
THE

House of Assembly Debates

(OFFICIAL REPORT)

FIRST SESSION 1999 – 2004

HOUSE OF ASSEMBLY

Tuesday, November 28, 2000

Pursuant to the adjournment, the House of Assembly met at 11.25 a.m. on Tuesday, November 28, 2000.

PRESENT

His Honour I. A. ROETT, B.A., Dip. Ed., G.C.M. (Speaker)

His Honour J. M. EDGHILL, J.P. (Deputy Speaker)

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)

Hon. 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)

Mr. G. W. PAYNE

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

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.

Hon. N. A. LYNCH, B.Sc., M.B.A. (Minister of Tourism and International Transport)

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

Mr. SPEAKER: The Minutes of Tuesday, May 30, 2000.

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that the Minutes for the Honourable House of Assembly for its Meeting of Tuesday, November 14, 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.
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PAPERS

Hon. D. A. C. SIMMONS: Mr. Speaker, I am commanded to lay the following:

- (1) Duties, Taxes and Other Payments (Exemption) (Southern Golf and Country Club Ltd.) Order, 2000.
- (2) The Barbados National Bank Inc. Prospectus for the offer of shares.
- (3) Annual Report of the Barbados Broadcasting Authority for the period October 1995 – September 1996.

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

Annual Report and Financial Statements of Caves of Barbados Limited for the year ending December 31, 1999.

Hon. R. N. GREENIDGE: Mr. Speaker, I am commanded to lay the instruments adopted by the International Labour Organisation at their 88th session held in Geneva from May 30 to June 15, 2000.

NOTICES

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to give notice of the Police (Amendment) Bill, 2000.

FIRST READING OF BILLS

Hon. D. A. C. SIMMONS: I beg to move that the following Bills be read a first time:

- (1) Police (Amendment) Bill, 2000.
- (2) Port St. Charles (Validation) Bill, 2000.

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

SUSPENSION OF STANDING ORDERS

On the motion of Hon. D. A. C. SIMMONS seconded by the Hon. R. C. EASTMOND, Standing Orders Nos. 6, 16, 18, 20, 42(5), 43 and 44 were suspended for the remainder of the Sitting.

ORDERS OF THE DAY

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

ORDER NO. 8 – THE SECOND READING OF THE BARBADOS NATIONAL BANK (TRANSFER AND VESTING OF ASSETS) BILL, 2000

Hon. D. A. C. SIMMONS: Mr. Speaker, today the Government proposes to debate both the Barbados National Bank (Transfer and Vesting of Assets) Bill, as well as a similar piece of legislation pertaining to the Insurance Corporation of Barbados.

Today is an historic day in the annals of this Parliament. It is an historic day, in my submission, for the people of Barbados, because the Bill which is before us for consideration marks a firm and important legislative step to transfer the concept of ownership and broaden the reality of ownership in the vast mass of people.

This Bill, The Barbados National Bank (Transfer and Vesting of Assets) Bill, 2000 seeks to broaden economic democracy in Barbados to give it real life and meaningful effect and value. It marks a change in the political philosophy. I recall, Sir, when the Barbados National Bank was incorporated by statute here in 1978. It was then the current political ideology that democratic socialism required the State on behalf and in the name of the people, to hold what socialist Governments called the “Commanding Heights of the Economy.” Those of us, I am one, who were nurtured in the principles and tenets of democratic socialism, saw the movement to incorporate the Insurance Corporation of Barbados and the Barbados National Bank by statute, as a means of the State getting an interest in the commanding heights of the economy.

I believe both statutes are in pursuant of that philosophy, that the State representing the people should have an interest in certain aspects of autonomy. In pursuance of that, it was part of the legislation that a proportion of the profits had to be remitted to the Treasury of the Consolidated Fund.
11.35 a.m.

On the assumption that the Consolidated Fund was the big pot from which money on behalf of the public would have been dispensed for the provision of various services, amenities and facilities, those who still hold to the fundamental principles of democratic socialism are now confronted by the realities of the last 20 years, where political ideologies have shifted from that paradigm of the State holding commanding interest in the economy, to one in which the State divests itself of its interests and tries to spread that divestment amongst the broad mass of people, to

give them an opportunity to bite into profitable State enterprises.

So that instead of the State acting vicariously on behalf of the masses, the State is now transferring

substantial parts of its holding public/state enterprises, so that persons within the community can have a direct investment in those enterprises and hence, broaden the base of ownership. And that is what this debate is about today. It is about a State enterprise, which, over the years, has suffered the vicissitudes and fluctuations of fortunes that attend economic enterprises from time to time.

The Barbados National Bank has not always been profitable, but in the last few years, Sir, the Bank has, I think we can safely say, turned itself around to the point where it is now a profitable enterprise in which one can have confidence in one's investment.

That was no mean task and let me straightaway put in the permanent records of this Parliament, the gratitude of the Government of Barbados to the Directors of the Barbados National Bank under the able leadership of Mr. Grenville Phillips, and to the Management of the Barbados National Bank, and staff, who have all joined together in what can only be characterised as a national effort to ensure the prosperity of the Bank.

Sir, a quick run through the performance of the Bank for the years 1995-1999 will reveal:

1995 profit of \$525 000
1996 profit of \$3 246 000
1997 profit of \$9 651 000
1998 profit of \$15 560 000
1999 profit of \$18 320 000

This shows a steady growth pattern over the last five years.

Mr. Speaker, the Barbados National Bank was established in March, 1978, by an Act of Parliament. On 14th November, 2000, it was re-incorporated. A new company was now formed and to that extent there is a difference to what the Barbados National Bank has done and what the Insurance Corporation of Barbados is doing. The Barbados National Bank was re-incorporated on 14th November, 2000, as a Limited Liability Company, Barbados National Bank Inc.

We will recall, Sir, that the Barbados National Bank begun as an amalgam of various Government financial institutions, including the then Barbados Savings Bank, The Sugar Industry Agricultural Bank, and the National Housing Corporation – that part of National Housing Corporation's portfolio that related to the Public Officers' Housing Loans Fund.

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The amalgamation of those institutions, Sir, led to the establishment of three functional divisions of the Bank, that is to say, commercial banking, agricultural banking and mortgage finance. The Bank commenced its operations on 21st March, 1978, and within days, 1st April, 1978, it acquired the branch's assets of the Bank of America, which used to be at Lower Broad Street, Trident House.

Asides.

Hon. D. A. C. SIMMONS: They acquired the assets. The Opposition wants me to say "debts" too. All I can say is that I am proud to be one of the original customers of the Bank.

In those days when the Head Office was at the corner of James Street and Lucas Street, across the road from my Chambers, I joined the Bank as a customer. Since then I have remained with it.

They do not ever remember to invite me to any of their functions and that is a weakness on the part of the Bank. I have been with them for 21 years, when it was a piggy bank, and now it is an \$18 million profit centre but it seems that they have forgotten me. Be that as it may, that is a personal matter, Sir. I have a national responsibility to promote this Bill and to speak the truth about the Bank. As I said earlier, the Bank has done exceptionally well.

Sir, in 1995, there were modifications made to the Agricultural and Trust Division when the Bank was going through a period of re-organisation and restructuring. The management of the agricultural portfolio, and that is the Trust Division, were transferred to the commercial branches of the Bank.
11.45 a.m.

In 1992, the Bank came under very sustained scrutiny, following a review by the Central Bank of Barbados. While the Government at the time was negotiating the investment sector loan with the Inter-American Development Bank (IADB), the Central Bank reported, then in 1992, that the Bank was faced with an unacceptably high level of loan losses and a liquid situation. It is important that the transformation from those days of a liquidity and high loan losses, to one now of relative prosperity and profitability is important, and that has marked an essential watershed in the history of the Bank.

The International Monetary Fund (IMF) provided a consultancy to look at the Bank's circumstances, and they

made recommendation for a number of actions to be taken to reform the then very unhappy situations.

Sir, during 1993, the main part of the agricultural portfolio was transferred to the Agricultural Credit Trust. The volume of loans transferred were some \$249.7 million and the Government of Barbados issued bonds to purchase these loans to an amount of \$208.9 million. Sir, \$53.2 million bore an interest rate of 6 per cent per annum and \$155.7 million of that bore an interest rate of 4 per cent per annum. November 28, 2000

annum. The shortfall of \$40.8 million represented provisions and write-downs for losses in the agricultural portfolio which the Bank had suffered, and for which it has received no tangible consideration.

Sir, after the Elections of September 1994, a new board was put in place to which I have paid tribute already. The Board reviewed the recommendations from the IMF and was determined to make the reorganisation process systematic and relevant, and at the same time, took a number of strategic decisions to further deepen the restructuring process at the Bank.

I do not think it is important for me to go into all of the strategies that were taken by the Bank or all of the mechanisms that were put in place. Suffice it to say that between 1995 and 1996, the Bank strengthened its managerial capabilities and made strategic appointments at the managerial level in credit administration, banking operations, human resources and retail banking.

They also conducted internal training programmes to ensure that the staff was put through proper retraining regimes, with a view to getting them ready to assume greater responsibilities, both at their own levels and at higher levels, and to provide a proper career path for the development of the human resources of the Bank.

Sir, towards the end of 1995, the Board completed its review of management's proposals in respect of the non-performing loan portfolio of the Bank, which at the time represented more than 30 per cent of the Bank's total loan portfolio. The record of management of that portfolio is important, and it is instructive of the quality of management that has obtained in the Bank.

In 1995, there were some 1 200 non-performing accounts. The Bank established a special loan recovery department and to date, the Bank's delinquent portfolio has now been reduced to less than 7 per cent of the total loan portfolio. And, whereas in the financial years 1993 and 1994, loan loss provision had to be made in the amount of some \$20 million, in 1995 the Bank started to record a modest profit and to reduce the loan portfolio, significantly.

Sir, as a result of the attack on the bad debts, non-performing loans and the loan portfolio, generally, whereas in 1994, there was provision for loan losses in an amount of \$13 million, this has been substantially reduced up to last year.

In terms of the capital base, Sir, during 1996, the Bank's capital base increased from \$20 million to \$58 million, as a result of a series of negotiations with the shareholders. This put the Bank in a position to meet the capital requirement – the capital adequacy ratios, I think they are called – that were set by the Central Bank.

By 1997, there was a positive change in the Bank's banking experience. Following a review of the loan portfolio, Sir, additional provisions of \$2 million were made. The Bank's consolidated profits in that year, 1997, increased from the \$525 000 in 1995 to \$9.7 million and that improvement has continued, as I indicated, right through to 1999 where the Bank recorded, in 1999, consolidated profits of \$18.3 million and a capital base in excess of \$110 million, the total assets of more than \$879 million.

On the basis of objective analysis, one is driven to the conclusion that the performance of the Barbados National Bank, in the past five years, has been nothing short of spectacular. The Bank is therefore now in a position to go to the public of Barbados and invite, by prospectus, public's participation in the ownership of the Bank.

Sir, I think Honourable Members are familiar with the branches of the Bank and its subsidiaries. I wish now, having shown that the Bank came from a position of a deficit to one of profit, to look at the mechanism for ensuring that the people of Barbados have an opportunity to participate in this enterprise which is now profitable. 11.55 a.m.

Sir, on 29th September, 1977, the Prime Minister and Minister of Finance, in his Budgetary presentation, enunciated a policy for privatization. He indicated then that the Government was committed to a programme of privatization, promotion of economic democracy and

broadening the base of economic ownership in the country.

The Government was committed to using its privatization programme to provide additional opportunities for investors to make investments in the economic sector.

At the same time, such policy of privatization and investment in the divested enterprises would increase the activity on the Stock Exchange of Barbados. The Prime Minister, therefore, enunciated that a number of shares in selected enterprises would be sold to the staff of these public enterprises and the public, in general, as I said earlier, so that the mass of people would have an opportunity to participate in the ownership of successful local corporations.

The four key components of the Government's privatization strategy bears repetition. The public has to understand the four principles upon which Government is committed to a process of privatization.

Principle number one is that a bloc of shares will always be reserved for the staff of the enterprise. Principle

number two is that a bloc of shares would be reserved for credit unions, trade unions and providers of mutual funds purposes. Principle number three is that Government itself will retain a portion of the total shareholding, that is to say, this is a partial divestment and not a total divestment. Principle number four is that where necessary, shares will be offered to strategic departments such as the National Insurance Scheme.

Sir, in the case of the Barbados National Bank (BNB), the Government is following the principle which is established. The split in respect of the Barbados National Bank is that Government will retain 49 per cent of its shares. In the case of the Insurance Corporation of Barbados, its share will be 51 per cent.

Sir, let me deal now with the way in which the authorised share capital of the Barbados National Bank will be segregated. The authorised share capital will consist of 200 million shares divided into seven classes and the initial issued capital on privatization will consist of 96 million shares.

This will be the split position then. Thirty million Class A Common Shares are to be offered to the public of which three million are being reserved for the allotment to staff of the Bank and its subsidiaries such as the Barbados Mortgage Finance Company.

Twenty million Class B Common Shares would be offered – this would be done by private placement – to financial institutions such as the National Insurance Board and the Insurance Corporation of Barbados. I talked already

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about the strategic partners, so this is in fulfilment of that principle of having a strategic partner involved in the privatization. The National Insurance Board, Insurance Corporation of Barbados and Credit Unions with whom the Barbados National Bank has business relationship will be able to share in those 20 million Class B Shares. Forty-six million Class C Common Shares would be retained by the Government of Barbados. The structure of the share ownership is intended to promote democratisation in the governance and ownership of the Barbados National Bank in the future.

Sir, the legislation before us today is very simple in its term. I have a responsibility to take the House through the Bill so that, hopefully, when we come to the Insurance Corporation of Barbados Bill, it will not be necessary for me to speak in such detail and at such length because the two Bills are similar, although there is one important difference insofar as it relates to the Barbados National Bank.

Sir, I am being corrected. I said seven classes, that is what my brief said, but I am being told that there are five classes, A, B, C, D and Ordinary. The brief said seven classes, Sir.

Asides.

Hon. D. A. C. SIMMONS: Sir, the purpose of the Act is to transfer the assets and liabilities of the Barbados National Bank to the Barbados National Bank Incorporated and to allow for the repeal of the existing Chapter 322A of the Laws of Barbados.

12.05 p.m.

When this Act is proclaimed, and I hope that we will be

in a position to proclaim it by Tuesday next week, all the assets of the Bank that are presently vested in the Bank, and all the liabilities that were incurred by, or on behalf of the Bank, and which exist up and until the date of the transfer of assets, will be transferred and vested in the Barbados National Bank Inc. and are to be held by that company in the same way in which they were vested or held by the Bank in the first place.

All policies of insurance, bills of sale, mortgages or whatever form of security which have been assigned to the Bank before the Act takes effect will be assigned to the company.

All contracts entered into on the part of the Bank before the proclamation of this Bill will be deemed to have been entered into by the company, Barbados National Bank Inc. and will relate retrospectively.

Similarly, all rights, privileges, duties and obligations which were conferred on the Bank will now be conferred on the Company. Until the Shares are allotted, the Government will continue to be the holder of 100 per cent of the issued share capital of the Company.

The net proceeds of sale of the Shares are to be paid into the Public Enterprise Investment Fund established under the relevant Act. So the Company is made exempt from property transfer tax payable on the transfer of its assets.

There are two important provisions I have to speak to. Clause 6 of the Bill enshrines in the statute the Government guarantee in respect of payment of interest and principal on any authorised borrowing of the Barbados National Bank Inc. Some have wondered why we had to transfer and vest these assets by legislation. I think, first of all, it accords with modern concepts of accountability to make provision for such a momentous economic paradigm shift through legislation where any member of the public can get a copy of this legislation and read and understand its provisions.

It accords with modern principles of Government accountability if in an enterprise as substantial as the Barbados National Bank its dealings are dealt with in this Chamber and made open to public scrutiny. In the existing November 28, 2000

legislation there is a guarantee provided for. It seems to me that it would give greater comfort to a potential investor relying on the representations made in this Prospectus to know that he is investing in an enterprise which, although it had a government guarantee when it was a statutory corporation, is in no less favourable a position now that it is a commercial company registered and incorporated under the Companies Act.

The depositors' liabilities have always been guaranteed

by the Government under the existing Act and all we are doing is ensuring that the transfer from a statutory corporation to a commercial bank will not be any less favourable.

The guarantee under Clause 6(2) will continue and provision is made for it to be determined by the Minister. I understand what is envisaged is that one day there may be depositors' guarantee schemes which will apply to all banks

so that in the immediate future the guarantee of the depositors' liabilities will be the guarantee of Government.

I said that there were two important clauses. That is the first one, the continuation of the Government guarantee. The second one is in Clause 7 which provides for securing the pension rights of those persons who have been in the employment of the Bank.

Clause 7 for example provides that:

"Any public officer who was seconded or transferred to an office in the service of the Bank from a pensionable office within the meaning of the Pensions Act ..."

[For example, coming from a Government department to the Bank]

"shall have the period during which that officer served with the Bank, ... count for pension under the Pensions Act as if the officer had not been seconded or transferred."

We recall that when this Bank was opened in 1978, there were a number of persons who came over from the public service and served in the National Bank. What this legislation is doing is preserving the pension rights of all who may have been seconded or transferred into the service of the Bank. There is also a provision for the pension plan at Clause 8. Those are the main provisions of the Bill which is a Bill of 12 clauses.

The Bank has published its Prospectus and Honourable Members should have had a copy of this by now. They came down from the Ministry of Finance, I was told, this morning and Honourable Members should have had them. The Prospectuses are going like hot cakes. They had 3000 printed and the Press had these last week when the share offer was launched. They are having a re-run of these Prospectuses and Application Forms.
12.15 p.m.

Sir, the Prime Minister, on a visit to London in September, addressed nationals overseas and I believe that it is the intention of Government to have Barbadian nationals overseas participate in the purchase of shares under this share offer.

The Prospectus that has been published on behalf of the company follows the usual form. The Companies Act sets out what the contents of the Prospectus should be so all of the usual representations have been dealt with in that Prospectus.

I think that a potential investor in the Barbados National Bank, Inc. would be interested in the immediate prospects for the Bank. I have already given information on the profits up

to 1999 and the Prospectus says at page 21:

"No audited financial statements have been made up subsequent to December 31, 1999. However, subject to any unforeseen circumstances and on the assumption that there is continued buoyancy in the economy, the directors anticipate that the Bank's consolidated profit before taxes for the year ended December 31, 2000, will be in the vicinity of \$20 million."

Sir, that is the projection for this year.

Another thing that an investor would be interested in, is the dividend policy that would be adopted by the Bank which is set out at page 21.

Of course, as a statutory corporation, without any share capital in the traditional form, the Bank had no dividend policy. The Bank is predicting that future dividend policy will provide for approximately 50 per cent of the after tax earnings of the Bank to be distributed by way of dividends. Dividends are expected to be paid twice yearly in the months of November and May.

Sir, an interesting feature of this offer is that investors who have already purchased shares in the Barbados National Bank, Inc. will now qualify for payment of a final dividend to be paid May 2001 and under the existing Act of the Barbados National Bank, the Bank will be exempted from the payment of taxes on its profits.

Sir, the new company will be liable to the provisions of the Income Tax Act. The Prospectus says that for the purpose of computing net income available for dividend distribution, the bank will be using an effective tax rate of

not less than 25 per cent. The present effective tax rate payable by banks ranges from 20 per cent to 27 per cent.

Sir, all of the material contracts, agreements and transactions have been disclosed in accordance with the requirements attending the issuance of a prospectus under the Companies Act.

Under general information, the offer for sales is not being underwritten. No Director of the Bank has any interest in the issue and outstanding share capital of the Bank. There are no existing service agreements between any of the Directors and the Bank except, of course, the Managing Director's service contract, which is normal and which is disclosed. The Bank has not entered into any contract within the two years preceding the date of the offer for sale other than the normal contracts that a bank would enter during the ordinary course of its business.

The Auditors of the Bank are Price Waterhouse Coopers.

The anticipated expenses associated with the share offer are not expected to be in excess of \$2 million.

The Directors of the Bank will be a minimum of seven and a maximum of 12 with a forum of Directors being six. 12.25 p.m.

The owners of Class A Common Shares will have the right to appoint three Directors; the holders of Class B Common Shares will appoint two Directors; the owners of Class C appoint five Directors; the owners of Class D Common Shares, five Directors.

Asides.

Hon. D. A. C. SIMMONS: Sir, that is how it is proposed the Directors will be appointed representing the various class rights.

Sir, when the Bank was reincorporated and continued as a public company, \$532 000 were transferred from the Bank's Retaining Earnings Account to the Bank's State Capital Account. The stated capital of the Bank was increased to \$48 million and the 474 680 Common Shares, of \$100 each, were restated and divided into 30 million Class A Common Shares no par value, 20 million Class B Common Shares no par value; 40 million Class C Common Shares no par value. None of the Class D Common Shares were issued at the time of the Prospectus.

The authority for the Class D Shares is provided for in the Prospectus. Those Shares are under the control of the

Directors:—

"Who may allot and issue same on such conditions and such terms as they deem appropriate subject only to the consent of the holder of the Class C Shares in the Bank without limitation of the foregoing, the Directors anticipate that such Shares will only be allotted to one or more institutions that in the opinion of the Directors are likely to enhance or further the objections of the Bank and such should be admitted to membership as an institutional strategic partner."

Sir, the offer for sale was dated November 15, 2000 and the Application Form requires that the list be open on November 27, 2000, and it will close on January 10, 2001, or at the discretion of the Directors when the offer is fully subscribed.

I think that I have given a detailed account of where the Bank has come from; how it has been reorganised and restructured over time; how that reorganisation and restructuring have assisted in ensuring the profitability of the Bank, and how that profitability is to be divested so that more people can directly participate in the ownership of the Bank through the purchase of shares.

I am grateful that I have been around long enough, Sir, to witness this significant step by the Government of Barbados to enfranchise the people of Barbados. It is a starting process of real enfranchisement of the people of Barbados.

Too often in the past, the ownership of shares in Barbados had been limited to two public companies such as those in the utility services area, Barbados Light and Power and the Telephone Company. The Government has, by this Act, indicated that it considers that it ought to be a player in the stock market of Barbados and to provide additional investment vehicles for the public of Barbados to invest.

I will find in my speech, in 1978, when the Barbados National Bank was incorporated by statute.

Asides.

Hon. D. A. C. SIMMONS: I remember that occasion well. Sir, that was a significant occasion. As I indicated at the beginning, political ideology and philosophy have changed in the ensuing 22 years and it does not mean that one is abandoning any principles of radicalism which was associated with democratic socialism. What we are doing is opening the opportunity for ownership in this commercial area to more people in a direct way than was available.

Mr. Speaker, I have explained the clauses of the Bill and it gives me the greatest pleasure to move that this Bill be now read a second time.
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I am obliged to you, Sir.

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

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, in two days time Barbados will be celebrating a major event in our annual calendar since 1966, our Independence. Perhaps, I was a bit testy this morning when the Honourable Member for the City intervened, although not formally, and for the record. If that happens, Sir, it is because I am alarmed that after 34 years of Independence, there are still some things that we seem to have difficulty in getting right in Barbados, when it comes to the importance of consultation, extending basic courtesies to this Parliament and to all Parliamentarians, including back benchers, and the role of statutory corporations in our governance.

If we allow boards, statutory corporations and managers to believe that Parliament is a mere appendage to their operations, particularly statutory corporations, and that it is not necessary to consult formally at the invitation of the Prime Minister, or informally on matters like this, it means that Parliament is a wasted exercise, Mr. Speaker.

Let me start by saying that no Prospectus has been laid in this House. It is not the Honourable Member for St. Thomas's fault that the Prospectus has not been laid. I think that he was genuinely shocked, but that is so. He did not bother making it a document of the House. We are speaking from a position of complete ignorance and I will compound that ignorance, Mr. Speaker, by saying that earlier this week I was home at 4.30 p.m. and a parliamentarian, I would not tell you which party he supports, called me and asked me if the House had already passed this piece of legislation, because he heard a high official of the BNB speaking on the radio as if matters had already been agreed to by this Chamber. We just heard from the Attorney General that the Prospectus has been issued, offer date settled and this House, which comprises of the representatives of the people of Barbados who own the institution, is hearing for the first time, that this institution is being sold. The institution has already gone ahead and circulated a prospectus and acted as though this Parliament does not exist.
12.35 p.m.

