsidised housing and a strong social security system.

We believe that part of who we have become as a people, and part of the stability to which Barbados is now world famous and our reputation for strong democracy has come from the fact that we as a society have always seen it necessary to take care of the least among us. Therefore, the levels of inequity in respect of income are not as great as you would find in other Caribbean countries or other North American countries. The point that I am making is that that did not come about simply from Government policy.

The challenges which we would face regionally and internationally must be buttressed by a commitment to the challenges we face domestically. The challenge we will face domestically is to be able to ensure that all those who are capable of creating a public state for the building of a good society in this country are brought to the fore and put their time and effort into that goal of building a good society in which social justice and the delegation of policy becomes the hallmark of this society.

I want to suggest that a lot of the problems that we see now in terms of the weakening of Barbados' social fabric have come from the absence of commitment to time and the absence of commitment of resource as well because we do not have as a nation a strong position of persons donating money to charitable causes - and I am reminded that they do not even give to the church sometimes.

We have, therefore, an absence of responsibility on the part of a third sector that would normally fill the vacuum in every other developed country in the world which has sustained a good quality of life for their people. We have, therefore, to call upon all right thinking Barbadian who want to do well not tomorrow, not today, but who want in twenty years time when we have had the new arrangements with Europe in place when a Single Market and Single Economy has successfully been implemented to deal with sustaining the quality of life we now enjoy. The quality of life which we enjoy is not only as good as it was then, but it is better now because we have built a society that is more inclusive 20 years from now than it is today.

I want to suggest that this Government has tried to put a framework in place for it. We have developed a whole host of incentives to encourage home-ownership in this country recognising that as the most important investment the average Barbadian will ever make and the platform from which he or she will go on to invest in other things.

We have also put a programme in place that will see in this year - as indicated by the Prime Minister today - opportunities for investments in major commercial entities that are now entirely owned by the Government like the Insurance Corporation of Barbados (ICB) and the Barbados National Bank (BNB) which will give Barbadians an opportunity to be able to participate in some of the wealth that is being created in this country. We must never forget it because the principles of equity and social justice must always attach themselves to any growth that this economy experiences if we are to be true to the principles of this Barbados Labour Party (BLP).

We have also ensured that the Reverse Tax Credit will bring about equity to those who could not claim tax allowances because their salaries were below the bar that was proposed for tax allowances to be paid from. More than anything else we have ensured that the greatest reference - and I call it a reference - that we can give any of our children is the opportunity for a good education because at the end of the day they would not have to rely on the likes of any of us in here and they would not have to rely on the likes of anyone, other than to rely on the context of participation in building the society as a whole because they would be able to earn a living for themselves.

We recognise that we have inherited an educational system that was traditionally entrenched to keep the majority of poor people out of the earning of wealth in this country and we have tried to restructure that educational system that is saying that no more than four out of every ten people in this country should ever qualify with any high set of qualifications.

We are going to bring before the end of the first half of the year, the parts of EduTech that would deal with curriculum reform and that would deal with national secondary certification to ensure ...

Mr. DEPUTY SPEAKER: The Honourable Member has one minute.

Hon. Miss M. A. MOTTLEY: Thank you, Mr. Deputy Speaker. ... To ensure that instead of being satisfied with certifying four out of every ten people that we can get as close to 10 out of 10. We believe that at the end of the day people in this country must be given the opportunity to earn for themselves and to participate in the overall wealth of the country.

We accept that we cannot do it alone. We accept that there must be investment and assistance from

outside. We also believe that the children of the early 21st century must be confident enough like Allison Hinds to believe that they can go anywhere in this globe and earn a living for themselves and their family and to compete on equal grounds.

I want to suggest that the educational system which we are designing ... It does not happen overnight, Mr. Speaker, you know that better than any one of us in here that curriculum reform is a three to five year programme of implementation, that national certification is at least a three-year programme for implementation and that continuous assessment requires a child to study years first before you can test.

I hope that before the year 2005 every child going to school in the educational system in Barbados would have an opportunity to benefit from the most equitable policy. The Leader of the Opposition said today that he did not see any new policies in the Estimates. Well, EduTech is a seven-year programme. As part of EduTech this year he would see an increase in the operating expenses of the Ministry of Education to print the new curriculum for early childhood and for primary education that would be the new national curriculum for all early childhood and primary schools in this country during this year.

He will also see an amount to be paid to the Caribbean Examination Council (CXC) to help us develop the national certification proposals so that by the year 2003 the first set of children should be getting the new national secondary diploma that this country would value not at the level of the school leaving certificate but at a higher level.

7:10 p.m.

Wednesday, March 15, 2000

Continuation of Hon. Miss M. A. MOTTLEY:

A time will come, Mr. Speaker, where I will be able to speak longer and in more detail on these issues but, suffice it to say, as I indicated at the beginning, the challenges which this country must face, domestically, regionally and internationally, are such that not only the Government must prepare the country for it, but there must be the full participation of all partners, be it in the form of the private sector or labour, or be it in the form of individual citizens recognising that they have a responsibility to build this country and not just to vote or do not vote once every five years.

I thank you, Mr. Speaker.

SUSPENSION OF SITTING

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this sitting be now suspended until 200 p.m. tomorrow afternoon.

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

The question that the sitting be suspended until 2:00 p.m. on Thursday, March 16, 2000 was put and resolved in the affirmative without division and Mr. SPEAKER suspended the sitting accordingly.

7:15 p.m.