This House, which comprises of the representatives of the people of Barbados who own the institution that is being sold, if we were to say, "No" today, that institution has already gone ahead circulating a Prospectus and acting as though this Parliament does not exist.

Two years ago the Prime Minister told me there would

have been consultations with the Opposition as his new brand of leadership style and his new brand of governance in Barbados, in relation to the structure that would be put in place as a successor to both the Barbados National Bank and the Insurance Corporation of Barbados and I reported to this House that those consultations have not taken place.

You know what makes it odious, Mr. Speaker, Sir? Some years ago, the shares of Almond Beach Hotel were being negotiated for sale and the top Directors of those entities called me urgently and said, "As Leader of the Opposition, we would like to have an urgent meeting with you." They came to Parliament and met with us and told us what their intentions were. I told them that we could not respond but were very glad for the consultation.

Last week, the Barbados Mutual Bank, which is not owned by the taxpayers of Barbados but has a large stake in this economy, and which has a large number of citizens who are investors in its operation, said they wanted to come to see me. Obviously, I know what they wanted to see me about. They believe that common courtesy and decency require that if, at some point, we are going to have an economic debate or any debate in this country, that basic consultations should take place.

I do not know what the Cabinet knows. I cannot speak for the Cabinet or how they allow people to ride roughshod over them and take departments away from them, assuming responsibility, wrestling every thing to the ground and commandeering resources. At the age of 33, I sat in a Cabinet which had seven Permanent Secretaries and a full command of all the departments in my portfolio, including privatisation, the off-shore sector – and I can list all, but today it seems as though the Cabinet itself, is accepting this shoddy kind of treatment but I have to speak for the Back Bench.

Hon. D. A. C. SIMMONS: On a point of order. This is so deliberately provocative but it is so far from the truth. The Cabinet of Barbados received with the Cabinet Papers, the copy of this Share Offer. It is a fact that the Document should have been laid with the Papers earlier today. When I was dealing with Papers they had just arrived but I was told they were sent down since yesterday from the Ministry of Finance.

Sir, I think the Honourable Member for St. John is making an important point and on behalf of the Government, I am not too big not to apologize to the Opposition and, indeed, to Members of the Back Bench who would not have got their copies of the Share Offer, but it

seems that it was late in reaching Parliament. It has just been distributed, as everyone can see, by the Marshal.

Mr. D. J. H. THOMPSON: Mr. Speaker, Sir, the Honourable Member is not Minister of Finance. I know that. In fact, whenever he is Acting Minister of Finance, he ends up levelling with the country and with Parliament and it ends up being a source of great embarrassment to others.

Therefore, I credit him too because he has levelled with us about the overdraft limit. He was honest but others wanted to obscure and pretend other things.

I want to say that Ministers in this country have to set standards for their functionaries. That goes from the Prime Minister down, or from the most junior minister up. Standards must be set. Chairmen and members of statutory boards must be told that they are accountable to this Parliament. It is a fact that I have to keep claiming on behalf of the Opposition and, in particular, the Back Bench. It could not be expected of me to be engaging in any serious debate today other than on first principles, without basic information being made available.

When that parliamentarian called me, I said: "Do not say anything else. I will deal with that at the level at which I am supposed to deal with it. Do not tell me what any official has said about the Barbados National Bank. I do not wish to hear it second-hand because undertakings were given to us in the Opposition and those undertakings have not been met."

What is worse is that I know I can speak for the Back Bench with authority in saying that they too, are in the dark, almost completely so, and are in an even darker position than those of us who had governmental experience before in relation to this matter because of the 3 000 Prospectuses that were printed, obviously none was printed for Members of the Opposition, who may very well be depositors and customers in the Barbados National Bank, or investors in the Barbados Mutual Funds or whatever, but beyond that, are supposed to be the representatives of the people. Therefore, if today we criticise it, one would hear that we opposed the sale of the Barbados National Bank shares.

We would have a valid reason for asking the House to put a hold on this for another week. Give us a chance to study it. We are not going to do that because I have learned from past experience in dealing with the Honourable Member for St. Peter, who is not in his seat, pretending to agree with something, allowing it to be pushed through, then goes out on the street and gives the public the impression that they have disagreed with it. We have had privatisation debates in Parliament, time and time again, in which the Government gave the impression that it had nothing against privatisation but objected to every single initiative taken by the Democratic Labour Party to privatise assets in Barbados,

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even when those assets were privatised on the same terms on which the Barbados National Bank and the Insurance Corporation of Barbados are being privatised today.

Sir, I start by saying that there would be no consultation, no Prospectus, and apart from the Bill which the journalists have, I have no additional information on this matter. I have to go on what the Honourable Member for St. Thomas has said. I think it is important for the public to know the extent to which Members are being treated, presumably at our pleasure, by persons who hold office, although some do not seem to think so in this day and age, therefore, that is part of the problem.

When people in the Pan African Commission and other parts of Government complain, no wonder they complain, because nobody has told them they are to extend basic courtesies to anybody else. Ministers allow persons in statutory corporations to believe that the Public Accounts Committee is a joke; that they are not required to comply with the Law in filing their Financial Statements in time.

This particular exercise is being compounded by the fact – and I am surprised that the Honourable Member for St. Thomas has not picked it up – that we are continuing to guarantee the debts or rather let me quote the Bill, specifically:

"The Minister, with the approval of Parliament, may guarantee in such manner and in such conditions in terms as he thinks fit, the payment of the principle and interest on any authorised borrowing of the National Bank..."

And section 11 continues but do you know what does not continue? The Bank has no obligation, other than its usual obligation under the Financial Institution Act, to file or to lay in Parliament, any Statements of Accounts.
12.45 p.m.

Therefore, a tool of accountability which, previously, would have been attached to the operations of the Bank when it was a statutory corporation, and when the Government offered that guarantee to its depositors before, has been removed and very quietly removed, by this piece of legislation. Despite the fact that the Government continually tells us, when we raised this concern about more and more

private corporations being established, less and less accountability, Parliament losing its role of oversight in relation to financial guarantees that are being offered, the Attorney General has not uttered a single word to explain why the guarantee must continue, but the protection which Parliament previously had, that the statements would be laid in here, has been removed.

I am asking, once again, that the Attorney General gives consideration to this matter. It is a very serious matter.

Hon. D. A. C. SIMMONS: On a point of order, Mr. Speaker. I have on previous occasions in here, possibly twice, certainly once, when the Honourable Member first made that call, said that I supported it. I thought he understood that we would have to look at all of these bodies and put them in one piece of legislation and make it apply to all of us.

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I thought he understood that is what would happen. There would be a composite piece of legislation dealing with all of these companies which should lay account in Parliament, and that will be done in due course.

Mr. D. J. H. THOMPSON: Sir, until it is done, the Minister of Finance is being given a blank cheque and no accountability applies, as I say, other than the requirement of the Bank to comply with the provisions of the Financial Institutions Act, this Parliament has lost all financial oversight over the operations of the Barbados National Bank, but the Government continues to offer it a guarantee.

I cannot accept that and I am not waiting for any new legislation. This is about the seventh piece of legislation this Government has brought to Barbados. Apart from the formation of a number of new companies which now exceed about 12, many of which the Government has offered guarantees for borrowings and yet Parliament has no oversight.

Mr. Speaker, we had a charade in here some months ago where a company that was not doing any borrowing, required no guarantee from Government, that is Caves of Barbados, a piece of legislation was brought to give Parliament oversight over its operation and to give the Minister power to give directions to the Board. Sir, that is a company which has not received any guarantee from the Minister of Finance and has no power to borrow under the legislation. It may have power as a private company but that is a backhand way of dealing with Parliament.

Mr. Speaker, I do not like it and I claim, as would you, the Speaker of this Chamber, the right to say that we must not surrender our powers. This is the most blaring example of the extent to which this Parliament is being sidelined, of which democracy in Barbados is not functioning in the way it should be functioning and of the fact that we are

surrendering. As Parliamentarians, if we allow that to happen, it is going to be meaningless to sitting in this Parliament because one of the key ways in which Parliament, as an entity, maintains oversight over the Government's entire operations is by requiring those statutory corporations and other entities to file their financial statements and lay their statements in Parliament.

We once had a debate in this Chamber some years ago. I was part of the Government on the Front Bench, in which the Government wanted to sell a plantation in St. George to a particular individual and the Opposition and the Back Bench disagreed.

Asides.

Mr. D. J. H. THOMPSON: This was in the 1990s, Buttals Plantation. You were part of it because you voted against it too, the Honourable Member on that Side. We agreed we were not going to sell it because the deal which was presented to us, was not worth it. At least it had to come here for that kind of decision to be made. The Minister was a bit reluctant so he was happy, I think, that there was that kind of revolt but we are losing complete control.

I do not think that is a trend that is happening in other countries and I think it is something that we have to look at very seriously. The Government is going to have a large stake in the Barbados National Bank, in ownership guarantee and also the powers of the Minister of Finance, as successor powers under this new piece of legislation. Sir, the only way that we are going to be able to maintain that control is if we ensure that Parliament is given the respect to which it is to be accorded.

Sir, I am not opposed to a privatisation programme *per se*. I think that both the 1991 and 1994 Manifestoes of

the Democratic Labour Party make the point that we are basically a party committed to the principles of the mixed economy, that we believe there are assets in Barbados, that one point in time the Government may have had to play a key role in their formation and the initiation of their activities, but the time comes that those assets may be sold.

The greatest argument this Government has put forward, not today, I agree with what the Honourable Member for St. Thomas was saying, but the Parliamentary Secretary in the Ministry of Energy, who apparently knows little about energy and says nothing about energy but has more to say about everything else in Barbados, wrote an article about a week ago in the Business Authority, in which he pointed out that this is no fire sale. His argument was that this is an orderly process of selling the assets in BNB to contrast it with previous sales of Government assets which this Barbados Labour Party would have argued were fire sales.

Sir, never was an asset sold under the Democratic Labour Party, or never was the offer document made available, before this Parliament agreed to its sale. Even when the accusation of a fire sale was taking place, we always went through the process.

Asides.

Mr. D. J. H. THOMPSON: All of those things came before this Parliament before they were completed. You were in here then. They did not come formally because they were not required to come formally but this House debated all of them. The information was not made after. In fact, the agreements were laid in this Chamber. Check the record and see because even in relation to assets that

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were sold for which it was not required to pass any legislation, we still laid out for the people of Barbados by ministerial statements, the process that was underway.

When Arawak Cement Plant was sold, before it was sold a ministerial statement was made by me. When Heywoods was to be sold, before it was sold a ministerial statement was issued. We then set up the Public Enterprise Investment Fund and put the proceeds of the sale of those assets into that Fund, which provided this Government with millions of dollars to put into the GEMS Project, to put into the Cricket Association, to put in a whole series of companies, some of which have gone bust, some of which are still operational and some of which are of doubtful pedigree.

The point is that this money was there. What we have now, where there is no fire sale, is Parliament being told, basically, that the list opened yesterday and it opened on the

assumption that this Parliament of compliance, you cannot say "loopy dogs" because that would be unparliamentary – You do not even want it in the records, Sir, but supine, spineless individuals are going to pass this piece of legislation to meet the Barbados National Bank's deadline.

Sir, the Bill has been on the Order Paper for a long time and that is not our fault because we do not direct Government's Business. We are in Opposition. The fact that it has been on the Order Paper for a while is still no excuse. Parliament has a timetable and I assume the Government had other pressing matters that it was attending to, and got to this in due course, as is the familiar language of the Civil Service. We are debating it now and it should proceed from this debate that the Prospectus should be issued, and all of the other procedures that need to be put in place, would be put in place. That is my view.

Asides.

12.55 p.m.

If he wants to contradict me, he must go and check the files of the Ministry of Finance because this is not the first time the Barbados National Bank and the Insurance Corporation of Barbados have been considered for sale. This is not a Barbados Labour Party policy. This is a Democratic Labour Party policy that is now being implemented.

The argument back in the 1990s was, and it was even adduced here in this Parliament, that you could not sell them because they were statutory corporations and, therefore, you had to bring to Parliament first...

Just like the Caribbean Broadcasting Corporation (CBC), not only did the Honourable Member for St. Thomas argue that point, he asked a parliamentary question in here about how we would sell CBC since it was a statutory corporation. We then replied and said that before selling it, we would convert it into a company and we would make decisions later on as to whether it would be a publicly listed company or whether we would take off parts of its operations and divest them. So we understood that was a condition precedent.

Obviously, the Barbados National Bank has a timetable that collided with ours. The Barbados National Bank's timetable takes precedent in this matter, so this Parliament is complying with the instructions of the Barbados National Bank in that regard, but it is not a fire sale. It is being done in haste and we are meeting a deadline. They set their offer date already but it is not a fire sale. We are to regard it as a most orderly, natural, legal process for the sale of the assets of the Barbados National Bank. This is the most absurd situation that I have come upon, Mr. Speaker, in this Parliament since I entered it in 1987. It is totally absurd. It could be a valid accusation that it is a fire sale for a variety of reasons.

There are persons to whom these shares are being offered who would argue that making the shares available in the month of December, is the worst possible time of the year for them to come up with the resources to purchase those assets.

I know that the Government wants to encourage Barbadians to save rather than to spend. They do not mind a man on the West Coast building a \$58 million house or building a jacuzzi for his personal use that costs \$3 million, or putting a statue of Lord Nelson on his lawn. We in this country are supposed to accept that it is all right for those guys to spend, but it is necessary for the little people in Barbados, the average person, to internalize some notion that when he gets money, he is not to spend it, he is to save it. That is a difficult proposition to put across to the public in this country. Saving is very desirable, but there has to be an

entire national ethos to mobilize the savings, as the Honourable Member for Christ Church South said, of every Barbadian.

These shares, as I understand it from what the Honourable Member for St. Thomas said, are being targeted at the average Barbadian, but the last six weeks of any year is not going to be the most propitious time for those individuals to find the money to buy shares in the Barbados National Bank or any other institution. We have a number of people in this country. We have people who have the ready cash. We have the people who can borrow that money or access that ready cash to buy the shares. We also have the third category of persons who does not and will never have the resources to buy shares in anything.

I am assuming that the Government of Barbados is focussing its attention not only on those who have, but on

those who through their saving institutions and also where possible and feasible they can find the resources, to assist them in purchasing these shares.

The second point I want to make is if there is a gap in consultation with parliamentarians on this issue. I still sense that there is an even wider gap in relation to consultations with the public. I was in London earlier this year and heard from people in London what a fiasco the meeting at Hackney, what they called "the Happy Hour Meeting" in which the Prime Minister addresses Barbadians living in London, on the sale of shares in the Barbados National Bank, turned out to be. It turned out, I understand, to be a fiasco.

Beyond that, what has been done in Barbados to sensitize and promote the sale of shares in the Barbados National Bank or for that matter in the Insurance Corporation of Barbados? What kind of planning has gone into the process of getting credit unions to free up some of the resources they may have locked up in long-term investments so that they can take advantage of the sale of Barbados National Bank shares at this time? Has any discussions taken place? Has there been any attempt to sensitize the leaders and members of the major credit unions in Barbados? Does the Barbados National Bank timetable or the Government's timetable coincide with the timetable of available resources to the credit unions in this country?

Another point that needs to be made is that while the Honourable Member for St. Thomas focuses on the tax benefits that may be available to Barbadians from the sale of shares, one also has to understand that those tax benefits are only going to accrue in certain circumstances to individuals who earn \$15 000 per year or more, which is \$1 250 per month or \$289 per week. They will have to bear that in mind if they are focussing on persons who are earning less than those amounts.

As I assume the Honourable Member for St. Thomas was arguing that the Government is, then I believe that we need to find some additional incentives to get those persons to purchase shares for their children or to make direct investments themselves in the purchase of the Barbados National Bank shares, assuming that they have agreed that the persons who are being targeted by this process are the persons who indeed the shares of the Barbados National Bank should be sold to.

Mr. Speaker, I was also privileged in this debate to hear the Honourable Member for St. Thomas speak about the major turnaround in the Barbados National Bank, but it is a pity that he did not focus a little more attention on the very difficult decision which in itself paved the way for the position which the Barbados National Bank finds itself in

now.

There is no doubt that it was the Barbados Labour Party policy, particularly in the Agricultural Division of the Barbados National Bank, that compromised the Barbados National Bank in the first place. Almost all of the entire sugar portfolio ended up in the Barbados National Bank. There were only about two or three plantations which were borrowing from other banks. Barclays Bank PLC had one and CIBC had one, but the Barbados National Bank assumed responsibility for the entire sugar industry and almost the entire agriculture sector portfolio in this country. A decision was made in 1992 to 1993 to remove that non-performing portfolio out of the Barbados National Bank to form the Barbados Agricultural Credit Trust and to make all of the other arrangements to clear up and clean up the portfolio of the Barbados National Bank.

It was not only the sugar debt, the Government of Barbados also cleared a lot of the outstanding arrears from statutory corporations such as the Agricultural Development Corporation, ADC, as it was called in those days, CARICARGO, I think had balances with the Barbados National Bank, and the Arawak Cement Plant. All of that was done by the Democratic Labour Party and was a significant boom to the present position in which the Barbados National Bank finds itself.

I do not wish to discredit, nor do I have any evidence that could discredit the contribution of the present Managers and Directors, and I would like to compliment them to the extent and that any decisions that they made will continue to reform and restructure the Barbados National Bank.
1.05 p.m.

The major and most momentous decisions had been made a long time ago and it was hardly likely with those decisions made that the Barbados National Bank could find itself in anything other than an attractive position after 1993 and 1994. I think that point is extremely important and that needs to be recognized.

I hope, Sir, that as the debate continues, I will be able to pick up on that point. Before I move from it, Sir, let me make it extremely clear to the Honourable Member for St. Thomas that the decision to give the Barbados National Bank an interest rate lower than the market rate on the bonds which the Government had issued to it was the decision of the Minister of Finance.

It might have been recommended at some point by the IMF, but it was also the considered opinion of the Ministry of Finance that the Barbados National Bank itself had contributed significantly to the position in which it found itself. We felt that they should get no premium nor should they get market rates in respect of the bonds that were

song and dance in here about it, but my own view is that if a bank contributes to the position in which it finds itself, that the Government has no obligation to give it an attractive bail out. It must also bear some of the burden.

One of the reasons why BATT has found itself in difficulties very often divesting the sugar assets or finding out the true size of the sugar debt in Barbados, is because of the negligence that had taken place in the Barbados National Bank for a long period prior to 1986 and it continued to be a matter of great concern after 1986.

Fortunately, I was part of an administration that put a stop to that and, therefore, the Barbados National Bank now finds itself in a position where their finances have improved and where it bore no penalties for the negligence, and now it is in such an attractive position that it can be made available to the public for sale by way of shares. I will pause for now, Mr. Speaker, because I know that we have other things to do.

Hon. D. A. C. SIMMONS: Mr. Speaker, I would ask that further consideration be postponed and we will resume after lunch and let the Honourable Member continue his speech.

SUSPENSION

Hon. D. A. C. SIMMONS: Mr. Speaker, I beg to move that this House be suspended until 2.15 p.m for lunch.

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

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

1.12 p.m.

RESUMPTION

Mr. SPEAKER: This Sitting is resumed.

Mr. D. J. H. THOMPSON: Mr. Speaker, when we took the break, I was making the point for the benefit of the Honourable Member for St. Thomas, that the most dramatic decisions which would have led to the current solvency so called, since you cannot really say that a bank that has a government guarantee would be insolvent unless the government is insolvent, the current profitability of the Barbados National Bank would have been as a result of removing that non-performing portfolio. Not only that, the House collectively agreed one day in here that we clear \$66 million in arrears. I do not know if you recall that debate.

We increased the contingency vote in the Ministry of Finance and wiped the slate clean so that in a sense BNB was able to be off on a good footing from that point and, as I say, I do not want to take away from the work that is done by the current Board but it would be as difficult for that Board to put BNB in a worst position as it would have been a monumental task for the Right Honourable Member for St. Peter to put the Barbados economy in reverse gear because it was growing so well. As a former Minister of Finance who is not now with us said, he had a perfect wicket on which to bat. Likewise, the Board of the Barbados National Bank had a perfect wicket on which to bat and they were able therefore to take major decisions.

If I can fault them for anything it is that a decision to privatise the Barbados National Bank, which would have involved the credit unions, should probably have taken place then because the credit unions in those days were still in a fledgling state and the whole rationale for establishing the Barbados National Bank, and the Honourable Member for St. Thomas can correct me if I am wrong because he said he participated in that original debate – I remember being a spectator in the gallery – the whole rationale was to establish a people's bank in Barbados. You did not have credit unions flourishing like they are now. There were no real people's investment institutions. So the Barbados National Bank became the first of those major institutions but in the 18 years since the Bank was established, the people have also developed other institutions that have very admirably taken care of their savings and investment needs, namely the credit unions.

What the Government of Barbados is presently trumpeting as a major enfranchisement and empowerment exercise is really not that at all. All you are doing is shifting some of the resources of the credit unions from their long-term investments into investment in an institution which is in competition with them although not in direct competition. It is not a major exercise in economic empowerment that is taking place in Barbados.

You created a people's bank in 1978. It mobilised the people's resources and did some good things but the people themselves also developed some of their own institutions alongside the people's bank and, perhaps, this is not really the best time to be calling on credit unions to invest in a bank. It does not serve any useful investment purpose for credit unions at this time. Five or six years ago that may have been the case. Economic conditions were different. Perhaps at that time you wanted to encourage the credit unions to bring a more private sector approach to their operation but they have already started to do that.

When you go into the credit unions in Barbados the facilities that they have almost look like those of any commercial bank in Barbados. They are developing joint venture operations and also going into other kinds of financial services like insurance and so on. The decision to November 28, 2000

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involve credit unions in buying into the Barbados National Bank is about 5 to 10 years too late. It is not going to make a lot of difference in terms of empowerment.

For the workers in the Barbados National Bank, I give 100 per cent support to them being owners along with others in the enterprise, which brings me to the point that except in respect of two sales, all of the other assets which the Democratic Labour Party sold we ensured that workers were given a stake in those operations. It was a condition of the sale of Arawak Cement Plant that the workers be allowed to purchase a tranche of the shares. It was a condition of the sale of Heywoods Hotel that the workers be given an opportunity to purchase shares. It was a condition of the sale of Pine Hill Dairy shares that the workers take a percentage of the shares. I believe that in every case the workers in those enterprises took out the allotted amount.

The company also made arrangements very often to lend them money to purchase those shares. I do not know if this is happening with the BNB scenario but I think that is a desirable development or to arrange for financing to purchase those shares. We encouraged it in relation to Pine Hill Dairy, Heywoods and Arawak Cement Plant. Each of the assets which were privatised by the Democratic Labour Party have ended up making a terrific contribution since they were privatised.

We had a lot of critics. Not the least among them were the Barbados Labour Party. I can see many members on that side who jumped up and down in here week after week castigating and blasting the Democratic Labour Party for the sale of those assets. When you think of the things they attacked us for and then clasped to their bosom, it shows you the level of hypocrisy that politics can descend to.

Heywoods has turned out to be a major boon to tourism in Barbados. It was obviously such an attractive property that even when others wanted to come and buy it the workers said: "No, we want to stop this sale." No sooner than Arawak Cement Plant was privatised it became the first company in that calendar year to conclude a collective agreement on wages with the Barbados Workers' Union. It then re-opened the kiln and carried out major expansion.

When we were selling the Arawak Cement Plant, there were members on that Side who were then over here telling me that the Trinidadians were going to close it down because

they wanted to monopolise the whole market in the Caribbean and that it was a sinister and clandestine plan by the Trinidadians to do that. Today, the Arawak Cement Plant is contributing so significantly that the Government now wants to enter into a major arrangement with Arawak to provide concrete roads in Barbados.

I do not blame the Honourable Member for St. Michael West Central because he was not part of that inglorious lot in those days. He was elsewhere. I only excluded him in case he wanted to say anything about it. The point is that all of those assets – Pine Hill Dairy which the then Barbados Labour Party administration was saying cannot survive trade liberalisation and the Right Honourable Member for St. Peter did everything in his power to ensure that a Trinidadian purchaser of shares could not purchase it by refusing to apply the rules which would have provided for a waiver of the property transfer tax which two years later he abolished altogether. Think about it! It was such an attractive company when the balance of those shares was made available for sale.

The experience of privatisation in Barbados has been a very positive experience, so too, Trinidad, by and large, Jamaica, not so, and in only some sectors in Guyana. We cannot complain about the kind of problems privatisation has created in a number of South American countries. We cannot even complain about the problem of privatisation that Britain experienced under Thatcher. We have carried out better forms of privatisation in my view and we should acknowledge that. That is where the debate needs to start in relation to privatisation.

Privatisation can be a tool for empowerment but you have to work out who is to be empowered at what point. Whereas ten years ago it might have been important to empower the credit unions you cannot say that in the year 2000 that with the kind of assets which the Honourable Member for Christ Church East always boasted that the credit unions have because he is a big credit unionist and I have sat and listened to him giving many lectures on credit unionism. You know the kind of assets they have now. There would have been a significant jump in those assets in the past 10 years.

2.25 p.m.

Mr. Speaker, privatising the Barbados National Bank ten years ago to involve the credit unions was a strategic move.

I challenge the Honourable Member for Christ Church

East to tell me whether now is the time for credit unions to make an investment in the Barbados National Bank. I am not saying that you should not find other joint venture partners or strategic financial institution partnerships and so on but I do not think that credit unions should be one of those at this time. I think they have already done a good job and their role should not be mixed up with the role of a privatised Barbados National Bank because a privatised Barbados National Bank now moves into another category of institution and it becomes like any other private bank operating in Barbados under the Financial Institutions Act. Sir, that is something different from a credit union.

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Asides.

Mr. D. J. H. THOMPSON: It is not for me to say what the differences are. Those who have had a long history of association with credit unions will point out what some of those differences are. I know the Honourable Member for St. Lucy has some views on that but the Barbados National Bank will now be in direct competition with Barclays Bank PLC and the Royal Bank of Canada *et cetera*. I suspect that many of the new rules of commerce and trade are going to have some impact on the operations of the Barbados National Bank and the way it competes in the market.

Once you get into scenarios where procurement and Government involvement in enterprises are starting to be scrutinized as a means of freeing up those kinds of things, then the Barbados National Bank is going to have to function in the market on the same basis as other banks. Interest rates on deposits and strict commercial decisions, getting the best rate of return on deposit, and how to best compete with other private banks in Barbados to get customers to come in will be the relevant issues. I think that is something that needs to be very carefully strategised on by the Government.

The Honourable Member for St. Thomas needs to tell us what the Barbados National Bank sees as its role as a private bank in which Government has 49 per cent shares, functioning in the market with other private banks in Barbados because that is at the crux of our debate here.

Sir, the Barbados National Bank will also have other alliances. It has established five mutual funds, it has an alliance with the Barbados Mortgage Finance Company and, obviously, it is going to be the senior partner, or so it seems, in a new financial arrangement that also involves the Insurance Corporation of Barbados, which gives it some market share in Barbados and which is no longer guaranteed by Government.

This market share is going to have to be determined by its ability to compete effectively with other insurance companies, other mutual funds, other venture capital funds, other banking institutions and even to compete with non-banking institutions which may provide similar kinds of services to those which are provided by the Barbados National Bank to its customers. Sir, let us realise that we

need to locate the Barbados National Bank within Barbados' financial sector as a whole.

Other commercial banks in the area have been sold as well. St. Lucia sold shares in the National Commercial Bank of St. Lucia and Barbadians bought shares.

Asides.

Mr. D. J. H. THOMPSON: I am being told that the Barbados National Bank had 10 per cent shares in the National Commercial Bank in St. Lucia, that is a sensible approach. Likewise, I think that we have to look at what the role of the Barbados National Bank is going to be regionally because the very next step that is going to affect the viability of the Barbados National Bank, whether positively or negatively, is that there is going to have to be financial sector liberalisation in Barbados which will see local banks coming into direct competition with other regional banks like the Republic Bank which is a large bank and has very strong partnerships with other major banks and players in the region. Sir, there is a whole new ball game out there in relation to the banking sector.

I saw an article in the newspaper written by the Honourable Member for St. Thomas at the Bar Association's Meeting relating to lawyers. Mr. Speaker, lawyers are some of the most reactionary people in any society and when competition starts to come from outside they will then start to see what the free trade debate is all about in this country. It has not affected that category of Barbadians yet but when it starts to affect that category, which has the most persons in this House of Assembly and on corporate boards, there will be another backlash from globalisation that was not anticipated.

Sir, the Honourable Member for St. Thomas made a very important point at the Bar Association's Meeting which has been made in here more than once. He said that even lawyers are going to be facing significant competition.

Mr. Speaker, it is happening now because people overseas are sending security documents here to be recorded

and, basically, want to be charged only a clerical fee because the perusal and the signing of documents have already been done overseas so when the documents are sent here, they expect the lawyer here to charge only for sending the documents over to the Corporate Registry to be recorded.

Therefore, the point made by the Honourable Member for St. Thomas is important and it also has to be seen in the context of what is happening in the entire financial sector. We need to know the strategic plan that the Directors of the Barbados National Bank has for the Bank in relation to the Single Market and Economy and facilitating capital flows in the region. I think this is extremely important.
2.35 p.m.

Another vital and critical point that needs to be made is, as I understand it, when the shares are sold, the net proceeds that should be going into the Public Enterprise Investment Fund would be to the tune of \$200 million, less Government's amount. We would probably be talking about \$100 million, which would be the net amount or thereabout, which would be made available to the Public Enterprise Investment Fund, which was a fund set up to receive the proceeds of privatised assets in Barbados.
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I am still not happy with how the money in the Public Enterprise Investment Fund had been allocated. At one point the Minister of Finance said that he would be using it to build new capacity in the Barbados economy. The first set of money that he took out was to invest in an airline that closed down a year later. The second set of money was put into a venture capital fund that could not get off the ground for nearly three years. I do not think that the interventions that have been made by way of resources in the Public Enterprise Investment Fund have been as strategic and beneficial to Barbadians as it could have been.

The assets that are being sold and the proceeds from the sale of those assets can be used to do a number of extremely creative things in the Barbados economy and to the benefit of Barbadians. When you get \$30 million from the sale of Heywoods Hotel, \$13 million from the Arawak Cement Plant, \$100 million from the sale of the Barbados National Bank, *et cetera*, a Government, before those funds come in, must be able to set out to this Parliament a plan for the use of those resources over the short, preferably medium to long term. That has never been done. This House has always been informed after the money had already been allocated.

We had a problem with Carib Express and we gave them \$500 000. We needed a cricket consultancy done and we gave them \$2 million. Sir, only when the accounts are made available to Parliament that we realise what money has been used. You take up a ball park figure of \$10 million and put it into the Social Investment Fund and nobody explains

what has happened to it. We spent \$7 million to knock down the Hilton Hotel and to date Parliament has not been treated, either by way of Private Members' Resolution or otherwise, to a full explanation of how that money was spent and what the future investment plans are.

You would have to be a subscriber to the *Broad Street Journal* ...

Asides.

Mr. D. J. H. THOMPSON: You would have to go to a breakfast meeting to hear the Honourable Member for Christ Church South say what the Hilton is all about and that was the first full explanation that was given.

This Chamber has never been treated to any such explanation but I can pick up the Accountant General's Report on the Public Enterprise Investment Fund and what do I see: "\$7 million allocated to Needhams Point Development Limited." Now you are going to put the Honourable Member in an embarrassing position. If you do not have a debate nor a discussion or some kind of analysis of how that money is going to be spent, and the onus should not be on him because he has no power to release the money, it is the Minister of Finance.

At the end of the day when the Opposition talks in here, we will have to put some of the blame on the Honourable Member for Christ Church South.

Asides.

Mr. D. J. H. THOMPSON: I have no doubt that the \$7 million has been spent on things that need to be done but I do not know what those things are, neither do the back benchers. It is the responsibility of the Minister of Finance to say that we anticipate this fiscal year that we are going to be drawing down \$20 million for the Public Enterprise Investment Fund to make the following investments in the Barbados economy. Set out what those investments are and let the House debate it, that is our role.

As I said, it should not be a situation where accounts are laid in here and when I read the list, Mr. Speaker, of the Public Enterprise Investment Fund, there were some Members on the back bench who opened their mouths in awe because they thought that I had a document that nobody else in here had and they were surprised that amount of money had been made available.

I am sure that the Honourable Member for Christ Church East Central benefited greatly from that information during the Budget debate. I think we need to find a better way of doing it, a way in which the relevant Minister makes that information available to us and we can debate whether that money is wisely spent or not. No doubt the House would have approved all of the expenditure, except for the GEMS Project, and, therefore, it would not be a major problem at the end of the day and to my mind.

There are only two more points that I want to make, Mr. Speaker, Sir. I want to reiterate my concern about the Bill and appeal to the Attorney General to reinsert a clause which requires the Barbados National Bank “for such time as the Minister’s guarantee remains in place to lay in Parliament their Financial Statements.”

It has to go public. It is the financial statement. That is not what we are questioning. It is a matter of principle. The Public Accounts Committee has no power in respect of statements published in the newspaper. This Parliament can only have what is relevant in respect of financials laid in Parliament.

If you give the Bank a guarantee, you must insist that it lays its financial statements in Parliament. They have obligations to the Central Bank of Barbados and to the wider public in the sense that they publish those financials, but now nobody can question them on those financials other than their auditors.

I am appealing to the Honourable Member for St. Thomas to reflect on that and to reinsert in this Bill a

provision which similarly exists in the BNB Act to require the Barbados National Bank to lay before Parliament its Financial Statements for such time as the guarantee by the Minister of Finance remains in place.

Hon. D. A. C. SIMMONS: Mr. Speaker, I wish to give the Honourable Member the assurance that I will not amend the existing Bill today but in accordance with what has been

proffered in the Government's position some time ago, we accept that the Honourable Member has made a good case for increased accountability. What I envisage, in due course, is a Bill which will say that the following bodies mentioned in the Schedule to this Bill, that the Annual Reports be laid in Parliament through the relevant Minister. There will be a list of those entities in a schedule.

Mr. D. J. H. THOMPSON: The Honourable Member for Christ Church South made the point a few weeks ago in here that very often you may have a secrecy clause or a non-disclosure clause in contracts or whatever. Where that exists, then we have to honour that. Nobody is saying that you want to get access to personal accounts of depositors in the BNB because that has never happened, even with the provision in place. What you want though, is the opportunity to have full accountability.
2.45 p.m.

The last point that needs to be made is made in respect of those persons who oppose privatisation on the basis that one is taking an asset which is owned by all and transferring it to a few.

The Government's argument is that they are empowering people but those guys say no, you are not. Before it was owned by everybody, now it is being owned by fewer persons.

I support privatisation as long as there is a transparent way where every individual who has the resources available or can access them, can buy shares in that privatised entity. I think that is enough and when you have an asset which is owned by government...

Asides.

Mr. D. J. H. THOMPSON: Precisely. The people who want to make investment decisions may not, themselves, benefit directly from those investments. The purchasing of shares for the benefit of children should not be seen only from the context of earning money. The idea of a Prospectus arriving at one's house and being on one's coffee table puts an image, not only before you but also before your child, that to my mind, can be transformatory.

I did not grow up seeing any Prospectuses but any time I see shares being sold, I am going to buy them. I do not think that my children should grow up feeling that their parents have not advanced at least a step further than the previous generation.

Secondly, there is no reason why only the traditional investors should have access to information and not the average citizen, so that seeing a Barbados Light & Power Prospectus, an Almond Beach Prospectus, and a Financial

and Annual Report should, to my mind, form part of the normal activity of a household in Barbados if children are to be encouraged children to have a business outlook.

In almost every middle-class home in the United States of America and, certainly, in every home in the emerging or emerged black middle-class in America, one will see the incident of their investment decision; whether they have invested in a local Light & Power Company, have a Mutual Fund account or some other investment activity taking place.

I am not saying that one has to buy the *Financial Times* and read the Share Index every day, nor listen to the *Cable News Network Financial News*, but I am saying the only way that one is going to, perhaps, change the outlook of the next generation of Barbadians, is by a process of exposure where they feel that nothing is foreign to their personal family or even community experience.

There are some parts of the world in which associations buy shares when they raise funds. When they raise \$1 000 in a cake sale or in a T-Shirt sale, they take it and invest that money in a high-yield investment. We have some very high-yield investments in Barbados. I believe Fortress Mutual Funds and some of our mutual funds are some of the high-yield investments in the world. Fortress Mutual Funds came out, I think, No. 3 in terms of the rate-of-return on the investment, either in the world or the hemisphere, I cannot remember which.

Therefore, to imagine if one takes \$3 000 or \$4 000 which a constituency branch has raised or which a community group has raised and be able to invest it in some kind of business activity. It could be at the community level, but you could also make some investment in the economy where you are going to have a continuing source of income to take those guys who have to look every month for \$36 to buy tokens for basketball lights. If they know that they have to look for \$36 per month, they could invest in some kind of investment that could yield that \$36 per month. I am thinking of those kinds of investments because it has been shown, time and time again in other countries which have been able to mobilise the savings of people, both at a micro level and also at a larger level.

Let me reiterate, Mr. Speaker. We on this Side are extremely concerned about the lack of consultation and lack of courtesy that has been extended to this House in relation

to information on this sale: the fact that the Prospectus was only laid in here today; the fact that the Barbados National Bank went out and basically started to solicit subscriptions for its shares even before the entity that owned it had agreed that it will be transferred into a private company.

Fortunately, the Insurance Corporation of Barbados did not follow that very unhappy route and was not so arrogant as to believe that this Chamber was merely a rubber stamp of its activities.

We too are extremely concerned about the level of consultation that would have taken place throughout the society, again on the benefit of purchasing shares and the value of the change in the status of the Barbados National Bank shares. As I said, a country approaching 34 years of Independence, I think there are some things that we have already learned and should be able to put right.

We have had many experiences in privatisation before and I am very unhappy about the methodology that has been used in relation to the sales of these Barbados National Bank shares.

We have expressed concerns about the way in which the Public Enterprise Investment Fund proceeds are being spent. That is a very important point.

We have expressed concern, Sir, about the fact that Parliament has lost its power of oversight over the Barbados National Bank, even though the Minister of Finance is still giving a guarantee to the Bank in relation to its liabilities and the payment of its interests, *et cetera*.

In this debate we sought to point out that the single most important change that took place at the Barbados National Bank to put it in the position that it is in now, was taken since the period of 1992-1993. Though we do not say that to diminish the role of the present Bank, it is, nevertheless, extremely important to recognise that tough decisions had to be made in relation to the Barbados National Bank. It was the Democratic Labour Party that had to make those tough decisions. As a result of that now, we can see the benefits of the decisions made at a difficult time in our economic life which now redound to the benefit of every Barbadian.

I thank you, Sir.

Mr. SPEAKER: The Honourable Member for Christ Church East.

Hon. R. R. FARLEY: Mr. Speaker, I rise to support the Bill which is before this Parliament. The Bill is an essential component in making the conversion of the Barbados

National Bank's function under the aegis of the Statutory Board and to have them operating under the Company Act will, principally, result in making clear for the divestment of a substantial portion of the Government's interest in this entity and, therefore, providing an opportunity for the public of Barbados to become owners of the Barbados National Bank.

It would also, Sir, remove an anomaly which exists in terms of other financial institutions which are quite similar to the Barbados National Bank and other commercial banks, which essentially function under the Provisions and Regulations of the Financial Institutions Act. They are required to meet various tests of solvency and under regulatory requirements and as a government-owned entity providing similar services, which is not required so to do.

I also want to focus on the privatisation of this Bank. We have already heard of the Government's privatisation policy and I trust a policy on which Members of all Sides of this Chamber appear to support.

Our policy, Sir, which is very clear, is one in which we are not at all interested in minimalist government, as is the case with the conservatives right-thinking, their view of privatisation is merely a matter of Government abandoning its role in the economy and turning it over, preferably to very large, narrow interests within the economy under the false pretense that some artificial construct called "the market" will, itself, direct that all things will emerge with a correct answer.

We, of course, believe in the functioning of a market but, as example will show, even the most free market, even the market which best exemplifies the theoretical concept of a free market and free competition in economic theory, for example, the New York Stock Exchange, *et cetera*, functions freely but within an elaborate set of rules.

In all cases where the Government is pursuing strategies which would provide great opportunities for the non-governmental aspects of the economy in all of its manifestations, will also be accompanied, Sir, by a clarification, strengthening and generally, a modernisation of the rules within which such entities function.

Sir, the introduction of a Financial Institution Act a few years ago was an essential first step in moving us in this direction. Even though the Barbados National Bank was operating under statute up to when we finish our business here today, the Government had given a mandate to the Bank to function, as if all the requirements applied to it as well.

We were of the view that in terms of the timing of our

dispose of a Governmental entity that had become a burden on the State.

Sir, from 1994 our principle mandate in moving towards privatisation of the Barbados National Bank as well as the Insurance Corporation of Barbados and other entities, has been to put them in a profitable and well-functioning position.

2.55 p.m.

Again, unless that was done, Sir, the only interest which would have taken over these operations, would have been the same traditional share-owning, property-owning financial institution-owning class of Barbados because they would be the only ones with the wherewithal, both financial and technical to make wrong things right.

What we have in front of us, Sir, is an opportunity for genuine economic enfranchisement in Barbados where the bloc of shares allocated to staff, the bloc of shares allocated to credit unions, trade unions and mutual funds, the bloc of shares to the general public in small blocs, as well as the retention by the Government of a substantial shareholding at this stage and if, and where necessary, the offer of shares to strategic partners also within the financial services sector, that strategy, Sir, provides an opportunity for broad-based ownership.

I share the views expressed, that it is an important aspect of our national development and an important component of nation building, that we move with haste to complete the economic empowerment of our people, and this is one way of doing it.

I certainly will look with pride and consider the success of this privatisation, based on the extent to which, as I visit the houses of the people in my constituency, that I am able, not only to see the Prospectus as offered but, more particularly, Sir, to obtain reports that many of the ordinary people have subscribed to the issue, either as individuals, through their credit union or through the new, exciting mechanism of the mutual fund.

My simple submission, Sir, is that all of this would not have been possible or would not have been as attractive as it is today, unless the Government had a very clear philosophy on the divestment, based on its interest in allowing the general public to share in a profitable entity, rather than merely stepping back and pulling back Government's interest in an entity, which was not functioning as a proper commercial bank.

Among the things that were done, Sir, everyone knows

of the need to remove the agricultural portfolio from the Barbados National Bank, where what was in fact could only be described as a state subsidy for an important sector of the Barbados economy was fashioned as a loan. No commercial bank as you would appreciate, Mr. Speaker, would provide financing in cases where the liabilities of the corporate entity far output the assets. This is why it was important to establish the Agricultural Credit Trust and which is why we are also moving, and we have moved towards the establishment of the Agricultural Development Trust because we recognise the importance of providing financing to safeguard our strategic agricultural interest. We also recognise as well that we can no longer imperil our financial institutions by way of having them implement policies which go outside their mandate, and that is an important point.

Sir, we must not get away from the fact that in addition to agriculture the Bank, at the time of the 1992-1994 restructuring, there was a substantial portion of non-performing loans on the books. According to the records of the Bank, some 30 per cent of its loan portfolio was non-performing in 1995 which would amount to about 1 200 accounts. Sir, that has now been restructured and that is down to 7 per cent which is within the norms for the operations of a commercial bank.

Asides.

Hon. R. R. FARLEY: Of course, we had to do that.

In fact, Sir, the Bank takes credit to the prudent decision to make adequate loss provision, because the choice between showing a profit but, not providing for your loans, and taking adequate provision and postpone the date on which you make a profit, was a clear one.

The happy result, Sir, is that the projected profit for this year is in the region of \$20 million, and that is the kind of background against which one would want to invite a privatisation, rather than attempting to privatise a financial institution that is in nothing short of distress. Sir, not only has the banking activity of the Barbados National Bank been showing success but, as we all know, the Bank has as one of its subsidiaries, the Barbados Mortgage Finance Corporation.

Sir, that institution continues to make a very meaningful contribution to the task of housing the nation. At present, under their portfolio, there are some mortgage assets in the region of \$109 million and that is covering some 2 212 houses. We can easily translate this to 2 212 families, having benefited from the operations of the Barbados Mortgage Finance Company over time.

3.05 p.m.

In fact, such has been the confidence in this subsidiary of the Barbados National Bank, such has been the confidence in the general economy and in the future of the island, that in 1999, there were some 315 applications alone compared to the previous year 1998 where they were just 124 applications.
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So both from a social perspective where one has an interest in a housing image and also from an investor's perspective, one can see that there is tremendous scope, not only from the commercial banking activities of the Barbados National Bank, but for its commercial subsidiaries, and that there is tremendous demand for the services which are provided.

Sir, the Government, in its attempt not only to provide a profitable opportunity for investment, recognises that it also needed to provide some incentives. Therefore, over several Budgets, the Minister of Finance has introduced a series of initiatives to encourage persons to move in the direction of greater savings and also for investing those savings not only in high yield instruments but in instruments that will also contribute to national development.

So whether we look at the tax deduction of \$10 000 for investment in mutual funds; whether we look at the tax deduction of \$10 000 for new shares in a public company; whether we look at the deduction of 15 per cent of assessable income, or \$4 000, whichever is lesser for contributing to a registered retirement savings plan, or whether we look at the increase of deduction for contributions to a credit union, an increase from \$1 800 to \$3 000 per annum, and we could go on and on, the principle which we are developing on which these initiatives have been based is really one of empowering our people and encouraging them to become part of that property owning class. That, Sir, is an important part of nation building and an important part of the natural growth which we anticipate would go on.

Sir, I want to use the Floor of this Parliament to encourage a wide range participation in this Share issue. I also want to draw attention to the fact that the Barbados National Bank also has a mutual fund. I also want as well to throw my full weight behind the mutual fund industry in Barbados. Reference was made earlier to one of the mutual funds which in a recent advertisement was able to indicate that since its inception, the yield, for those who would have invested at its inception, was 94.6 per cent. That was only five years ago which is not a long time at all.

The importance of the mutual funds, including the Barbados National Bank mutual funds, is that it has allowed persons with disposable income, whether large or small, but who may not have the time, the skill or the knowledge of the market to prudently invest and pool these funds under common management.

The benefits to the individual are yields in the order of what I mentioned earlier by way of the example of one of the mutual fund, and the benefits to the economy are that here we have created pools of investment funds which are able to take advantage of such opportunities as these, privatization of a bank, purchase of lands in areas for development, purchase of shares in new companies, investments in overseas securities, the purchase of Government securities and we could go on and on. Through skilful portfolio management, we are able to combine purchase of low-risk, low yield securities with higher risks but potentially higher return securities and yields for individual investors substantial rates of return.

Sir, I am pleased to say that the plans that have been developed for the expansion and the enlivenment of the capital markets in Barbados are beginning to show some fruit and this is just part of that.

I want to spend a little time, Mr. Speaker, on the future of the Barbados National Bank that we have sought to create by way of a change of ownership. There can be no doubt that the financial industry generally will continue to change, and to change rapidly. Much of that change has already been seen in the financial institutions in the larger industrialized countries. Much of that change will occur in Barbados driven by both customer demand, because customers these days are more sophisticated, they are more exposed to what is happening in the rest of the world and they will settle for nothing less than the best, as well as by certain pressures brought from a regulatory perspective to change the way that banks and other financial institutions are regulated to meet certain international tests, some that we may agree with, some that we may not agree with, which will all impact on the Barbados National Bank and other financial institutions.

Sir, I note with interest the vision as articulated in the Prospectus of the Bank which says that:

"The Barbados National Bank shall be an exemplary financial institution exhibiting the highest standards of excellence and contributing to sustainable economic development in Barbados."

The first challenge I would want to throw out to them, if they propose to follow through on this vision, is that they be the first bank in Barbados to be able to offer full electronic commerce clearing facilities for business persons in Barbados and other wider internet banking services for

The reality is the efforts which are being made to facilitate e-commerce in Barbados, through the legislation which will shortly be in this Parliament, through the expansion, the improvement and the reform in the telecommunications sector, will not get very far if there is no provision for the full electronic clearance of transactions in the electronic format.

I am not satisfied that the banks in Barbados have accorded this objective as high a priority as they should. As

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it stands now, there have been several situations that have come to my attention where clients, some domestic companies and some international business companies, who have had projects where they wanted to do full e-commerce sales out of Barbados, and they have been able to do everything except actually route their money through Barbados.

They had to set up the company here but then rely on a bank somewhere else in the world to be the bank of clearance for the receipt of monies from persons making their purchases via the internet and payment by credit cards and for the payment of the suppliers of the items which are being traded. It is to Barbados' advantage to have those facilities in place as soon as is possible.
3.15 p.m.

The Government has also mandated, not just the commercial banks but also the Central Bank, to ensure that its supervision and regulatory system is also in place to deal with the matter of electronic transactions. The principal stumbling block is the need for that Bank to have imbedded into their processing systems information technology and e-commerce trading platforms which are very much part of regular banking services these days.

Similarly, on the question of Internet Banking, today in North America, Canada and the United Kingdom it is commonplace for one to be able to log on to a computer and transact banking business to move money from one account to another and the like.

For those who may think that is so far-fetched and esoteric, one can do that these days from an ATM machine. The ATM is really a computer located on the bank's premises or on some other agreed premises. All that is necessary is for some additional software to allow one to use a computer in one's home.

I want to challenge the Barbados National Bank, if it is to fulfil the vision, that it articulates exhibiting the highest

standards of excellence and contributing to sustainable economic development, that it should rise to the challenge and to be the first bank to be able to facilitate our economic development and to provide us with the opportunity to capitalize on opportunities in electronic commerce.

Sir, I want to challenge the Barbados National Bank as well, and I should note first of all, that they must recognize that the move towards being a full corporation under the Companies Act and essentially stripping themselves of the trappings of a state bank by way of operation through statute, does not mean that they have to become cultural clones of the branches of the international banks operating in Barbados or anywhere else.

The Barbados National Bank must be bold enough, yes, must meet all the credential standards, must observe the operations of its peers and recognize the basis of which they compete. The Barbados National Bank must not seek to imitate its international rivals as to totally abandon aspects of its social responsibilities. I am sure that all Honourable Members will agree that discharging social responsibility and recognizing the need to contribute towards economic and social development in Barbados does not have to be done by way of sacrificing profitability.

We are not asking the Barbados National Bank to make any decisions which are against its commercial principles or which are against its credential standards established by the Central Bank, but that it can, in its deliberate judgment, make decisions concerning its allocation of funds, the types of business activities that it will pursue and support, and that it, like the rest of us, will have confidence in some of the new entrepreneurs, new areas of business.

It also will be willing to put mechanisms in place and to maintain them where they already have them in order to ensure that the assistance that they have given in the past to the small entrepreneurs in new areas of business is not sacrificed on the altar of rampant commercialism under the misguided view of having now done the restructuring to operate on a commercial basis and having moved from a bank operating under statute to a bank operating under the Companies Act of Barbados that they abandon those

features. So that the Barbados National Bank's Micro-Loan Programme, for example, where it has a window for dealing with small business people and small entrepreneurs I will expect that to continue.

Sir, I expect the Barbados National Bank, as part of its investment strategy, as well as its contribution to national development, to be one of the financial institutions to invest and inject some funds into some agencies such as Fund Access, the agency for micro-enterprise development and into those various purpose built financial vehicles which the Government has established as a means of channelling funds in the areas of national development and where, in the establishment of those institutions, the Government recognized that it was important to make provision for financial institutions, individuals or companies to invest in those companies and to provide a source of funding. I challenge the Barbados National Bank...

Mr. SPEAKER: You have two minutes to conclude.

Hon. R. R. FARLEY: Thank you, Mr. Speaker. How time flies when you are having fun! Mr. Speaker, the Barbados National Bank therefore has that responsibility as an indigenous bank in Barbados to recognize that its future is very much intertwined with the future of Barbados. The future of Barbados will depend not as much on the November 28, 2000

maintenance of old structures and old business sectors as in the past, but in having an environment which engenders growth and development of the new sectors. I will be pleased to hear of the opportunities created by way of financing and having confidence in our musicians, artists, software developers, persons who are exploiting the new economy of Barbados.

Mr. Speaker, in conclusion, given that my time is up, I also want to wish the Directors and management of the Bank well as they also go into new areas in relation to the regulations. Certainly, we all know of the international moves to tighten the Laws in respect of money laundering. We know, of course, of the strengthening of the Barbados Money Laundering legislation. We have a proud record in Barbados. In fact, we have a better record in our fight against money laundering than the U.K., or the United States, or any of those large economies.

Honourable Members would have seen information in the *Financial Times* and other publications concerning the vast sums of money which are laundered through those main street or high street banks in those industrialized countries. Therefore, I look forward to the continued cooperation of the Barbados National Bank with the relevant authorities in Barbados as we seek to maintain our almost perfect record.

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Mr. Speaker, I support this Bill wholeheartedly. I support the efforts which have been made by this Administration to empower the people of Barbados by choosing an investment strategy which would give them the opportunity to be owners of a bank in Barbados. I do not think, Sir, that my grandparents, not even my parents in their young days, Sir, could ever have imagined that ordinary people like us could be owners of shares in a bank. All I simply urge that we the working people in Barbados at this stage of our development do not disappoint our parents and grandparents by failing to take up the opportunity which has been presented to us.

Mr. Speaker, I am grateful to you.

Mr. SPEAKER: The Honourable Member for St. Lucy.

Mr. D. St. E. KELLMAN: Mr. Speaker, let me say from the beginning that I have watched a very interesting thing about this whole debate. Some six years ago I said in this Parliament that I honestly believed that the Companies Act should be changed as it relates to dividends in this country. The Government side made a lot of "mock sport" about it and all of a sudden, Sir, they are now making the Barbados National Bank a public company.
3.25 p.m.

You would not believe, Sir, that they have a policy in place now to guarantee that people who are buying these shares are guaranteed that they get a dividend. They are saying that they would provide approximately 50 per cent of the profits for dividends. Relate that, Sir, to what I have been asking this House to do for six years because, as the Companies Act stands, it tells you when you cannot pay a dividend, but it never tells you when you can, but now the Directors of the Barbados National Bank are telling the shareholders that they will provide them with a guarantee that they will get a dividend whenever a profit is made. A rather interesting disclosure in this document. All the time it could not be done because it was said by me but now they can sneak this in a document and behave as if it is something new.

I also want to say, Sir, that the Barbados National Bank is quite different from ICB and I will make two observations. It is clear that the officials of the ICB understand the importance of this debate today and the officials in the Barbados National Bank do not understand the importance of this debate. Also, the Barbados National Bank is competing with many foreign banks within Barbados but the insurance companies are competing with many local insurance companies. The Barbados National Bank privatisation is not as important as ICB and I will explain this to the House.

If we had a discussion in this House on whether we should be encouraging Barbadians to get a larger share of the banking system in Barbados today, I would support it. But I am not sure that the call now for asking Barbadians to have a larger share in BNB, a bank that already belongs to them, makes sense for the simple reason that the Barbados National Bank is not the bank that is sending the foreign exchange out of the country. What we need to do is to make sure that we have a larger share of the banking system in Barbados as we have done with the insurance companies and not just have a system where we are passing the ownership from one hand to the other. That is exactly what is being done with the Barbados National Bank.

The mere fact that it is only part of the banking system is not significant. If we were in here debating a Bill today to give the public of Barbados an interest in any of the other banks downtown, we would be making significant changes within the system, but we are in here saying you are the owners of the Barbados National Bank and we are going to give you an opportunity to own the Barbados National Bank. That is basically it.

I am telling you, Sir, we also have to recognise another significant point, that when the Barbados National Bank's shares go on the market, automatically 25 per cent of the profits will not be available for the shareholders anymore. I challenge anybody on that Side to tell me that I am wrong. Prior to the Bank being privatised in the true sense, that Bank never had to pay taxes. Now it will have to pay. Also, we are now a couple of months away from

dealing with a Bill called the Fair Trading Commission Bill which will also impact on the Barbados National Bank. The Honourable Member for St. Michael North should know a lot about this particular matter.

One would understand that the breaks that the Barbados National Bank had previously it will not continue to enjoy. So I think that it would be only fair for the Government to come to this Parliament and tell this Parliament that the Barbados National Bank after today will not be the same national bank they knew prior to today because the Government will have to allow other banks to compete for their investments and the Government will be taking 25 per cent of the profits away from the Barbados National Bank into the Treasury which would not have existed before.

I also want to know, Sir, if you have so much confidence in the Barbados National Bank why would the Government have to give an obligation to the shareholders that they would protect their investment. That is a serious question. One would have thought that after you took away the agricultural portfolio that there would not have been a need for that particular protection. It is quite clear that the Government understands that competition is going to be so great that they are now going to try to impress on the shareholders, even though the competition is so great, that they will still protect them. It is telling you up front that you are accepting a certain amount of risk even though the balance sheet looks good.

I would not have expected to have to come on the Floor of the House today to make these points. I thought the leading spokesman for the Government would have enlightened the public on these issues. We cannot fool ourselves, Sir, that the Barbados National Bank, as it stands today, will not be the same as the one we knew.

A next thing, this issue about the credit unions getting involved in the Barbados National Bank, I want to warn the main players within the credit unions that they must also understand that they have to protect the interests of the people who bank with them. There are certain restrictions that you will get within the banking system that you do not get within the credit union system. I want to remind them of the history. There have been a lot of people within the banking system who for years were asking Government to bring certain restrictions on the credit unions because they felt that the masses of people in this country were able to go to the credit unions and get funds much easier than they could get from the banking system.

I am telling you that when you encourage the credit unions to get in bed with the banking system I can see the elevation working not in the interests of the masses but the

other way around. I want the House to understand that these things are being entered in Hansard and they cannot say that they are not aware of these arguments.

I also want you to understand Mr. Speaker, that we must understand that we are also part of globalisation and it does not necessarily mean that a person who wants a loan will now have to take that particular loan in Barbados anymore. Now that we are in globalization that loan can easily be raised on the international markets by local business people which allows me the opportunity, Sir, to go back to a point I have been making to this House for a long time.

The hoteliers in this country, and I am going to make this point today, are now the best persons to raise loans overseas because of that wicked system that was introduced in this country called the all-inclusive system. The lawyers are crying out because of globalisation. Now you are going to see the bankers crying out because of globalisation for the simple reason that most of them were able to leave their funds overseas because, as you are aware, Sir, most of the money from the hotel sector is deposited overseas. All of the bookings are done overseas and the majority of money is left overseas and it means that if the financial climate overseas is better they are going to access their loans overseas as I am aware some are doing already. The banking system in Barbados will be impacted and it means that if the banking system is going to be impacted that the Barbados National Bank will have to feel the effect of that particular decision.

Sir, I am saying do not give everybody this particular proposal as a bed of roses. There are going to be certain painful measures in this for the masses. I must congratulate the Government of Barbados for a very clever move. This is Christmas time and Bajans tend to shop a lot, and with the stroke of a pen, they have been able to put a massive credit squeeze on Barbadians. Most of the Barbadians who decide to buy bonds because of the income and prices policies that were put in place since 1994 when civil servants were not able to get salary increases as they liked, it is obvious that they would have to dig into their savings and the few cents that they planned to spend for Christmas they will have to use now to buy the shares in the Barbados National Bank which means that they will be removing the disposable income they had to buy food *et cetera* and now put it into investment. Any economist would tell you that that is technically a credit squeeze. This is the second time that this Government has adopted this approach.

One should remember that last year the Government said that they were going to put \$200 million in bonds on the market. Do you feel that they wanted to tell us to put \$200 million in bonds at this time just because of an error? It is because they knew of the impact it would have on the

economy and that it would slow down the drain on the foreign reserves and this is exactly what will happen this year again.

3.35 p.m.

Mr. Speaker, I see nothing wrong with that but the Government needs to tell the people what it is doing. They should not just bring these policies and give the public the impression that they are operating in their interest when, in truth and in fact, they are introducing a credit squeeze through the back door without first informing the people who have elected them. Sir, that cannot be a good policy. The Government should level with the people who have trusted them. They need to tell the people the true effects of these policies.

Sir, what is also rather interesting is that the unions are being asked to buy into this particular policy. Sir, if the unions are investors within a bank, it is quite obvious that when they are negotiating that they have to recognise that they are negotiating for themselves and the workers will be the losers here again.

Sir, for the last ten years we have been seeing a policy calculated to oppress the masses of people in this country and no one can deny that because there are figures and facts to prove it.

Sir, we on this Side always have a better solution. We have statistics to prove that since 1994 to now, the Government of Barbados has been able to save more than \$151 million because the trade unions in this country did not go after the Government in the usual practice. The Government said they were prepared to pay salary increases as it relates to the productivity of the country and this is evident because the economy of the country has been growing at 3.6 per cent for over six years. Sir, if that is true, the trade union movement cannot come in here and tell anybody that the workers' pay has increased by that amount.

Sir, all I am asking the Government to do, since it claims that it is a fair Government, is to do a calculation to find out how much money they did not pay the civil servants and instead of asking the civil servants to buy into this bond, to admit that they are holding the money for them, that they will now give the money owing to them as shares in the Barbados National Bank so that they do not impact on the disposable income of the civil servants.

Sir, I think that is a fair request since the Government says that it is a fair Government. If a calculation is done it will show that there is growth at a particular level and wages should match the growth. Then, it is only fair for the civil servants to do some catching up. The best way to do the catching up is to offer the difference to the civil servants in the amount of money that was not paid to them.

Sir, if the Government does not do that, I can only come to the conclusion that the theory that I have been giving the House all this time is correct, that the Government is only interested in two sides of the triangle, the private sector and the amount of revenue the Government is collecting, that the workers have dropped out of the race and there is no longer a three-sided triangle in this country but only a two-sided triangle. The Government must prove to this Parliament that they are not only interested in the private sector and the revenue that they are receiving but that they are also interested in the masses of people in this country.

Sir, until the Government does that, I can only come to the conclusion that it is only interested in preparing the private sector and themselves for globalisation but there is no interest in preparing the workers for globalisation. When globalisation truly impacts on the people of Barbados, we will have a situation where we will have to come to this Parliament and vote for money to give people tokens to buy food who were previously able to earn a living for themselves.

Asides.

Mr. D. St. E. KELLMAN: Mr. Speaker, one Honourable Member is admitting already that this is already occurring within the Caribbean and, Sir, whatever happens in one Caribbean island tends to flow right through the Caribbean.

Mr. Speaker, we must understand that the Barbados National Bank is already owned by the people of Barbados. Whether we give the workers shares in that bank or not, it is not going to affect the foreign exchange flow of the country.

Sir, if the Government wants to maximise its foreign exchange, it needs to put on a credit squeeze at this point in time. If the Government wants to do that, it should let us know and we will back it. We will not back the Government if it comes through the back door and does these things.

Sir, I see that the Honourable Member for St. James North is eager to speak on this issue and I hope he will address this particular matter.

Asides.

Mr. D. St. E. KELLMAN: I am too old a political fox to be trapped by you. In political terms you are a neophyte to me.

Asides.

Mr. D. St. E. KELLMAN: You are quite correct because in St. Lucy we do not know about two-sided

about the private sector and themselves and they do not care about the workers. Honourable Member, I thank you for reminding me.

Mr. Speaker, we have to also understand that another serious point must be made on this particular issue. If the Barbados National Bank is privatised, it cannot only appear to be privatised, it must also be seemed to be privatised. Sir, I am convinced in my mind that the directorship of the Barbados National Bank will not significantly change even though there may be cosmetic changes. It is a very important point, Sir. The Government policy will still be carried out even though it will appear to the public that there are certain groups that will be able to nominate directors.

I am going to challenge the Government to tell us on the Floor of the House whether it is true or not that their interest is still to control the Barbados National Bank even though they appear to be giving up some of the particular interest.

Sir, it is amazing to me that the Barbados Government is now adopting the policy of the private sector because whenever the private sector needs money, they first make the company a public company, issue shares and people will buy those shares but yet not have any influence in the company.

Sir, I want you to tell me of any company in the last six years that went public where you can see any difference in the particular structure of the Government at the management level or otherwise. Sir, I can understand it happening with the private sector but I do not expect the Government who is representing the interests of the masses of the country to hoodwink the people of Barbados like that.

Sir, it is regrettable that the Government which has a mandate from the people of such a high number should be behaving in this particular manner.
3.45 p.m.

Sir, I want to know what is the premium rate that the Government is going to make for this share offer or whether they are going to make a discount on it.

Sir, the impression is being given to the public that Government is working in the interest of the masses of the country. If Government is working in the interest of the masses in the country and want to look after people's interest, what Government should have done is to look at the total shareholders' equity and divide it by the number of shares that are being issued to give an average price of the shares.

Do you know what is interesting? Government stands to make a premium on this sale and I challenge you all to deny this.

Asides.

Mr. D. St. E. KELLMAN: I want you to deny that you are using this sale issue to make money off the same people that you are claiming to empower. I want you to take up this share offer and tell me that I am telling lies.

I also want to know, if Government is so interested in divesting part of the Barbados National Bank, what is Government going to do with the money received from the divestment? What capital projects are you going to get involved in to uplift the people of Barbados? I am one of those people who strongly believes that whenever one divests, that money should be used to help expand the capital plant of the country. I need to know from Government what they are going to do with these funds.

I am not happy with what was done with the funds that were received from the Heywoods Hotel, the Arawak Cement Plant or the Pine Hill Dairy. We need to know that there is a new policy in place and that Government is going to look for a project and is going to work that project to the benefit of the masses of the country.

If the Government is going see this money as new revenue and is going to get Ministers coming to Parliament with Supplementaries, I will bet you, Sir, that before the week is out, there will be a supplementary in this Parliament asking to spend some of this money. We do not want that. When one sells a house, one should not buy food with the money. When one sells a house you should build a better house.

Asides.

Mr. D. St. E. KELLMAN: What this Government is going to do is use it as current expenditure. I am going to get into trouble when I start to talk about current expenditure. There are some Government Ministers who do not understand there is something called "revenue expenditure" and "capital expenditure". I know that as soon as I said that they are going to say I am talking foolishness.

Asides.

Mr. D. St. E. KELLMAN: For six years I have been trying to educate them and they call themselves Cabinet Ministers.

Mr. Speaker, we do not want to hear that the Barbados

National Bank will be divesting itself of a certain amount of shares. We need to know what we are going to be doing with these funds and the public of Barbados must get involved in this particular debate. They must ask Government what is going to happen with these funds? We are faced with a situation where we have to face globalisation and we want November 28, 2000

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to know what productive project the Government is getting involved in to ensure that we still have jobs.

Sir, there are jobs in Barbados but not for Barbadians. If you doubt me go by Sandy Lane. You will not recognise the people walking the streets. I am saying that the Barbados National Bank's money cannot be used to employ other people, but must be used to uplift the masses of people in this country.

I have made the point that the divestment of the Insurance Corporation of Barbados (ICB) is not the same thing as the Barbados National Bank. The insurance industry is about 90 per cent owned by Barbadians, but the banking system is between 90 per cent and 95 per cent owned by people outside of Barbados. This is a significant point. We need to narrow that gap, not widen it. I am not sure that when these shares are being sold, and we claim that to the masses of Barbados, they do not end up with these persons, people who already own the 90 per cent in the banking system.

We have to be very careful that what we did in the 1970s is not now being reversed. If Government wants to empower the people, let them negotiate with the other bankers to sell some of their shares to Barbadians so that instead of charging an additional \$19 million and that has nothing to do with interest charged to the masses of Barbados, Barbadians will know that they are getting something in terms of dividends. What is the sense of going after the Barbados National Bank? When one switches it is like moving from one pocket to the other, Sir.

I want the Honourable Member for Christ Church South to address this particular matter. He assured me that he is going to speak on this matter so I will stay to hear him.

Mr. Speaker, we have to recognise that the Barbados National Bank has been able to amass an average of \$3 million a year. We are bragging to the public about how well the Barbados National Bank has been doing. When one looks at the figures, it is only an average of \$3 million a year, whereby other banks have been able to send \$19 million out of the country every year. Are we really doing as well as we claimed or is it that we feel that as soon as we make two cents we are doing something?

I am saying that if the Barbados National Bank was able to pay out on an average of \$19 million a year, then I will have to admit that we are doing well. I can see the Honourable Member for St. Thomas who likes to quote figures looking to see if I am wrong.

Asides.

Mr. D. St. E. KELLMAN: There are banks in Barbados that are paying out \$19 million a year to their parent companies.

Mr. Speaker, we also need to find and get a policy out of this Government for the way forward. We have to know what is the way forward because we cannot be hearing that the Foreign Reserves are high, or that the revenue is good, and yet decisions like these are still being made. When the Foreign Reserves are high, you tend to maximise the total foreign exchange and that is why if we were in here today trying to buy another bank that I will support it. But if we are here trying to divest our own bank when we claim that we have high Foreign Reserves and do not know what to do with it, then something is wrong somewhere.

I have a feeling that what I have been saying all the time is right. If this country is able to have Foreign Reserves at a high level but the Government recognises that the productive sector is not the sector that is producing the foreign exchange, then they are about to make sure that they have something on which to fall back.

Sir, the next thing one would be hearing is that Government would be selling all the land that they own because their argument would be that one would not be able to move the land out of Barbados. The same argument can be made with the Barbados National Bank and that is why we need to know what will be happening after the Barbados National Bank, Sir.

A person cannot wake up one morning and decide to sell the Insurance Corporation of Barbados and the Barbados National Bank. One has to know about the privatisation policy. That is why I am calling on the Government to let Barbadians know what their policy is going to be. Barbadians have to understand that the Government cannot, in one breath, tell people that mutual funds are doing well, that the growth of mutual funds is rising at such a high rate and, at the same time, hope that people would buy shares in the Barbados National Bank.

As advisors of the people, what one should have said to people is that they need to buy mutual funds and not Government's shares.

I thank you.
3.55 p.m.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, it would have been a Barbados Labour Party's Administration of the period 1976 to 1986, more particularly the period 1976 to 1981, to have conceptualised the idea of state-run institutions being introduced to compete in the financial sector of Barbados. It would have been a Barbados Labour Party's Administration that would have introduced the idea of a Barbados National Bank and an Insurance Corporation of Barbados.

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There would, no doubt, have been in those days where persons would have wondered why state-run institutions were being introduced in a highly-competitive climate and as a novel institution, in circumstances where the environment in which they would have been operating could have been hostile.

Mr. Deputy Speaker, I do not propose at this stage to speak about the Insurance Corporation of Barbados but you would, no doubt, be aware that in the first 10 to 15 years of its life, the Barbados National Bank has attracted a significant amount of attention.

It was established in an economic era where academics and developmental economists have long come to the conclusion that between 1968 and 1975, foreign commercial banks that are operating in Barbados were lending short-term only and were rather lending more for consumption than for development.

Curiously, in its earlier days, the Barbados National Bank, being aware of the fact that the foreign competitors in the banking system were primarily lending for the distribution, consumption, *et cetera*, actually made bold to establish a quasi- or fully-developmental department within the Bank, namely, the Agricultural Division.

Mr. Deputy Speaker, many of those clients who took part in the portfolio of the agricultural components of the Barbados National Bank may, very well, have been clients of the foreign banks, whose loans were often not performing loans, and who, when they started to do business with the Barbados National Bank, very much imposed a severe strain on the institution. Many of them were claimed to be bad risks. A lot of monies were lent by the Bank in the expectation that they were to be developmental, especially for agricultural purposes and the default rate was tremendous.

The Bank, in its earlier days too, had the very unfortunate experience of persons - and we have to be very blunt and frank - recommended by politicians being sent to

the Bank for loans and who, in large numbers, defaulted.

If you read, Mr. Deputy Speaker, the historic Debates between Mr. Tom Adams and Dr. Richie Haynes between 1981 and 1985, you would have seen, especially coming from Dr. Haynes' side, a persistent and concerted attack by Dr. Haynes on the Bank, because of the manner in which the Bank was functioning. His insistence was that the Bank did not demonstrate and assert a sufficiently commercial grasp.

Therefore, Mr. Deputy Speaker, in its early days, the Barbados National Bank very often paid the price which foreign competing banks were not prepared to pay. In fact, in those days, a lot of them had offered non-performing loans and borrowers of those non-performing loans owing to the Barbados National Bank, and the Bank literally marked time up until 1994 in a situation where the average cynic in Barbados would have been satisfied that the Barbados National Bank had not truly behaved like a banking institution in being committed to a degree of commercial seriousness.

I am sure that when the Honourable Member for St. Peter became Minister of Finance in 1994, he would have told the new Board of the Barbados National Bank to ensure that it observes the highest standards of professionalism and the highest standards that should inform the operations of commercial banks.

We have now come to a situation, Mr. Deputy Speaker, where if we examine the current economic climate, especially the current investment climate in Barbados, we are, indeed, in a most interesting era. We have now gone past the days where Barbadians see banks as places where one deposits, withdraws or borrows. We are now into an era of a variable abundance of a number of investment instruments in this country, many of which have been taken up by commercial banks, including the Barbados National Bank.

We have such things as global balance funds in addition to the old fashioned commercial investment portfolios of the Bank. We have instruments like pension

funds and increasingly with every passing day, we are seeing more and more financial institutions, both capitalising on these new instruments that have been available and marketing them in such a way that today the liquidity in the banking system in Barbados is remarkably high.

Indeed, the signals are that there is no real enormous pressure on our foreign reserves because there is so much money there that is not being put to waste, that that part of the economy is going very strong.

The one regret I have today is that the Honourable Member for Christ Church West is absent from today's proceedings. You will, no doubt, recall that for ten to twelve years now, he has been a champion of what he has termed "economic enfranchisement". In 1989 when he was part of a trio, unfortunately called "the three blind mice" he brought it before Parliament.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House because the Honourable Member would have to be referring to another Honourable Member and not the one to whom he has referred.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, the Honourable Member for Christ Church West who, unfortunately, is not in his Chair was known to be part of a November 28, 2000

happy brilliant band, unfortunately called by your Side: "the three blind mice". He constantly put the notion of economic enfranchisement in this country.

Asides.

Hon. R. C. EASTMOND: The Honourable Member for St. Thomas is going to have a chance to speak at the end of the day and he will correct me, if indeed, I am misleading the House, which I am not, but I cannot, by name, name the Honourable Member for Christ Church West, only you can. The Honourable Member for Christ Church West repeatedly talked about economic empowerment and economic enfranchisement in this country.

Mr. Deputy Speaker, not only him but by 1992 to 1993, on the Call-In Programmes, scores of Barbadians had been saying that we had come to a stage where ordinary Barbadians were not, anymore, hewers of wood and drawers of water but that ordinary Barbadians had reached that level of sophistication and maturity where simply, rather than being a labourer going to work for an income, Barbadians had reached a stage where they saw themselves as either potential businessmen or as persons who could invest.

Mr. Deputy Speaker, there is no question about the fact.

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If an interview amongst the very large amounts of ordinary Barbadians is done, one will see that people, including some children 15 and 16 years old, are showing a particular appreciation of the real world of finance in a way where Barbadians, for the last 10 years, have been showing a marked interest in wanting to take a direct part in investments and in business, *et cetera*.

Mr. Deputy Speaker, what we are doing here today, both in respect of the sale of shares in the Barbados National Bank and the Insurance Corporation of Barbados, are very much setting the stage for the average person in Barbados to see savings now as being different than how savings had been perceived 15 or 16 years ago.

In 1940, a Barbadian concept about savings would have thought of a meeting turn, a su-su, or a deposit at a bank with a bank book. He might not even have thought about a longer time deposit in the form of a fixed deposit. What we are now into, Mr. Deputy Speaker, is encouraging the masses of people to see themselves as having an opportunity to invest in institutions that are now properly becoming their own.

In his excellent introduction, the Honourable Member for St. Thomas made the very important point, but I am going to put it differently.
4.05 p.m.

There was a hard core socialist who saw a car in a car park and he told 10 000 people, "I am a socialist. Now, that car belongs to all 10 000 of you", and they shouted back, "but who can drive it?" and he said, "the President of the Socialist Republic." A democratic socialist saw 10 000 cars belonging to 10 000 individuals and asked who they belonged to and 10 000 people said, they are ours and we each intend to enter the 10 000 ones.

The Honourable Member for St. Thomas is making the point that it is one thing, at a highly metaphysical, philosophical level, to have a state agency or parasitic institution owned by Government on behalf of the people, with the people having no injection or participation. It is another thing to give them a direct share or shares in it and that is the point.

In other words, Mr. Deputy Speaker, what are we going to have? Are we going to have an institution called the Barbados National Bank with one shareholder, the Government of Barbados, owning shares on behalf of 267 000 people, each of whom owns no shares? Or are we going to set a stage to have the broad masses of people have an opportunity to invest, in the hope of increasing their shareholders' wealth?

Mr. Deputy Speaker, the Honourable Member for St. Lucy should really have developed a number of sub themes. He had eight or nine excellent sub themes. He is not an ignorant person, but when the Honourable Member for St. Lucy has a theme, I feel he should develop it. Honourable Members of the House are entitled to understand what the Honourable Member for St. Lucy is saying.

The Honourable Member for St. Lucy, was rather guilty of accusing us of practising a curious triangle made up only of two sides and let me respond to that. He mentioned that he adhered to a philosophy of tripartism. He did not put it in such elegant language. He said triangle, but that we were perhaps going at right angles, on a triangle with only two sides. Let me put it on behalf of the Honourable Members of this Side.

Mr. Deputy Speaker, the Honourable Member for St. Lucy said that we represent interest one and interest two, and that we fail on the tripartite side. Sir, clearly, if the workers of the Barbados National Bank, the Insurance Corporation of Barbados, the Workers' Union Credit Union, the City of Bridgetown Credit Union, the Barbados Public Workers' Co-operative Credit Union or the Light and Power Credit Union get a chance, as workers in their own names and in their own rights, to invest in the Barbados National Bank, is that not where the workers, the third missing part, enter the equation?

Mr. D. St. E. KELLMAN: On a point of order. Mr. Deputy Speaker, the Honourable Member is misleading the House. The Honourable Member is giving the House the impression that the Bank will not be lending the workers

money to buy these shares, when in truth and in fact, if the workers were empowered, they will not now have to go to the Bank to borrow money to buy shares, whereas the other two sides will be able to take their money and buy, but the workers have to borrow money to buy shares.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, the Honourable Member for St. Lucy also said that he feared 90 per cent of the established commercial elite in Barbados, might end up getting the shares. I want to say that is not the intention.

Aside.

Hon. R. C. EASTMOND: He said so but that is not the intention. The intention, Mr. Deputy Speaker, is to enable people like you and me, your brother who works at BNB, your sister who is a member of the Public Workers' Cooperative Credit Union and the cousin of this Honourable Member who works in Broad Street for \$1 200 a month, to get a chance to buy shares in something, which currently has one shareholder, the Government of Barbados. Sir, this is a very straightforward point.

The Honourable Member for St. Lucy is a Democratic Labour Party man. He will die a Democratic Labour Party man and he is the most sanguine Democratic Labour Party man there ever has been and there ever will be. He always tries to say that what we are doing here excludes the small man, simply because he sees himself as the typical small man and is left out from all operations here.

Asides.

Hon. R. C. EASTMOND: He feels always left out of what we do over here. The point he always tries to make is that we are anti the small man and we are pro big business. Every time he makes a contribution, rather than seeing any merit in what we are proposing, he always tries the old-fashioned DLP game of saying that they are for the masses and we are for the classes. He even went so far as to say that we had a mandate, but who has the mandate now?

The Honourable Member for St. John is not saying that we have a mandate. He made a very good speech which really had a sense of analysis and some balance to it which, in principle, supported the idea that our people have come to a stage of maturity where they can assert a role in the commercial world.

Mr. Deputy Speaker, when I was over there, I lamented one time in the situation where there was a constant and repeated issue of Treasury Bills in this country. During the economic period 1991-1993, there had been a lot of issues relating to Treasury Bills. Over there, I lamented that the

average Barbadian could not buy Treasury Bills, not because he did not want to, but because he did not understand the sophisticated system of bidding for the Bills. I know that there must have been Barbadians in the history of this country, who would have felt left out of the main stream of economic activity, by not having a sufficient appreciation of how certain matters in the economy work.

I am heartened that the Press, in recent times, has been doing an enormous amount to educate Barbadians about the purpose of the Stock Exchange and about how the complexities of the purchase and sales of shares occur. I have seen with my eyes and heard with my ears the Press repeatedly taking part now in this movement of enlightening Barbadians to the fact that they must not see themselves solely as workers for income but to see themselves as investors.

Mr. Deputy Speaker, that is why I welcome the remarks made by my colleague, the Honourable Member for Christ Church East. The Honourable Member for Christ Church East made bold to say that with the Barbados National Bank now assuming a new mandate, it must be mindful of the potential investor. He highlighted the need for the Bank to take part in fund access, in things like the Urban Development Commission Fund and in other instruments that would allow small people to invest.

Mr. Deputy Speaker, there is no question that the timing of this divestment is also important. We are into an era where even though we would expect Barbadians to be responsible and not to splurge and consume recklessly, we are into an era where there is a type of pressure on Barbadians to become aware of the various savings instruments in this country.

This is the reason why I say that the timing of this savings is important. If you have been following the commercial world, Mr. Deputy Speaker, you would have realised that the Barbados National Bank, which is less than 25 years old, has increased its market share, especially in the last three or four years, and is now competing strenuously against the foreign banks.
4.15 p.m.

There is no question that when it first started the Barbados National Bank was way down the line. There is no question that when it first started that competing commercial bank staff would only have joined the Barbados National Bank if they had no other choice, or if they were starting at a lower stage. However, the Barbados National Bank has moved up in profile and in performance to a point now where it is up there with the two leading banks. It also offers hope to the rest of the financial sector in that it had been

It is interesting, Mr. Deputy Speaker, in a climate and in a culture where we have 265 000 people that we have had coming to Barbados no fewer than five or six banks and a few other financial institutions coming here in the last 22 years in a clear situation where, at the time of their coming, we had not yet had a highly sophisticated capital market.

The final point I am going to make, Mr. Deputy Speaker, in this contribution, is that every vibe and every development in the last year or two is very much suggesting that we have become sufficiently, financially and economically mature and right to be doing something to allow a capital market to evolve.

Mr. Deputy Speaker, I do not have the time to state the difference between a financial market and a capital market but there is a difference. Mr. Deputy Speaker, there is no question that we have a highly developed financial market now and that this development is going to enhance and intensify financial activity here.

In reference to the timing of the sale of shares to the public, like workers getting a chance, the credit unions getting an opportunity and such like, I am saying that it has come at a time when the Bank is achieving growth and development. Mr. Deputy Speaker, clearly, no one is going to be keen to invest in a financial institution which has a low market share, poor performance, low profits, uncertain managements and such like, but when they see a financial institution which is recording considerable profit, increasing its market share and asserting itself in the economy, then they should have enough confidence to want to take a part in its ownership.

Mr. Deputy Speaker, my understanding of economic enfranchisement and economic empowerment is a simple thing. It is an understanding that very much appreciates the role the Credit Union Movement has played. This great party, of which I am a member, has done a tremendous amount to foster and develop the Credit Union Movement here.

It is also a philosophy, Mr. Deputy Speaker, that states quite clearly, that in a situation where historically there had been institutional biases against the widespread participation of the people in investment, in a situation where we go back from slavery through Emancipation, down to the Riots, even down to the 1960s, we would have had inbuilt biases in this country that successfully militated against the widespread and popular participation of the masses in commercial activity.

I am saying, Mr. Deputy Speaker, that economic empowerment is about giving the average person, the average child an opportunity to let his or her money work for them in a greater way than before and at the same time allowing people to take part in the ownership of business entities.

There is no question, Mr. Deputy Speaker, that what is being here proposed to this Honourable House today is encouraging Barbadians to take part in an institution of which they can see themselves as part owners.

Mr. Deputy Speaker, the one thing in favour of the Barbados National Bank, even in hard times, was that there was always a Government guarantee on deposits. Let me repeat that. Mr. Deputy Speaker, even with hard times facing the Barbados National Bank, there was always a Government guarantee on deposits giving security to them. Such a guarantee, Mr. Deputy Speaker, is not going to be abrogated, it is going to remain in place so that investors' confidence can remain which is going to further increase the potential for people to have confidence in the institution.

Mr. Deputy Speaker, unfortunately we are not discussing the Insurance Corporation of Barbados. I am going to pay glowing tribute to the development of that institution if you permit me later on, but I am saying that today marks an historic day.

I endorse the comments of the Honourable Leader of the House and all the comments that were made. I must assure the Honourable Member for St. Lucy who has concerns that we will do our best not to sell the people's silver, or not to sell out the people, but that we will do our best to encourage the type of climate where Barbadians can feel that this country is theirs.

The years between 1991 and 1993, a sizable number of Barbadians felt a little bit alienated and a little bit marginalised. Some of them even felt thrown out of the mainstream of economic activity, but we welcomed them back in and we gave them every opportunity to assert themselves beyond the role of hewers of wood and drawers of water, and to see themselves as having self-worth and to stand as any other person in whose favour biases stood in this country, face to face and say to that person that like that person, the average Barbadian boy, the average working class girl, and the average poor person now can say they too have a chance to assert ownership in institutions that would have been denied them through certain historical forces that worked against them years ago.

Mr. Deputy Speaker, I am very much obliged to you. Thank you.

Hon. Sir. HAROLD St. JOHN: Mr. Deputy Speaker, I want first of all to indicate to the House that I was contractually engaged as one of the leading teams that was the advisor on the legal aspects of privatization.

Secondly, Sir, I was a member of this Parliament in 1978 when the Barbados Labour Party Government, pursuant to its view that banking, insurance and other

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commanding heights of the economy should be stimulated by the Government participating in the formation of institutions which, when formed, would command a fair share of the revenues derived from that financial activity.

The Barbados National Bank was formed essentially as an instrument to ensure that the area of banking in Barbados was not the preserve of foreign investment, so too was the Insurance Corporation of Barbados formed with a view to ensuring that income derived from the activity of the insurance business was not the preserve of foreign insurance companies.

Indeed, in the insurance area, unlike the banking area, the formation of the Insurance Corporation of Barbados was buttressed by a number of particular provisions in the Insurance Act which ensured that the Insurance Corporation of Barbados realised a larger share of the market than the banking under the Barbados National Bank Act would normally have had.

4.25 p.m.

The Barbados National Bank faced competition from the very beginning. The Insurance Corporation faced restricted competition. In the years that have followed there is absolutely no doubt, as the Honourable Member for St. James North said, that the Barbados National Bank increased its share of the total banking market in Barbados.

I think it is true to say that it is probably the Number Four Bank in Barbados and that it has pioneered activity which a number of other commercial banks in Barbados would not normally have entered into. In particular, its subsidiary company, the Barbados Mortgage Finance Corporation, in my opinion has made a tremendous contribution to the development of financial instruments and in the granting of loans for housing and particularly at a time when the other commercial banks were not interested in commercial mortgages. Its emphasis, in fact, has been on meeting the needs for loans in Barbados which other commercial banks were not particularly interested in.

Its history has been well set out by Honourable Members on Both Sides. I do not disagree with the comments that have been made that successive Governments have contributed to the restructuring of the Bank and that its present position unquestionably can be attributable to actions and decisions taken under successive administrations.

I have always disagreed with the view, though I still maintain, that some of what is called the "tainted portfolio"

in the agricultural industry which was transferred to the Agricultural Credit Trust was certainly not as tainted as was said at the time. To this day, I remain convinced that that part of the portfolio which secured loans to the sugar industry will in the future be regarded as valuable investment inland even from the point of view of the mortgagees.

I have done a careful study of some of the credit trust portfolio and I am convinced in my mind that on the break-up value of that land, far more money would be realised than the debt, and the interest at the present value. There is no question about it. That is the whole point.

I believe it was a former Honourable Member for St. Philip North on the Other Side in 1992 when the restructuring was going on that shared my view. The Honourable Member was Mr. Franklin. The position today, in my view, confirms that judgment that was made at that time. The largest borrowers were two groups of estates, one in the Christ Church area, and the other in the St. Lucy area. I am sure that the Honourable Member for St. Lucy, would admit that today the value of the estates, the sale of the hillside alone in St. Lucy would realise sufficient money to pay off the debt and all the interest.

So too, unfortunately locked up as it is in the court case because of the particular structure of the ownership of it, is the land in Christ Church. Indeed, part of that land is beach land and the value that could be realised from that land today would pay a substantial part of the \$17 million or \$18 million or whatever. Not to speak about the other hillside land that we have. We have to remember that when we are dealing with looking at the tainted portfolio of the Barbados National Bank, subsumed as it was under loans to the agricultural industry, that land has a very peculiar value in Barbados. There are periods of great boom and periods of slumps in the value.

Overall, over the history of Barbados, because of the demand for land and the limited amount of land that there is, the values tend to rise rather than fall. We have come now to a position where, in the context of globalisation and in the context of smaller governments, and in the context of liberalisation of services internationally, that governments have been advised and indeed if they are in the unfortunate position of being in the clutches of the international multilateral institutions, they are directed and forced to dispose of some of these investments that they have.

for St. John said that during his time as Minister of Finance it was envisaged that the Insurance Corporation and the Barbados National Bank would at some time be privatised. The present Government two Budgets ago indicated quite clearly in its mind that it would pursue a policy of privatisation of these two institutions and it set out the strategy it would adopt in carrying out this privatisation. The strategy envisages that the structure of the privatisation would be such that the aim would be to have as broad a base of ownership of those shares which were put on the public market as possible.

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At that time – my memory of the Budget speech of the Minister of Finance was very clear – a tranche for the general public, a tranche for employees, a tranche for financial institutions, particularly indigenous financial institutions such as credit unions, mutual funds and such other bodies, and also that the Government would retain a substantial shareholding but it would not be a majority shareholding, hence 45 per cent of the shares being retained by the Government and the balance are being placed upon the market. That is in pursuance of an enunciated policy of the present Government at the time of a Budget.

4.35 p.m.

Let us not say that there has been no discussion on the question of the principle of the strategies to be adopted. Sir, what does one do with the proceeds of sales since we are all operating here on the assumption that the issue will be successful?

There is no underwriter to this issue and this is an important point that I want to make. The legal mechanisms that have been used in effecting this privatisation had to be very carefully chosen because of the fact that this is not a share issue in which the money from the proceeds of these shares goes into the coffers of the Barbados National Bank. It is not an original issue.

This is what is known as a secondary offering where the Government of Barbados is the only shareholder and consequent upon the decision to privatise, the Government stated that it did not want all of the shares, that it was going to offer for sale some of its shares to the public and that the proceeds of the shares go to the Government of Barbados which is the secondary offering.

When it comes to the mechanism of privatisation, some of us seemed to have forgotten that as long ago as 1995, special amendments were made to the Companies Act in Barbados with specific provisions for companies which were incorporated by statute to be reincorporated as private companies under the Companies Act by filing Articles of Reincorporation. It is only a particular type of statutory corporation that comes under this and the Barbados National

Bank happens to be one of them because you have to be a statutory corporation and not a statutory board.

Sir, the Companies Act makes provisions for the transfer of properties and liabilities. Theoretically, it is not necessary to pass a bill to transfer the assets but, out of the abundance of caution, and because there may be doubts in respect of assets owned by the Barbados National Bank which are situated abroad, it was thought that it would be a wise decision for the avoidance of any doubts, locally and abroad, that you should have a general vesting by what is known as universal succession in a Bill.

Sir, secondly, I also want to point out that the Barbados National Bank Act gave certain statutory privileges to the Barbados National Bank. Again, while the Companies Act vests the property and liabilities in the company as reincorporated, it could not continue some of those privileges and, in any event, they would need some kind of statutory instrument to carry on those privileges.

The third point is that since this was a secondary offering, as defined, there would have to be legislation to ensure that people who bought these shares would get the advantage of the income tax concessions which they would get on an initial offer by the company. If they purchased shares from a pre-existing shareholder, they were not eligible for the \$10 000 concession.

Sir, the Property Transfer Tax Act is another reason why we are discussing this Bill today. This is a sale as well as a transfer and if you did not have an exemption from the Property Transfer Tax Act, you would have to pay property transfer tax.

Sir, this phenomenon is going to continue as the Bridgetown Port, the Grantley Adams Airport and others are privatised and we will have to have legislation to deal with them.

An interesting point which I raised in Parliament previously was that if you are selling land, there is a Crown Lands Disposal Act in Barbados, but when you are selling personal property like shares, I know of no legislation in

Barbados that obligates you to bring that before Parliament.

Sir, the definition of lands in Barbados does not include shares. This may be a gap in our legislation and it may well be something that we should look at particularly in light of the fact that Government would increasingly be investing in or creating private corporations. It is a point we must look at but, as far as I am aware, the disposal of personal property as opposed to land and other property in Barbados is not covered by the Crown Lands Disposal Act.

Sir, I would also like to point out that there are a few other matters which make this methodology that was used very interesting. Under the Companies Act you have the situation that if you are a company offering shares to the public you have to comply with the Prospectus provision of the Companies Act and this means that your Prospectus had to be filed with the Registrar and approved by the Registrar. This was done because, as a company, there is no exemption from the provisions of the general rules of the Companies Act. When we are dealing with accountability in the future, we will understand that since it is a company incorporated under the Companies Act, and since it is a company that has issued a Prospectus, it means that those provisions of the Companies Act, which have been designed and tailored to ensure that public companies follow certain procedures of filing documentation, will apply to this particular company.

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On the matter of the guarantee of the depositors, Sir, very early in the history of the privatisation, an issue was raised about the removal of the guarantee and whether the existing depositors would not have been deprived of a constitutional right to their property and in order to ensure that those people who did not have good intention in relation to the Bank....

Asides.

Hon. Sir HAROLD St. JOHN: Yes, let there be no doubt about it. There are a lot of people in Barbados who just hate Government – whichever Government is in power – and they like to obstruct anything that the Government does.

Asides.

Hon. Sir HAROLD St. JOHN: That is a fact of life and it is a reality in Barbados.
4.45 p.m.

In order to ensure that people do not become agitated, it was decided that it would be better for Government in the legislation, to preserve those rights so that there could be no question of a breach of one's constitutional rights. The preservation provisions has, for so long, been called the Deposit Guarantee Agreement which has been talked about for 30 years in Barbados. A deposit protection scheme is being brought into force. It is limited to the point that where

there is an overall system, the existing depositors in Barbados would have the same protection that they had prior to the reincorporation.

I think that it was a wise decision that was taken because it has removed any cause for fear. Honourable Members who have studied the history of banking will know there is nothing that is more harmful to the good health of a bank than a fear of the depositors whether justified or not. Where there is no protection mechanism, the first thing they would do is to remove their deposit. That is the origin of that provision.

Sir, as we analyse all of the existing provisions of the current Bill, I hope I have been able to explain to Honourable Members the origins and reasons for the various clauses. What they essentially do is to plug gaps which identified the methodology that was used and which would, in the opinion of the Directors of the Bank, be necessary to ensure that those particular privileges that people had in their relationship with the Bank, would continue.

Sir, when the Bank was created, people were seconded from the Public Service. Particular provisions were made in the Act to preserve their service so that as one privatises, these people would still have residual claims that their rights that were guaranteed by legislation were not being taken away. In order to prevent difficulty, the guarantees in relation to pension rights which they previously had, which they would not necessarily have under the reincorporation, were

I believe that if Honourable Members had checked, in other common law countries such as the United Kingdom, when the British Airways was privatised, the British Government passed a special Bill which facilitated the privatisation although it was registered as a company under the British Companies Act. In the United Kingdom there is privatisation going on in the Ministry of Transport and Environment of what is known as the National Air Traffic Control System. Again a Bill is being passed to ensure that certain international obligations that the British Government has by virtue of being a Member of the International Civil Aviation Authority will continue, but a company was doing the actual running of the operation. There is plenty of precedence within the Commonwealth for moving from a statutory body into an ordinary company but with certain special provisions being preserved in an Act. Sir, that is the legal background and I hope that it would contribute to Honourable Members' understanding.

As far as the political element of the privatisation is concerned, I heard the Honourable Members on this Side deal with the issues that were being raised. My understanding of what happens after privatisation is that it is a matter for the particular Government which at the time is in office to decide how to dispose of proceeds. The proceeds belong to the Treasury of the country. Some people use it to retire debt. Other people use it for further investment.

The Honourable Member for St. John said that previously when privatisation took place, a public investment fund was a vehicle that was created for the disposal of the proceeds. I am sure that the Government has plenty of needs in its capital development programme plans for proceeds. With the airport to be redeveloped, the judicial sector and the port, there would not be a shortage of opportunities for the utilisation of the proceeds. They will be placed in the Estimates of Expenditure, so I do not think that Honourable Members have any fear at all as to accountability as to the disposal of those proceeds. Being public property at this time, of course, it is under the remit of an Auditor General's comments. Although the Crown Lands Disposal Act does not cover the disposal of personal property, I think that the Financial Administration and Audit Act will certainly cover the proceeds and the receipts. Sir, that is the contribution that I want to make.

Hon. N. A. LYNCH: Mr. Deputy Speaker, I also want to lend my support to what I consider to be a very important Bill. I believe that this Bill is just a straightforward divestment of the financial institution but in it is wrapped up

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in much symbolism. This is symbolic as well of all that this Party and this Administration stand for; enfranchisement for

Barbadians.

The process of economic enfranchisement, as we know it on this Side, started back in 1994 with a change of Government. This idea of divesting or going public with the Barbados National Bank in my opinion no matter where it originated or who were the authors of it, is not only a good idea but sound and good governmental policy.

It seems to me that whenever this Government tries to put in place initiatives and measures to seek to do well for the good of the common man in Barbados, it seems that we have detractors on the Other Side who seem always to try to give the impression that they are the guardians of the poor man in Barbados when, obviously, they had the opportunity to do and their record does not show the same. They have always tried to know Government policy.

The Honourable Member for St. Lucy obviously has a high level of ignorance about these issues and tries to share it with as wide a public as possible. In terms of the Democratic Labour Party, on the concept of fire sales, I am totally in agreement with the Parliamentary Secretary in the Prime Minister's Office who speaks on energy. This is not another fire sale.

The Democratic Labour Party knows a lot about fire sales and knows a lot about getting rid of entities which have run into difficulty. The issue with this is that this is sound Government policy to which the Democratic Labour Party has agreed. What the Honourable Member for St. John stated appears in their Manifesto in 1994 and 1999. The issue of going public would not only expand the ownership of the entity but obviously gives Barbadians at all levels the opportunity to buy into it. It also gives scores of Barbadians who have been employed under our watch an opportunity to really own a piece of Barbados.

The first issue of economic enfranchisement must begin with the concept of being employed. If you are not employed, as many of you were in the early 1990s in this country, it was very difficult apart from the fact that most of these institutions were under pressure. The issue of being employed and having a proper stake; it begins with having a job.

4.55 p.m.

Since we have been able to put so many people back to work since 1994, I believe has begun the concept of true economic enfranchisement for those people.

Then, there is general economic enfranchisement for those people to the fact that they are being able to give the employees of the Barbados National Bank and other institutions, including the credit unions, the first option of owning a real stake in this institution and in my opinion, creates...

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, on a point of elucidation. I know that the Honourable Member brings a lot of knowledge to these things and certainly he has boasted more knowledge than most of us in here, but he cannot discount the fact that unemployed persons such as pensioners tend to invest a significant sum of money in shares through gratuities and so on. I thought I would add that to the sum total of the knowledge which he, himself, seems to want to spread far and wide.

Hon. N. A. LYNCH: Mr. Deputy Speaker, I would have thought that a person who is now receiving pension would have worked in the past and would have been included in those that I mentioned, but if the Honourable Member for St. John wants to elucidate so be it.

Asides.

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, Sir, on the purpose of elucidating, he spoke of persons who were employed since 1994. I hardly expect anybody employed since 1994 would be now entitled to a pension, so the logic is now getting a bit fuzzy, Sir.

Hon. N. A. LYNCH: Sir, the mixed economy principle is the one that is important. There are many Barbadians who would not have had the opportunity to buy into the Barbados National Bank, would now be given the opportunity. There are many other people now employed in Barbados who have the opportunity to be involved in an investment like this.

Also, Sir, the opportunity is a symbolic way to truly own a piece of the rock, in that Government is divesting and placing institutions and organizations which are profitable in front of the public. There are also symbols of economic or social upliftment for Barbadians and that, Sir, is the critical issue. The issue is not just another bank nor financial institution but institutions that are coming before the public in the near future. The Insurance Corporation of Barbados, the Bridgetown Port and the Grantley Adams International Airport are all symbols to Barbadians of their own economic and social upliftment in this country. Therefore, it is important that Barbadians understand they have a real place in terms of ownership of these institutions.

The history of the Barbados National Bank has been well highlighted on both Sides, but I think today's Bill is as important and comes at an equally critical time as when the Barbados National Bank was first set up by an Act of Parliament in 1978. It is important, not only because it will become another financial institution but in this particular

day and age, the coming of the Barbados National Bank, in 1978, filled a critical void in the issue of land and land ownership. It came at a time when other commercial institutions were not, at all, interested in doing the things that the Barbados National Bank could do. Today's Bill comes at another critical time where we need to speak to the issue of Barbadians and their individualism in a world of rapidly disappearing national boundaries, rather than speaking to issues as a sovereign state. Globalisation has caused much of this but I believe it is also symbolic that this issue comes near Independence.

I heard the Honourable Member for St. John speaking to the issue of Independence today but the issue is, not only does it come near the period of Independence, but this speaks to the issue of whether or not the timing of the shares were right and whether or not they come at a time when people would want to spend, or would want to spend money on shares.

As far as I understand, the Prospectuses disappeared rather quickly and to me, this would send a message that people are interested in buying these shares. As a matter of fact, the concept of being able to spend one's money on shares which have a long-term effect rather than just squandering it away or doing something else with it at this time, is equally important.

In 1994, the Barbados National Bank was given the mandate to truly become a Bank after many years of losses. As a matter of fact, from its inception there was much scepticism about it. Obviously too, the fact that the Bank was losing money did not lend well to Barbadians accepting the Bank. I believe it was only after 1994 that we actually saw the Bank begin to progress and a lot of the scepticism that was earlier recorded about the Bank, seemed to have disappeared.

Since 1994, there has been a major turn-around in that Bank. I believe this is not a mere simple turn-around, the fact that a financial institution had sent a very strong message to other financial institutions in the country. I think that the Barbados National Bank has become a kind of model financial institution that many of the other banks in Barbados can emulate. I do not believe that many of the commercial institutions in Barbados have embraced the types of principles and issues that the Barbados National Bank has embraced.

What we have seen, Sir, is a much more customer-oriented bank. It has proven that institutions can be customer-oriented, can seriously get into the fabric of Barbados and can still be profitable. There are many commercial banks in this country which seem to be making a serious level of profit at the expense of all Barbadians and are not really getting into the fabric of this society in the way in which the Barbados National Bank is doing.

Therefore, I believe the symbolism of owning a piece of this bank is that the Bank belongs to us. Another issue is that the Bank is presenting a face to Barbadians that says it can become a customer-oriented bank and can go into areas in which other people have not gone and can still be a very, very profitable bank. That, Sir, in my opinion, sends a strong message about its ownership.

Many of us, I suppose, have had problems with commercial banks but I will say that the experience in recent times with the Barbados National Bank speaks of a Bank that is on the right road.
5.05 p.m.

Regarding the use of modern technology, I want to endorse the sentiments made by the Honourable Member for Christ Church East on the issues of e-commerce, more modern technology and being able to move in that realm with much more flexibility and easier than they have done in the past.

Sir, it was only a couple of weeks ago that I actually had the opportunity to be in London and to address a Barbadian organisation there, the Combermere School Old Scholars. At that particular gathering, many of the people there were very interested in knowing about investing in Barbados.

I spoke to the Combermere School Old Scholars, an august institution and a proper institution.

Aside.

Hon. N. A. LYNCH: All institutions make mistakes. I know the Leader of the Opposition went to school there, but it is actually a proper Barbadian institution, established in London. The members are very interesting in investing in Barbados "for the long haul". I spoke to the issue of shares in both the BNB and the ICB and I came away with the view that they are not only looking to invest here, but that units need to be established in our mission overseas, to facilitate the issue of Barbadians there investing in Barbados in these types of institutions.

I know the Honourable Member for St. John spoke of the issue of the Prime Minister speaking in London, and not having been well received.

Aside.

Hon. N. A. LYNCH: That is a figment of his imagination. When we go to speak in London, people actually come out to hear us. The issue is that when the Prime Minister actually spoke, I do not think there was as much furor as the Honourable Member for St. John would

impression of wanting seriously to invest in Barbados “for the long haul”.

I want to also challenge the BNB because the time has come again to establish BNB branches outside of Barbados. I believe there was once a branch set up somewhere in London which ran into some financial difficulty.

Aside.

Hon. N. A. LYNCH: I think it is about time again, Sir, that we look very seriously about the issue of setting up a BNB branch outside of Barbados, in areas where there are many Barbadians, particularly in London and New York. These are the places which I think Barbadians would now be very much interested, particularly with the recent economic upsurge in Barbados. Now that we are on a sound economic footing, I think many Barbadians overseas will be interested, once again, in investing in Barbados.

I believe, Sir, that this speaks to more than just, as I have said before, another privatisation. It speaks to the future development of Barbados. It speaks to Barbadians being able to clearly understand that they have an ownership role and stake in this 166 square miles “for the long haul”.

Sir, in my opinion, this is another great move on the part of this Government, which seems to be looking after, and continues to look after the needs of poor people in Barbados, giving them not only economic options, but really sending them that symbol of ownership and true economic enfranchisement for all Barbadians, in terms of creating the property-owning democracy that we have spoken about long ago for Barbados.

Sir, with those words, I want to add my support to the Bill.

Thank you.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I rise to wind up the debate and in doing so, to thank all Honourable Members who have made a contribution to what I began by saying was a very historic occasion and a historic piece of legislation.

Sir, I had one disappointment in the debate. While I concede that the Government ought to apologise, and I did apologise for the late arrival of the Prospectus of the Bank, I will not accept that there has been insufficient debate or information about what the Barbados National Bank was doing about privatisation.

It never ceases to amaze me, the longer I am in here.

February 2001 will be 25 years, how short the memories of Honourable Members on the Other Side can be. One of the strictures of the Leader of the Opposition was that he wanted more discussion and debate about the privatisation.

You would not believe that on 24th October this year, just a month ago, in delivering the Financial Statement, Economic and Financial Policies of Government in the Ministry of Finance, pages 56 to 60 of that document outlined what was going to happen with the BNB and ICB.

Sir, the shareholding was to be segregated and what was the purpose and intent of what the Government is doing? It was all here. We all had an opportunity to debate. If that was not enough, it started prior to that in 1997 in the Budgetary Proposals of September 29, 1997, where the Prime Minister at page 56 to 58 outlined that steps will be taken with the following: BNB, ICB, CBC, BNOC, NPC, BMFC and what I said in my opening, he reiterated in every instance, Mr. Deputy Speaker, the approach will be as follows:

- “(4) A bloc of shares for the staff and the enterprise;
- (2) A bloc of shares for Credit Unions, Trade Unions, Mutual Funds;
- 3) The offer of shares to the general public in small blocs;
- 4) The retention of substantial shareholding by Government; and
- 5) Where necessary, the offer of shares to strategic partners.”

We have had ample opportunity to discuss the parameters of Government’s policy on privatisation and now more specifically, since the budgetary presentation this year, the guts and content of the ICB privatisation and the BNB privatisation. The strictures levelled by the Leader of the Opposition in that regard are not fair.

As to the presentation of Prime Minister at a gathering in London, fortunately we had to hear this debate today in the Gallery, the Chairman of the ICB and the Chairman of the BNB, who were in London with the Prime Minister at whatever Hall it was, Hackney or wherever. There were 400 people who were addressed by the Prime Minister, who were addressed by the Chairman of the ICB, who were addressed by the Chairman of the BNB and who were keen and enthusiastic about these share issues.

I understand that both institutions and the High

Commission in London have been getting a lot of calls from persons who are keen to invest in these share issues. In fact, as I recall, the Prime Minister did give a commitment in London that he was going to establish a unit within the High

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Commission to help facilitate the purchase of shares by overseas nationals.

Mr. Deputy Speaker, we have had a long debate and we have a long list of work to do today. I am grateful that Honourable Members took the opportunity during their speeches to relate their contributions both to BNB and ICB and I beg to move, Sir, that this Bill be read a second time.

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

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

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. DEPUTY SPEAKER, left the Chair and the House went into Committee on this Bill, Mr. D. CARTER in the Chair.
5.15 p.m.

COMMITTEE

Mr. CHAIRMAN: The House is in Committee.

Clauses 1 – 12 inclusive were called and passed.

The Schedule was called and passed.

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. CHAIRMAN reported to His Honour the DEPUTY SPEAKER, the passing of one Bill in Committee without amendment and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, the Bill was read a third time and passed and cited as the Barbados National Bank (Transfer and Vesting of Assets) Act, 2000.

ORDER NO. 7 – THE INSURANCE CORPORATION OF BARBADOS (AMENDMENT) BILL, 2000

Hon. D. A. C. SIMMONS: This Bill follows very closely the model used for the Barbados National Bank. Again, Government is taking the step to transfer the assets of a statutory corporation and vest them in a commercial company incorporated and registered under the Companies Act. The two essential differences between the two relate to the procedure for incorporation to the extent that the Insurance Corporation of Barbados has not reincorporated under the provisions of Section 355 of the Companies Act,

but has instead formed a separate company in which these assets would be vested.

Secondly, there is no provision, of course, for a Government guarantee since it would not apply in these circumstances and there was never one before. In fact, the Insurance Corporation of Barbados started with an injection of Government capital of \$5 million and has never thereafter been the recipient of any funds from the Government.

As far as I am aware, Sir, and according to my brief too, the Insurance Corporation of Barbados has operated so well and so satisfactory that today it is the leading general insurance company in Barbados with a share of the market approximating to 24 per cent which is excellent. It has been valued – I will just give a couple of brief essentials about the Insurance Corporation of Barbados – by KPMG as having assets in the vicinity of \$53 million.

Over the years, it has contributed \$18.5 million to the Treasury under the provisions of the Act which calls for a transfer to the Treasury in the same way that the Barbados National Bank used to do it. During the period 1975 to 1999, the Corporation has experienced a very steady growth of income. Profitability has increased from \$800 000 in 1995 to a net profit last year of \$6.1 million. As a result of this increased profitability, the return on asset ratios moved from something like 1.2 per cent in 1995 to 5.8 per cent in 1999 and total assets increased from \$71.7 million at the end of 1995 to \$117.9 million at the end of last year.

This has, therefore, been I think a model statutory corporation and I think we can hold it out as such, Sir. It will have demonstrated, by its performance, to the skeptics who feel that Government is incapable of satisfactorily running enterprises with a commercial dimension to them, that it is, in fact, possible to run a statutory corporation and have it make reasonable profit.
5.25 p.m.

It is proposed that the same provisions will apply in terms of the reservation of blocs of shares for the four groups I identified when I moved the Second Reading on the Barbados National Bank Bill. The strategic partners of the ICB have been earmarked as the BNB, which would have an allotment of 1.5 million shares and the National Insurance Scheme which will have an allotment of 2 million.

The offer of shares comprised 19 521 600 Class “B” Common Shares and, in fact, the Directors have approved a

reservation of 12 million Class "B" Common Shares in the following proportions:

821 600 shares for staff;

2.8 million for the policy-holders of the company;

2.4 million for the credit unions;

and I mentioned the BNB and the NIS already.
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After issue, the shareholding will be 49 per cent for the public of Barbados and 51 per cent reserved for Government.

Mr. Deputy Speaker, as I said, there is not much more I have to add to this other than to say that once again investment in this enterprise, the new company, will allow for a tax deduction of up to \$10 000. We hope that the shares in the ICB will also stimulate greater activity on the Stock Exchange as well as help in the development of what is still a fledgling capital market in Barbados. The structure of the legislation and the content of the legislation is very similar and close to that of BNB.

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

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

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, no one can deny that the ICB is a different kettle of fish than the Barbados National Bank. One only has to listen to what was said by the Honourable Member for St. Thomas to recognise that with this particular share issue the Government is not providing the same guarantee it has provided the Barbados National Bank. One can easily draw the conclusion that the risk in this particular investment is not as high as with the Barbados National Bank.

Before I get into the meat of my particular point on this issue, I want to refer to something that was said earlier when I made the point that previously the Government of Barbados was the only shareholder.

Mr. DEPUTY SPEAKER: You cannot quote.

Mr. D. St. E. KELLMAN: I am not exactly quoting. The Law says that you cannot quote from another debate. I am not doing that. I am quite aware of that fact and that is why I would not quote, Sir.

Mr. DEPUTY SPEAKER: Proceed, Sir.

Mr. D. St. E. KELLMAN: On this particular issue, what I am saying is that I still have my concerns. When you have a particular bloc of shares Government has control of where those shares will go, but when those shares are sold on the

market, there is no guarantee where they will end up. I am not saying that these shares will be bought and sold tomorrow, but once these shares are listed on the market they can easily be sold to the same people that you are trying to protect Barbadians against previously. Other Members on the Other Side can talk whatever they like but the facts are there. They can laugh as much as they like.

When land was sold to some people, people thought that they were empowering people with land and then on the West Coast the land that people had, Government initiated land tax policies to force the same people they encouraged to buy land to turn around and sell the land. I am saying it is quite possible that the ICB, the best insurance company in Barbados, can have a situation today that it is very much owned by the people of Barbados and two years from now you can look at the shareholders of ICB and you cannot identify with those same shareholders because those shares will be listed on the Stock Market and nobody can stop the shareholders from doing whatever they like with them.

The mere fact that the shares are so attractive, there will be people who are prepared to buy the shares at a premium just to get the shares and to control the market. Any government should take into consideration these particular points because I have made this particular point that you cannot do things unless you put certain regulations in place. To just come and offer shares, you have to protect the interests of the shareholders sometimes.

We can have ICB and we can be bragging about ICB tomorrow and, two years from now, the 49 per cent of the shares that were sold happened to be purchased by some other insurance company in Broad Street. I do not know the cost yet because I have not seen the Prospectus, but they say the shares can be bought by the shareholders at \$1.80 and the day after they are sold an offer can go on the market at a high of \$2.50 for the shares, which would be a rather attractive investment.

What are we going to do as legislators about that? Those people who feel that they understand everything and feel that when I make a point in here it has no significance must really reason what is being said and stop judging themselves based on a suit. Anybody can come in here with a new suit.

Sir, this is a point that cannot be discounted. We have to recognise that we are in globalisation and it does not necessarily mean that a local insurance company would buy those shares. Somebody in Timbuktu can recognise that ICB is selling their shares and can go after those shares by offering the right price and they can control the ICB shares that were sold without even having to come to Barbados.

We have to understand, Sir, that we are in a new technological world and anything can happen. Also we have to recognise that the ICB is quite different from the BNB and that the ICB has been able to function in such a way that it commands a greater part of the insurance market and that there are going to be players out there, especially in the private sector, who will feel very jealous about what is going on with the ICB and they will want to have some influence on ICB. Previously they did not have that influence, but I am telling you, Sir, that after these shares are sold we cannot stop them from having an influence. We cannot ignore these things.

We have to recognise what is going on within the industry and we have to recognise that there are companies in Barbados who are prepared to buy out other companies to control the market. That is what globalisation is about, the ability to buy out other companies and control the market. So we must protect ourselves.

What is also amazing, Mr. Deputy Speaker, I am told that 10 million shares will be sold in ICB. When you add it up, it does not come to 10 million, but 9.5. What is also interesting is that with ICB there is not a bloc held back to see what is going to happen.
5.35 p.m.

Sir, I am told that \$10 million shares will be sold in the Insurance Corporation of Barbados. It is interesting that there is not a bloc of shares being held back to see what will happen with the Insurance Corporation of Barbados because the Government is quite confident that the number of shares on the market will be sold.

I will bet anybody that the guarantee given to the Barbados National Bank will not be given to the Insurance Corporation of Barbados and that there will be no dividend policy. The question is, why would you have a dividend policy for the Barbados National Bank and not for Insurance Corporation of Barbados.

Sir, the Insurance Corporation of Barbados' financial backing is so strong and their profitability is so high that there is no need for a guarantee. This tells anyone who is shopping around on the market that the shares to buy will be the Insurance Corporation of Barbados' shares and no Member on that Side can question that logic.

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Asides.

Mr. D. St. E. KELLMAN: It tells you that the shares to buy are the Insurance Corporation of Barbados' shares more so than the Barbados National Bank's shares. Sir, even the Government has admitted that there is risk buying the shares from the Barbados National Bank....

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, Sir, on a point of order. Sir, nobody on the Government's Side has spoken today about any risk involved. This could do very great damage to the viability of the Prospectus and it would make headlines tomorrow. Sir, that statement was never said in here. It is an assumption on the Honourable Member's part.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, I have never said on the Floor of the House that any Member over there said that but the logic is there. The Government is guaranteeing the Barbados National Bank by putting a dividend policy in place, whereas, with the Insurance Corporation of Barbados, because of its strong financial backing, they do not think that they need to put one in place.

Sir, in my opinion, if I were to advise any of my constituents, I would have to tell them that the Insurance Corporation of Barbados is the major insurance company in Barbados....

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on a point of order. The Managing Director of the Insurance Corporation of Barbados is one of his constituents. I am sure that constituents would never take that kind of illogical advice from him.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, I said that the Insurance Corporation of Barbados is the major insurance company and the Honourable Member for St. Thomas got up to dispute that. Sir, I also said that it is profitable and the Honourable Member for St. Thomas is disputing that. It is not only profitable but it has been expanding and the Honourable Member for St. Thomas is also disputing that.

Sir, the Honourable Member has just said the opposite to the truth in this House. The truth is that the Insurance Corporation of Barbados is a profitable investment.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on a point of order. Sir, that is an accusation and he has to withdraw it.

Mr. D. St. E. KELLMAN: If the Honourable Member is saying that I am lying on him he will have to get up and say that what he said previously is not true because I was saying that the Insurance Corporation of Barbados is a profitable institution and he said that I am misleading my constituents.

Mr. DEPUTY SPEAKER: Honourable Member, could you rephrase what you just said?

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, I have no problem in withdrawing that provided the Honourable Member for St. Thomas withdraws what he said. If he does not withdraw that then I will be telling a lie on myself and I cannot do that, Sir. I understand what you are saying but you are putting me in a precarious position.

Mr. DEPUTY SPEAKER: The Chair has made a decision. Could you please rephrase the statement?

Mr. D. St. E. KELLMAN: If I do that I will be saying that what I have said is a lie and it is not a lie.

Mr. DEPUTY SPEAKER: Could you please rephrase the statement?

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Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, to please you, I will withdraw the statement but I also want you to know that the Honourable Member has misled this House by saying that the Insurance Corporation of Barbados is not a profitable institution. I will withdraw it that way, Sir.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, on a point of order. I am not getting into any crosstalk with the Honourable Member, but the point that I rose on was to say that it was not within his province to try to offer illogical financial advice to his constituents, particularly the Head of the Insurance Corporation of Barbados.

Mr. D. St. E. KELLMAN: Sir, I was talking about the good things of the Insurance Corporation of Barbados so how could it be illogical? Mr. Deputy Speaker, you understand what position you have put me in. The Honourable Member for St. Thomas has now compounded the problem.

Mr. DEPUTY SPEAKER: Could you proceed with the Bill?

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, no

one in Barbados can question this particular investment. When you look at the statistics provided by the Government today one would have to buy the Insurance Corporation of Barbados' shares and think twice about the other investments.

Sir, I thank you.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, the Honourable Member for St. Lucy asked why there has been a guarantee on deposits in respect of the Barbados National Bank and there is no equivalent guarantee for the Insurance Corporation of Barbados. Sir, we must recall that the Barbados National Bank was established by statute and this clearly provides for such a guarantee.

Let us look at the economics of the situation. Let us assume a culture where you have 75 000 poor depositors in a commercial bank. Let us also assume that even though banks would normally take that money and lend it at higher interest than would be given on the actual deposits, that there are certain pressures on the bank that might very well put the deposits in peril. In countries that have central banks by which a measure of protection can be offered, it is done through the management of the liquidity reserve ratio which the Central Bank requires of commercial banks. The liquidity reserve ratio is usually kept at a fixed percentage except if there are problems in the company where it will get higher. Sir, this is not really the best way of guaranteeing deposits, but in the case of the Barbados National Bank, statute provides for guarantee of the deposits.

The Honourable Member was saying – I believe he was saying so more in admiration than in criticism – that it is amazing how the Insurance Corporation of Barbados has not had a guarantee but, in the context of how insurance companies operate, Mr. Deputy Speaker, they raise premium income, then they operate on a statistical basis where risks are pooled and their actuaries would tell them that a given percentage of those who have paid premiums will make claims and that a given amount of money in the pool will go to claims.

5.45 p.m.

Of course, the insurance company, ultimately, has to ensure its own viability and in the real world would make investments to enhance its income. The Honourable Member should have made the point that it is not just prudent management of premium income but the management of assets and controlling of risks.

The Honourable Member should also have mentioned that his Party created an institution known as the Supervisor of Insurance who reserves the right to call the insurance

company to account. Insurance companies have to make certain declarations and disclosures to the Supervisor of Insurance, who is very much the watchdog working on behalf of the policyholders and who, once he senses mismanagement, can get involved.

The Central Bank is the regulator for commercial banks. It is a fact that the current Manager of the Insurance Corporation has had experience as the Supervisor of Insurance and who continues to do brilliantly in his current job. It is a pleasure to have been associated with him, in the same form from first to fifth as a school boy, a privilege denied to the Honourable Member who clearly could have benefitted from being in the same class.

Asides.

Mr. D. St. E. KELLMAN: On a point of order. Sir, what the Honourable Member did not add is that it is because of my uncle taking him under his wings and tutoring him that he can now speak in this House.

Hon. R. C. EASTMOND: Your uncle taught us and I did very well but in my last conversation with his uncle he told me that he is very close to disinheriting the Honourable Member for St. Lucy.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, as the Honourable Member for St. Thomas said, it is a truly historic moment that this young institution became successful through prudent management and proactive policies under the skilful chairmanship of David Deane.

insurance business but who is a multi-skilled person and has degrees in more than one discipline and who has worked very hard. Mr. Deputy Speaker, it would be remiss of me not to pay tribute to Mr. David Deane who got the whole thing going in the early days. He proved himself to be an outstanding manager so that the work of those who followed, even though challenging, would have been that more pleasurable and easier.

Mr. Deputy Speaker, the Honourable Member for St. Lucy said that if he had a choice in investing between BNB and ICB he will go the way of ICB. It is up to every shareholder or potential shareholder to look at the institution and decide.

The Honourable Member for St. Lucy in this debate suggested that we are unduly optimistic. He said that we are going to divest and let the small man buy shares but he fears that in the near future the small man will lose his shares. Clearly, if a small man buys a share at \$2 and in 18 months the share is worth \$8 through profit, confidence and a combination of other factors, would the small man be pressured into trading his shares to the big man at Barbados Shipping and Trading?

In any event, Mr. Deputy Speaker, you cannot force a shareholder who wants to hold on to his shares to give them to a mighty man. If you apothecate your shares, that is the insurance word for assigning, when you take your car and assign it as security for a loan that is done under a Bill of Sale. When you take your life insurance policy and assign it for a loan, that is an assignment. When you take your shares and apothecate them as security for a loan, that is a process by which you may lose the shares if you do not repay the loan.

The position is this, Mr. Deputy Speaker, I am saying that if 5 000 small men bought shares, shares appreciate in value, the 5 000 people see themselves as owners of an outstanding enterprise. In a situation where the Companies Act offers protection to minority shareholders, where the people have not assigned or apothecated their shares, who can force them to sell them to the big "magufee"?

The Honourable Member for St. Lucy has to be fair on this. If the Honourable Member for the City, who I believe has association with the Credit Union Movement, and if the Honourable Member for St. Thomas has shares and he is following the progress of his company and they see their shares continue to appreciate, they will not be tempted to get rid of the shares except some crisis happens. I take strenuous objection to the Honourable Member for St. Lucy saying that there is some ulterior...

Asides.

Mr. D. St. E. KELLMAN: On a point of order. The

Honourable Member is misleading the House, Sir. He is trying to give the impression that the Stock Exchange of Barbados is not at work.

Mr. Deputy Speaker, I am saying that if you have 500 or 600 shareholders in a company and there are no conditions attached to those shares, there are no assignments, nor the people are not under pressure to sell their shares then nobody can force them to sell their shares to the big "magufee". If a man has shares that have appreciated in value and he wants to sell these shares, even though he might not know who is the final buyer, that is a different scenario from a man buying shares intent on being a shareholder for life and then passing on the shares to his children.

Hon. R. C. EASTMOND: I think that the Honourable Member for St. Lucy is being unfair to us. To suggest that in the short term we are going to sell to poor people but 18 months after the short term the rich man will get hold of the shares, the Honourable Member persists in this particular parliamentary doctrine, using an ancient philosophy that the Party of which he is an advocate of protecting the small man and that this Side always sets up the small man to be exploited by the big man. I do not think that the public of Barbados is so much with the Honourable Member for St. Lucy, who I believe only thrives on the small man thing reflecting his own stature more than anything else.

The measure at hand, Mr. Deputy Speaker, is a Manifesto proposal. I said earlier today that it is also a demonstration of our commitment to broaden the shareholdership in Barbados the same way that this great Party has facilitated the Credit Union Movement; passed money laundering legislation; law on pension funds and the same way that this Party has facilitated the evolution of mutual funds; this Party is further responsibly discharging its mandate to allow Barbadians a share in the cake.

What is the point of having a big state company that is very profitable, owned by a sole shareholder who gets income and profit and who does not pass income and profit to the people? When people become individual shareholders buying varying amounts of shares, as long as the company continues to appreciate, then the people have wealth. As long as there is no encumbrance on their wealth, Mr. Deputy Speaker, the people can use their wealth to further advance their causes, offer any purpose that they may wish, including advancement to their children's education, and setting up their children in life.

The Honourable Member for St. Lucy in principle belongs to a Party, which in its most recent Manifesto spoke about economic enfranchisement that has not given this

brought. We have brought particular policies consistent with our Manifesto pledge. The Honourable Member for St. Lucy has, in a very backhanded way, suggested that we are giving with one hand, grudgingly, with the expectation that those who receive are going to be conned or tricked into taking their wealth and transferring that wealth to some ancient, conservative group who are anti-people.

Mr. Deputy Speaker, this Bill has a lot to be commended. I do not expect the Honourable Member for St. Lucy to vote against it. I give him every assurance that there are regulations and mechanisms in place that will not see the first or subsequent shareholders being disadvantaged. I want to make the point that in the absence of an encumbrance or charge on people's shares, there is nothing you can do to force a man or woman into surrendering their shares for somebody mightier. It is a fact that market forces work in such a way that if the Honourable Member for St. Lucy had bought 1 000 shares for \$1 000, five years after these shares are worth \$10 000 and he arranges through the Stock Exchange for them to be sold, he would get \$10 000 minus the costs, brokerage fees *et cetera*. The recipient of these shares might be a person he does not know. However, if the Honourable Member did not want to sell his shares, there is nothing preventing him, in the absence of having assigned them for a debt, from passing them to his wife or children.

5.55 p.m.

I think, Mr. Deputy Speaker, that when one looks at the legislation in relation to small business; when one looks at the legislation on Fair Trading, when one looks at the legislation that is offering shares in the Barbados National Bank and the Insurance Corporation of Barbados to the public, we are very much on target as a Government with upholding the sacred pledges made in our Manifesto. If we were given the chance before in 1994, this would have been done.

Economic enfranchisement was trumpeted in this country between 1991 and 1993, but the economy was on a tight rein. In those days the liquidity reserves ratio by the Central Bank went higher when all sorts of defensive monetary policies, like high interest rates and such like, were introduced. In fact, at one point Barbados was increasing its interest rates when the world was dropping theirs. There were issues of Treasury Bills which were taken up by institutions and persons who knew how to bid because the small man did not know how to bid.

Mr. Deputy Speaker, it would be most irresponsible of me to see forward-looking legislation with the power to empower people being passed here and I do not support it.

The Honourable Member for St. Lucy will support it, no doubt, but he must again understand that when he raises points that have worth he should expand upon them. The Honourable Member for St. Lucy mentioned shares being sold at a premium but he did not give this Honourable House the advantage of his interpretation of shares being sold at a premium.

My understanding is that the first issue of shares, except shares to staff, will hardly ever be issued at premium, except by some special contractual arrangement in the Prospectus which enables the staff to have special advantage on the issue. I think the Honourable Member owes this House an explanation what he means by shares being sold at a premium, especially on a first issue.

Mr. D. St. E. KELLMAN: Mr. Deputy Speaker, the Honourable Member is misleading this House. He is telling this House that the Insurance Corporation of Barbados stands to make a premium off the staff. I cannot believe that the Insurance Corporation of Barbados will do that to the staff.

Hon. R. C. EASTMOND: I am not saying so. I am saying that the Honourable Member raised the concept of the premium in relation to premium applicable to shares. The Honourable Member has mentioned it twice. Earlier today, he mentioned the shares being as a premium, giving the impression that the shares are going to be of tremendous value and in his recent contribution he, again, mentioned shares at a premium.

I said that he owes it to this Honourable House to explain precisely what he means and not to rely on the Honourable Member for Christ Church South to come and explain it for him. What I have discovered these days is that he turns to the Honourable Member for Christ Church South to explain for him what he means.

Mr. Deputy Speaker, it is highly unusual on first issue of shares offered in a public company, to sell shares at a premium. I am saying that the sole exception may be out of that which is a sense of politics, that some companies already in existence, whether by creatures of statutes or whatever, may want to give their staff special terms and even then I would not call it shares sold at a premium.

Asides.

Mr. D. St. E. KELLMAN: On a point of order, Sir. The Honourable Member is misleading the House again. There is no company that can issue shares at a premium and give their staff an advantage. It would be a disadvantage to

them. If the Honourable Member wants to say that they will issue shares at a discount rate, the Honourable Member can say that.

Hon. R. C. EASTMOND: Mr. Deputy Speaker, the point that I am trying to make is this. I was insisting that

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the Honourable Member for St. Lucy explains to us what he means. I said it was unusual, on a first issue, to offer shares on a premium. He has now come in rebuttal and I am thankful for it.

I said that a prospectus for a company already in existence might, by contract, offer special terms. Now the Honourable Member for St. Lucy has, at last said – and I am thankful to him for saying so – that it may be that the staff of a company that is selling shares to the public, might be given a kind of preferential rate, through a discount, which means that the staff pays less. That is my understanding when he spoke of premium earlier today and, therefore, I was able to draw him out. The Honourable Member for St. Lucy is no fool but he makes political mischief when it suits him in the expectation of scoring political points. His only mandate here is to do his best on behalf of the constituents in the interim. Perhaps, he is used to the mandate to go under the street lights in the dew and the rain to create noises.

Mr. Deputy Speaker, I still feel that we have to be thankful to the Press. It has been more than a year now where all arms of the Press have made it their business to do their utmost to bring the issues of business and commerce to the small man and to the public.

The *Barbados Advocate* has a business page, the *Nation Newspaper* has a business page, the *Broad Street Journal* has a business page, there are a number of business pages about and the electronic media is now steering the public. I think in a situation where this Government has been a Government for the small man, for the small business enterprise and for empowerment, that with the help of the Press could assert a role where it can enlighten the people as to the opportunities that exist, so that a person with \$10 000 might have a choice between buying life insurance, mutual funds, old-fashioned savings accounts, shares and such like.

I am saying there was a time when the old-fashioned Press of 60 years ago may not have taken on that role as their mandate. I want to compliment the Press of Barbados for repeatedly bringing the question of business commerce and economics before the public.

Mr. Deputy Speaker, in commending this Bill before this Honourable House, I join with the Honourable Member for St. Thomas, who has done a wonderful job today. I trust that Barbadians, in their numbers, can first understand what is being offered to them and grabble the opportunity to be able to assert ownership in institutions, which certainly

would not have been theirs back in history. Thank you, Mr. Deputy Speaker.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, Sir, I rise to wind up this Bill and to put a number of things on record.

The Government and, indeed, the people of Barbados should be deeply grateful to the management of the Insurance Corporation of Barbados over the years. More especially in the last few years, this Corporation has tended throughout its history to have had high-quality persons on the Board of Directors and that has continued. I, therefore, wish to compliment the Chairman, Dr. John Mayers, Principal Officer; Mr. Wismar Greaves, Managing Director; Mrs. Monica Skinner, General Manager. I believe Mrs. Skinner has been there from the inception of the Insurance Corporation of Barbados, if my memory serves me right; Mr. Jordan, General Manager of Finance; Mr. Maynard, he has been there for many, many years too at Corporate Affairs, and Mr. Bradshaw.

Most of them would have worked with this Corporation, some from infancy, others in the mid-years and who have now fashioned and developed a corporation that will be competitive in the Caribbean in due course.

I have to disclose my interest as a substantial shareholder in another insurance company that is a competitor to the Insurance Corporation of Barbados, but it does not bother me to be here today to promote their interest. I am not a director of any company, less anybody writes that. I resigned my directorship of that company on the day after elections in 1994, but I am a shareholder. I have retained my shares in that company, which is a competitor of the Insurance Corporation of Barbados.

Nevertheless, I am delighted to be promoting the interest of the Insurance Corporation of Barbados as the foremost insurance company in Barbados.
6.05 p.m.

Sir, the passing of this Bill today will facilitate the launching of the Prospectus early next week. I know that the Barbados National Bank (BNB) has their shares going at \$1.80. We will wait and see what the ICB will be offering. I do not want to preempt the Prospectus. I know what it is going to be and I will only say to the House that the shares in ICB will be less than the shares in BNB.

Hon. D. A. C. SIMMONS: I need to apologise to you for what?

Sir, with those remarks I beg to move that this Bill be read a second time.

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

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

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On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. DEPUTY SPEAKER left the Chair and the House went into Committee on the Bill, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clauses 1 to 11, inclusive, were called and passed.

The Schedule became the Schedule to the Bill.

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. CHAIRMAN reported the passing of one Bill in Committee without amendment and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Hon. Miss B. A. MILLER, the Bill was read a third time and passed and cited as the Insurance Corporation of Barbados (Transfer and Vesting of Assets) Act, 2000.

ORDER NO. 10 – THE BAIL (AMENDMENT) BILL, 2000

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, this is a comparatively short Bill but in the Office of the Attorney General, we view this as a serious piece of legislation. This Bill is about curtailing the right to bail.

Mr. Deputy Speaker, I am going to be short on this. There are many factors that, when combined together, predispose to criminal behaviour. Many of those are rooted in socio-economic conditions. However, it is not often realised that law enforcement has a role to play in the maintenance of law and order.

In terms of seeking to control criminal conduct, or to operate either, as specific or general deterrence, I wish to say today in this House for the first time that we now have undoubted evidence that one of the causes of crime in

Barbados is the abuse of bail by persons who are granted bail by the courts. It is particularly serious in regard to fire arm offences, where there is evidence – not assumption, please – that persons who have been charged, some with drug crimes and others with firearm crimes, have been granted bail and while on bail, continue to commit violent offences.

In one part of Barbados there are eight persons who have been charged for violent offences and drug offences involving guns. They have been granted bail and while they have been on bail, they have continued to commit similar offences. I say, I am not talking about assumptions, I am talking about evidence. I am not calling any names in here and I cannot do it to prejudice cases.

Sir, that has stopped because it is one of the things that foments fear of crime. The use and abuse of guns, I said it at the Budget, and I said it at the Annual Conference several times, it is that that contributes and conduces to the fear of crime.

6.15 p.m.

The real purpose of this Bill is very simple. I am not making any long speech. It is that from the time this Bill is signed by the Governor-General, any person who is charged under sections 18, 19 and 20 of the Firearms Act 1998 will not get bail by any magistrate. No bail, that is it. If you want it, you will have to go to the High Court. That presently exists under section 27 of the Magistrates' Jurisdiction and Procedure Act but I am removing the discretion for Magistrates to give bail where a person has a firearm with intent to endanger life, or cause serious injury to property, or has a firearm with the intent to resist or prevent lawful arrest or detention of himself or another person – that is section 19 – or has a firearm with an intent to commit an indictable offence. If you have a firearm and you intend to use it, no bail.

This does not affect the simple case of possession. I am very careful about that because to have extended the law to just illegal possession could work hardship. Take the situation where you have a licence and you leave and go away for two months and you forget to renew your licence, somebody goes and informs the police that So and So has a

Asides.

Hon. D. A. C. SIMMONS: Well the licence is not renewed, so it is not licensed....they come and do a search and they find it and you are charged. To deny you bail in those circumstances would be unjust and harsh. We are not penalizing that situation. We are dealing with where you use a gun, no bail, good.

The other aspects of the legislation, Sir, are just to tidy up matters that we came across by way of law reform in the Magistrates' Court Act but that is the essential scope and purpose of this legislation. I am not making any flamboyant speech or otherwise. This is a simple thing.

We have evidence about how people have abused bail when they get bail. Serious drug men in this country have got bail and while on bail have left Barbados and gone to other countries in the Caribbean and come back and use guns and go back in court and get bail again. One man on four serious drug charges, on each of them he got bail...

Asides.

Hon. D. A. C. SIMMONS: ...and included in that were two convictions for having guns.

I hope that the message will get through to those who have to deal with these matters in the court. The Government and the people of Barbados wish to set their faces against this kind of behaviour. I only have the power to use the law to bolster those values that the whole country holds dear.

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

Hon. G. A. CLARKE: I beg to second that, Sir.

Mr. D. St. E. KELLMAN: I rise to say that I support this Bill, but there is one thing that is worrying me, Sir. I can live with the no bail but I have a particular problem when there is recourse because the impression could easily be given that you are having doubts with the Lower Courts but with the High Courts there will not be a problem, so I am seeking clarity on this particular issue.

Hon. R. N. GREENIDGE: Mr. Deputy Speaker, I just want to say a few words on this myself. I want to begin by saying that when this legislation is passed, I still believe that the two offences, treason and murder, will still remain the only offences for which it is not usual for us to get bail.

I think what is happening here is that we are limiting – and this is the point that has to be made – the bail

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applications to the High Court and I would not want people to get the impression that we have said in this House today that we are not giving people bail, full stop, for firearm offences. What is happening is that we are limiting the avenue through which the offender would get bail and this is the point which has to be made.

I think too that this approach stems from the fact that there are about two dozen fellows or so in Barbados who commit most of the crime and these are known repeat offenders. They are in today, they are out tomorrow and while they are out, they continue with their crime, shooting and so on. It is almost like a recurrent decimal. They come out and they do the same thing over and over again.

Mr. Deputy Speaker, any time you hear that there is a particular fellow before the court who has 16 and 17 offences, you can rest assured that some of those offences would have been committed while that particular chap was out on bail because a lot of these youngsters pay absolutely no respect to the significance of bail. They just do not seem to care.

Sometimes what the Magistrate does is to give them a condition where they have to turn up at court maybe twice a day and some of them seem to think that is what matters, so they do turn up once or twice a day to the Magistrate's Court

as the condition, but then they go off still and commit crime as if to say that that was not a condition of the bail as well. They would turn up as I said at the court, show themselves but when they go back down the road with the fellows they commit the crime again.

We have to remember too, Mr. Deputy Speaker, that this whole question of firearms is what actually caused a gun court to be established in another Caribbean jurisdiction, but we would not want to see Barbados actually reach that stage. We are taking a precaution and doing something about it now at this level. Of course, Mr. Deputy Speaker, there is going to be a very powerful argument against this approach. I know defence lawyers will argue against it. People are going to argue, for instance, that if the High Court refuses bail, then we could very well have a situation where an innocent person is in jail for some length of time and even when he is proven to be innocent in the end, that the court is not going to give him back his time, he will not get back his freedom, so you can anticipate this kind of argument coming.

They are going to argue, Sir, that the presumption of innocence is something which is to be held in very high regard and I do not think that we can argue against that. They will argue, Sir, that what the person is being charged for would be mere allegations and, therefore, that person is presumed innocent and the person should have access to bail and so forth.

6.25 p.m.

Mr. Deputy Speaker, I want to close by saying that it is indeed a fact that everybody has a right, but when the society is under threat because people abuse things like bail, we may be forced to curtail those rights. The concern over the rights of the individual has to be weighed occasionally against the rights and protection of the society. I think that in this instance what we are doing is to resolve the whole issue in favour of the State. I know that there will be some legal arguments on this one, but the point I am making is that we have made a conscious decision to resolve this one in favour of the protection of the society.

I am obliged to you, Sir.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Michael West.

Rev. J. J. S. ATHERLEY: Mr. Deputy Speaker, if I may simply and briefly make a contribution on this matter and certainly to express some support for the measure. I think that it represents in suitably measured terms the response which is required to the situation with which we are currently faced in this country. I think to the extent that there is a climate of fear of crime in this country existing at this moment, it is a result of the fact that the spectre of the gun raises its threatening head in many of the instances where

violent or aggravated crime situations are perpetrated in this country. Therefore, the spectre of the gun contributes

significantly to any climate of fear which may exist in the country at this time. This response is both measured and is suitably so what is required at this stage.

I do not think that we would want in Barbados to repeat the experiences of the Gun Court experience in Jamaica. I think that in this regard, therefore, the measure is also what is required and is suitably measured as a response. The redeeming feature in the context of a situation where there might be, in fact, a climate of fear existing around the use of firearms and crime, is the fact that often times these guns when used by perpetrators are pointed at competitive perpetrators in a certain arena of criminal activity and particularly so when we are talking about drug related activity. Sir, I would therefore want to make that one point.

Secondly, without being apparently critical and certainly without being inappropriately critical of the officers of the court, one would have to ask oneself a few questions with reference to the posture of the officers of the court. I think what the Ministry of the Attorney General is attempting to do with the introduction of this measure is to send a strong signal to the criminal element. I think also to send a signal to the courts that we need to make appropriately a response which would see us even better and effectively combat the surge of violent crime in which guns are used. If legislation is available, teeth must be given to that legislation by the action of the officers of the court.

I think that this is what the Attorney General, the Honourable Member for St. Thomas, is attempting to do. The question must be asked and the answer might be sobering as to whether or not the officers of the court are sufficiently sensitive to public will in Barbados at this time with respect to policies on sentencing and granting of bail. The question must be asked and the answer might be sobering as to whether or not in terms of consistency with reference to sentencing and granting of bail that the posture of the courts is such that it is in sync with the value system which we uphold and which we still hold dear.

I think that at the end of the day, if I might close on this note, when the law enforcement officers of this country put their lives on the line, do their diligence with criminal investigations and bring people before the courts, we would want to ensure because of our policies of sentencing and granting of bail, that their efforts are supported. We do not want to negate in any way the efforts of law enforcement officers in an attempt to bring crime within track in the society at this time. I would, therefore, with those brief words, want to support the measure.

Thank you, Mr. Deputy Speaker.

Mr. DEPUTY SPEAKER: The Honourable Member for St. Michael North.

Hon. R. St. C. TOPPIN: Mr. Deputy Speaker, I too wish to rise to add a very brief comment on this matter. I think that everyone knows that I have always been, am now and will always be a very strong advocate of human rights. I must say, Mr. Deputy Speaker, that I fully support this amendment before this Honourable Chamber today.

I think, Mr. Deputy Speaker, that the time has come when a very clear unmistakable signal must be sent to the criminal element in this society that we as a society are simply not prepared to tolerate the lawlessness anymore. This is perhaps only the beginning, but I think that this should serve as a clear signal in that direction. If there are those who have the opportunity to work along with the lawmakers to ensure that law and order prevail by being given a discretion and they are not exercising discretion in the way it should be, then I think that it is very appropriate to legislate that discretion. That is precisely what has been done here this afternoon.

Mr. Deputy Speaker, as I said, this has been a very brief comment, but I want to indicate that I fully support the measure. It sends the signal that has to be sent at this time.

Mr. DEPUTY SPEAKER: The Honourable Member for St. George South.

Mr. L. R. TULL: Mr. Deputy Speaker, I have heard the introduction of this Bill and I have also read the reasons for it. I would be less than honest if I did not say that I as a Barbadian am not concerned about the level of criminal activity in this country. However, I believe that people have certain fundamental rights in this country. I am not at all sure that this measure before the House is one that I can sleep comfortably with. Bail is an old concept in our jurisprudence. It is nothing new. A man has got a right to be free. He has a fundamental right. It is part of our Constitutional arrangement. It is also true, Sir, that the society has to be protected. We have to balance the two things.

This Bill does not do anything in relation to the protection of the society. All this thing about sending a strong signal is almost like a catechism. A catechism of what? To say that the magistrates who deal with 90 per cent of all criminal matters in Barbados as a minimum, Sir, they know who is regularly charged and who appear before them.

Aside.

Mr. L. R. TULL: Sir, can I speak without being heckled. I did not heckle anybody.
6.35 p.m.

That is the thing about the bigots. The bigots feel that they should be able to get their point of view across but those who are not bigoted must not be heard.

Mr. Deputy Speaker, Sir, as I said, the magistrates deal with 90 per cent minimum of people in criminal activity. What this particular measure is saying is, do not trust the magistrates to exercise their discretion judicially in respect of those who come before them, so send them to the judges, as if the judges are any more competent to determine how the discretion should be exercised. That is all it is.

When you arrive before the judge, the judge knows nothing about these people. He does not deal with them on a regular basis but the judge is to make the decision whether they are to get bail or not. I accept that this does not say that you are ending bail. People must have bail. You have to keep it in the system.

What it is doing is now clogging up the High Court with a lot of mundane routine applications for bail that have long been properly adjudicated on by magistrates, for time immemorial, in this country and they could continue to do that. I do not see how this is going to solve any problem or send any signal, whatever signal it is I am hearing about.

I understand, Sir, and I am speaking from experience because I deal with these things regularly and when you deal with the question of bail, we must also bear in mind the gap between the charge and the time of the hearing of a charge. It is very well for some Honourable Members to get up and talk as though the people who are charged are guilty. Some people start off on that assumption. We have to deal with these criminals – to do this and talk about bail as if it is just for criminals. Anybody who is charged, and a lot of people who are charged, are acquitted.

I could speak to that with some authority so that when you say ten or twenty criminals in Barbados and you pass legislation for twelve or twenty people that is not the basis on which legislation should be passed, any legislation anywhere in the world. You cannot pass legislation for ten or twenty people. You have to look at the whole society. You have to look at all the pros and cons of keeping the integrity of the society.

We come in here bringing legislation talking about the ten people out there so let us waste Parliament's time and pass legislation to deal with ten or twelve bad boys! I do not think that is a proper basis for legislation in this country.

I was making the point about early trial. It is not fair to deny a man bail and then he cannot get his case heard for months and months. There are people in Glendairy, and if other Members who have spoken feel that they are guilty, they can say they are guilty. I know that they are not tried yet

so I cannot say they are guilty.

There are people who have been remanded without bail for over a year in Glendairy and cannot get their cases heard. Is that fair? Is that the intention, that people should be in a situation such as this? I hardly think so. I do not believe that is what anybody in this Parliament, right-thinking people representing people, should wish for.

The Attorney General, quite rightly, says that it is not for mere possession. I have always had a problem with possession because people are in possession of a gun and they are highly respectable citizens in this country who by a set of circumstances find themselves in possession of a gun. In my view, they should be treated differently from the bad boys out there running around Bridgetown going into clubs and houses terrorising people. I feel there should be a distinction.

Aside.

Mr. L. R. TULL: If there is a distinction, I am happy. I know exactly what is in the Bill and I have heard what you said. If you bear with me, Mr. Deputy Speaker, you will hear where I am moving. The Attorney General says it is intended only for people who have guns with intention to commit a crime. How are you going to determine that? The learned Attorney General knows that in his time when he used to practise law in the early days that if there was an application for bail and the prosecution wanted to have the bail denied, that you would put a police officer on the witness stand on oath and cross-examine him first so that the adjudicating authority can have some feel as to whether the charge has any basis at all.

There is nothing that will prevent police officers from charging people with possession with intent and then when you have a trial three, or six, or eight months later it is a case of simple unlawful possession with no intent. Police will put intent because the police want to do exactly what I am hearing a lot of Honourable Members in here saying today. I am a little nervous about these things. I am very jealous of the rights of people. I am jealous of people's freedoms.

I am also concerned, before I hear people get up and say that I am not concerned about law and order and safety in society. I live in the society and I have to get in my car and drive home tonight like anybody else. I want to feel secure in Barbados. I do not want the price of my security to be the trampling of the rights of a certain group of people in this community.

I am not talking about the "bad Johns". The Magistrates know who everyone is that has long convictions for robbery and violence and guns because when there is an

card showing that in 1953 he was convicted, in 1957, 1990, all the way through. You must produce the evidence of their antecedents so that the magistrate has before him or her a clear record of what the person has been up to before.

Let us get one case now in this new dispensation because I have no doubt that the Bill will pass. Let us assume, Mr. Deputy Speaker, that you have somebody who is charged with possession of firearms with intent. This legislation will say that the magistrate should give no bail, so he is sent up to Glendairy. They finally get before a judge few days later, maybe a week later, an application for bail, but they have spent a week in Glendairy already.

This person has had no previous convictions. He has come clean and the circumstances of the possession of the firearms, if indeed there is any, will not be challenged until there is a hearing in the courts of the case. Halfway through the case, sometimes before the case starts, the police will come and say they are offering no evidence. That person would have lost his freedom. He would have had a clean record and they are being judged on the same basis as the 12 or 20 or whatever figure that is being bandied about, that figure of "bad Johns" out there. This person is being measured by the same yardstick as they are.

In other words, all I am asking is that there be some fine discrimination between one case and the other and that should be left to the discretion of the presiding officer with whom the person comes into contact first, and that is the magistrate. I feel strongly about that, Sir.

I want also to say, Mr. Deputy Speaker, that this business about reacting to every little whiff of wind is not, in my view, the answer to the problems that are confronting this country. We have some real serious problems and we have to deal with them. I am not one who believes that bringing forward hard legislation every few months is the answer.

If I have a philosophical difference with my colleagues on that, so be it. We are not expected to feel and think the same way. We do not have the same intellect. We do not have the same experience in life and we have to bring all these things to bear. I do not believe that constantly bringing more and more harsh legislation has answered any of the problems. I remember, Sir, speaking in this Parliament a few years ago, four or five years ago when legislation came. It was televised. It was a big debate on the Vagrancy Bill. 6.45 p.m.

Sir, I have some views to express on the matter. I said at the time that I did not think that some of the legislation was

directed against criminals, that it was directed against social misfits and some of the people in Bridgetown who are begging for money or washing cars but it was not directed against criminals. There are people who are socially ill and this abrasive legislation seems rather harsh and I predicted that it was not going to make any significant impact on what happened in Barbados.

I believe in learning, therefore, I would like the Attorney-General or the Parliamentary Secretary to tell me what significant difference it has made. Sir, I think we need a new and enlightened approach to crime in the society.

The Attorney General comes up often with bright, enlightened, new, modern sensitive policies to deal with these things but before he gives them time to work he then comes back and brings measures that, to me, seem to be antiquated to the new bright enlightened policies that he espouses. He talks about them all the time and then, in my view, he brings other measures that knock them down.

Sir, I want to be at one with my colleagues on measures that come before the House because whatever position we take, I believe that everybody in this Chamber, on this Side or that Side, wants things to happen for the well being of this country. We do not have any traitors in this Parliament. I believe every single person in here has an interest in ensuring that this country is a wholesome place in which to live and we want to see good things happening to Barbados. Although there may be differences in opinions, I believe that fundamental truth remains.

Mr. Deputy Speaker, I am not begging because it is not in my nature. If I take a position that is different from what my colleagues have on this one, so be it. I am not resiling from it and I believe that I should have a proper hearing on it. The hearing that I get should be based on my experience, not only as a parliamentarian, but by my experience in the law courts, dealing with these people and knowing the problems that exist today and, therefore, I bring a certain perspective to this matter.

Sir, I was a little offended when the Honourable Member for St. Philip North said he knew that defence lawyers would take a different position. Sir, that is an insult to me. I do not take a position because I am a defence lawyer. I take a position because I am a man of conscience, and experience tells me that I should go down a certain road. It is offensive that it should be said.

Mr. Deputy Speaker, a debate as serious as this should not be anecdotal but, nevertheless, I feel constrained to mention a particular incidence that happened very recently.

There was a young man charged for murder and at the end of the preliminary hearing it was clear to anybody that there was no evidence against the accused man. It was submitted to the magistrate that there was no evidence and

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that the man should be released. The Director of Public Prosecution said there was no evidence against the accused, that he should not be held and, that the evidence will show that the prosecution witness said the man was the peacemaker and he was not involved. After 22 months had passed, the courts said they had no evidence against the man. He was released after 22 months during which time he had to pay a ton of money to his lawyer.

Sir, we have to be very careful when we are dealing with the rights of people in this country and we must not be pressured into taking measures that can be inimical to the best interest of another person.

Sir, a lot of people do not worry about matters of this sort until it happens to their brother, father, cousin or best friend. Then they will say, I now understand what you are talking about.

Sir, I thank you.

Mr. D. J. H. THOMPSON: Mr. Deputy Speaker, I know sometimes we accuse the Government of overkill in some of these matters but persons who do not analyse things properly take those comments out of context and because you have called for effective policies to deal with crime and violence, they think that every single thing that the Government brings should be supported without commentary.

We have said to the Attorney General that every facility should be given to Government to wrestle crime to the ground. I did not know it was in the air but, according to Mr. Nuttals, it was below ground. Obviously, a concern that Government has and people have made a number of suggestions.
6.55 p.m.

One always has to have concerns where you are saying that you should extend the jurisdiction of magistrates to deal with a variety of new offences which previously were only under the purview of judges. Yet, on the other hand, those men who are there sitting on a daily basis, as the Honourable Member for St. George said, perhaps, take into consideration the kind of facts that are relevant. If matters of this sort are going to be denied, the jurisdictions are to deal with these matters. However, the Constitution Commission also recommended that you offer them a form of constitutional independence.

The Honourable Member for Christ Church South made some comments about the judiciary. I know that the Attorney General wishes to launch an all-out attack, even when he sees things in the judiciaries are not going well, but at the same time this Parliament has to face up to the problems that exist in the court system.

You have had controversy in Trinidad and Britain. The judges have viewed the political directorate by trying to meddle in their discretion. What would be of concern is a draconian piece of legislation which is essentially focussing on a very small group of persons in our court system.

Asides.

Mr. D. J. H. THOMPSON: It is not going to remove the fear. As the Honourable Member for St. George South said, the amendments to the Vagrancy Act did not change the situation, and passing the Act the other day relating to the BCA is not going to change it. There are some other things that need to be done, and I will give you a copy of our crime policy document which has been highly recommended and praised.

You are doing some of the things already. Nobody has said that they are not being done but there are issues in relation to crime policy. I am particularly dealing with the causes of crime in Barbados which need to be attended to. Every time, from way back when, we were dealing with domestic violence, the police asked for all kinds of supernatural powers, which they said they did not then possess, to go into people's houses and do all kinds of things in pursuant of domestic violence situations.

I was a member of that committee and we resisted the request the Police were making because they would have ended up riding roughshod over the basic rights of citizens. We had many examples with the police arguing that they do not have power and legislation to cover these things. That does not mean that every time that argument is adduced that we must respond by passing new legislation in this Chamber to deal with these things. No where in the world would you find the police and prosecutors satisfied when they apprehend the criminal and the court system lets them walk free.

Therefore any criticism of the Bill as going overboard in that direction is one which the Honourable Member for

St. Thomas needs to examine seriously. There are ways which, I believe, this can be done but, at the same time, we need to be frank about what is happening in the court system and about what is happening in relation to the morale of the police. I do not care what anyone tells me, part of the excuse being made by the police about not being able to pursue cases to the end is because the moral in the Royal Barbados Police Force is low. They believe that they are putting their lives on the line looking for dangerous criminals and they are not receiving any reward or respect for the jobs that they are doing.

7.05 p.m.

Asides.

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Mr. D. J. H. THOMPSON: It is not just coming from the Magistrates. They are, in fact, looking for all kinds of excuses. They want different legislations; they want tougher penalties; they want swifter prosecution and if you give them the opportunity they will ask for an altering of the burden of proof. We know that.

Asides.

Mr. D. J. H. THOMPSON: We have seen legislation creep into this Parliament, where the burden of proof has shifted. That is what I am seeing and this is the dangerous situation that has to be avoided at all cost. As I said, the heart of the problem is not the 12 individuals whom this legislation seeks to deal with, but...I heard somebody said 12.

Asides.

Mr. D. J. H. THOMPSON: Well, if I have misled the House in relation to 12, I will follow on a previous misleading statement. As long as there are those kinds of morale problems, the ones who go out there to apprehend the criminals, the ones in the station who have to interview them, the ones who escort them when they come out of the prison with the crowd hostile towards them, the ones who have to prosecute in the court under frustrating conditions, the ones who come into contact with members of the Judiciary, who do not necessarily respond to what they want, as long as there are men who do not feel they are adequately remunerated and they are working under unsatisfactory conditions, then they will look around the system for scapegoats and excuses.

As I said, they will ask for all kinds of supernatural powers to do a job which, with careful attention being paid to their plight, could have been alleviated. Therefore, it is against that background that there have to be concerns about the way in which we respond – giving people a sledge hammer to kill an ant – but I have already made my position clear. This office is not going to stand in the way of Government introducing measures, despite the *Barbados Advocate* editorial, that is not going to confuse me and it should not confuse you. We are not going to stand in the

way. The Government has asked for these additional powers and, at the end of the day, the question is: "Is it going to make a lot of difference?"

As an Opposition, we raised concerns. We hope that the legislation would be applied so fairly that no citizen feels that his rights are being trampled on or destroyed but, at the same time, as soon as this debate is finished, we are going to be debating another piece of legislation to put additional penalties on persons who assault postmen. How many of them have been caught? I think there has only been one instance where somebody – and do you think that the people who are assaulting postmen are assaulting them because of the penalties that exist? Do you think that if they increase the penalties, suddenly they will stop doing it? Do you think that by bringing legislation like this, it is going to dig into the root problem of gun crime in Barbados, or those persons who are out there terrorising Barbados with no care for either their lives or limbs or anybody else's? Somebody who could just drive into a village and starts shooting without any regards as to whether school children are at a bus stop or an old lady sitting in a window looking out?

There is very little one could do in that regard, in terms of increasing penalties. It has to be dealt with at another level and, indeed, the Honourable Member for St. Thomas knows what I mean. I am not suggesting that he deals with it the way the St. Lucians deal with it. They have a much more aggressive policing policy. In Trinidad, in the days of Kojak, they had an even more aggressive policing policy. That, as yet, has not been the Barbadian way, but in the absence of that, we cannot simply increase the powers of the State at the expense of citizens, some of whom might be caught up in circumstances over which they have no control.

Therefore, as I said, we are not voting against this piece of legislation. We have raised our concerns for the record so that nobody could say we have not given – except for our concerns about the approaches of the Attorney General's Office uses, the fullest co-operation to the Government in relation to these matters.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I wind up the debate. I thank all Honourable Members who have spoken. When I began the introduction to the Bill, I said this is not a Bill which is restricting rights. We must understand exactly what I am doing and what the Government is doing.

Bail is a right. The Bail Act of 1997/1998 begins by saying that bail is a right but then it gives a number of exceptions and says that right will be restricted in the following circumstances. This is but another restriction that we are adding to that list.

I also said the Bill is not brought on the basis of any assumptions but on the basis of hard evidence which I have but, for security reasons, cannot disclose to this House. One of the causes of violent crimes in Barbados is the abuse of the bail system by persons who the courts have granted bail for gun or drug offences and then, while on bail, those persons repeat their criminal actions.

Do you want to hear the number of persons who were out on bail and committed these offences? Last year 18 persons were terrorizing the West Coast. Some of them were dressed in black and, at nights, were going into houses and terrorizing the occupants, including raping them. It took Inspector Bruce Rowe and his team about six weeks

before they could have caught the criminals because they were clever. They were hitting both the South Coast and the East Coast.

Inspector Bruce Rowe and his team captured nine of them in one week and nine the following week, including some persons who were known to be drive-by and ride-by shooters – and all of them were given bail. After being given bail, these criminals then proceeded to repeat committing offences.

What is a government supposed to do in a situation where its Police Force works excessively hard against all kinds of odds; controls a situation, identifies, detects, and arrests a group who has been terrorising the country, only to find that having captured them, they are released on bail to start repeating their crime spree again. What is a government to do but to try and balance the interest of the individual to his right to freedom, against the need to protect society from persons or a group of persons, who have shown that they have a propensity to doing society harm? What are we to do?

Asides.

Hon. D. A. C. SIMMONS: This restriction on the rights only applies to those offences under sections 18, 19, 20, of the Firearms Act. It is not aimed at the 1 800 people that commit crimes a year. It is that few who are charged with those three specific types of offences, where they are using

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a gun and endangering lives.

Mr. Deputy Speaker, having practised law, I understand the difficulty of the criminal justice system in speedily delivering justice. From this position, I do not want to reflect on any one magistrate. From this position, I do not want to be drawn out to appear to be critical of the Judiciary. I would only say that it has been shown, as recently as three years ago, that the criminal justice system can be sped up if work is organised in a particular way. Therefore, so as not to appear to be attacking anybody, I would just say a person is charged with one of these offences.
7.15 p.m.

His right is restricted. The Magistrate says, “I cannot give you bail. If you want bail, you have to go to the High Court but what I will do is to start this case in two weeks’ time,” and, you will start putting in evidence, every couple of days, two witnesses and then, you will get it through.

If you do it that way, it has been shown in recent history in Barbados, that it can be done and I will talk to members when we get downstairs. I do not want to call names because it might be invidious. If the work is so organised that the chap is brought in, he is denied bail but he is given an early trial and you start the trial by putting in the witnesses and everyone knows. It used to happen up to three

years ago.
Aside.

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I propose that we take the dinner suspension now and resume

Hon. D. A. C. SIMMONS: It can be done, so that I appreciate the fears of the Honourable Member for St. George South.

Asides.

Hon. D. A. C. SIMMONS: They are doing it in Bermuda. It can be done. You just have to have the attitude.

I understand the fears coming from a defence counsel. You are concerned about the rights of the accused and that is why all we have done in this legislation is to add to section 27 of the Magistrates Jurisdiction and Procedure Act, which says that if you are on treason, you have to go to a judge for it. We say, if you are charged with these firearm offences, you have to go to the judge. Sir, that is all, but it is a terrible thing for a law enforcement system to operate against the interest of the law enforcers, and that is what has been happening in respect of our gun crimes.

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

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

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

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. Miss B. A. MILLER, Mr. DEPUTY SPEAKER left the Chair and the House went into Committee on the Bill, Mr. D. CARTER in the Chair.

COMMITTEE

Mr. CHAIRMAN: This House is now in Committee.

Clauses 1 to 4, inclusive, were called and passed.

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

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Hon. Miss B. A. MILLER, the Resolution was read a third time and passed and cited as the Bail (Amendment) Act, 2000.

SUSPENSION

at 8.10 p.m. and then proceed to the several Resolutions and the Supplementary and close off for today.

SUSPENSION

Hon. D. A. C. SIMMONS: I beg to move, Sir, that the House be suspended until 8.10 p.m.

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

The question that the House be now suspended until 8:10 p.m. was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER suspended the House accordingly.

7.23 p.m.

RESUMPTION

Mr. DEPUTY SPEAKER: This Sitting is resumed.

GOVERNMENT NOTICES

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, I beg to give notice of a Resolution to approve the Judges (Remuneration and Pensions) (Conditions of Service and Allowances) (Amendment) Regulations, 2000. I will like to take that later on this evening.

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

REPORT FROM SELECT COMMITTEE

Hon. R. St. C. TOPPIN: Mr. Deputy Speaker, as you will recall, the Joint Select Committee established by Parliament in relation to the Fair Trading Commission and the Utilities Regulations Bill has been meeting and is near the completion of its work, but the time as prescribed by the Standing Orders for a period of three months is near its end. I am seeking, on behalf of the Committee, an extension of two weeks by which time the work of the Committee will be finalized.

Asides.

Hon. R. St. C. TOPPIN: December 15, 2000.

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

ORDER NO. 11 – RESOLUTION TO APPROVE THE MINISTERS AND PARLIAMENTARY SECRETARIES (REMUNERATION AND ALLOWANCES) ORDER, 2000

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, in moving that this Resolution do now pass, I wish to say, Sir, that all Members on this side to whom I have spoken were

outraged by the headline appearing on the back page of the *Nation Newspaper* today which was deliberately contrived to give the impression that somehow parliamentarians were coming here today to pay ourselves handsome increases of salaries.

That is my view, Sir, and I know that others feel like that.

Asides.

Hon. D. A. C. SIMMONS: It is misleading. It is deliberately contrived to create enmity and envy against politicians, and who do not see it like that, do not know what is going on in this country. It is deliberately contrived. I have been in here long enough to know when people are out to make mischief.

All that has happened is that everybody else who are paid from the Government's purse have got their salaries and allowances. We, the politicians, are coming at the end of the year, seven months after, for our allowances which are in the same terms as everybody else, five per cent. We have come at the end, last as usual, low class, last class, to get our five per cent now before the end of the year and there is a big headline splashed across the back page of the Newspaper like we are sneaking in here to give ourselves additional money.

Asides.

Hon. D. A. C. SIMMONS: Everybody else got five per cent and allowances. All the public servants, my Permanent Secretary, everybody else. We are coming now to get the same five per cent.

Asides.

Hon. D. A. C. SIMMONS: I took my own action yesterday. I am fed up with that kind of foolishness.

Sir, I beg to move that this Resolution do now pass. I am saying that all it is, is the entertainment allowances and the travelling allowances increase by 5 per cent.

Asides.

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

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

ORDER NO. 12 – RESOLUTION TO APPROVE THE SENATE AND HOUSE OF ASSEMBLY (REMUNERATION AND ALLOWANCES OF MEMBERS) ORDER, 2000

House of Assembly. As the Schedule said, it is the entertainment allowance for the Speaker, the Deputy Speaker, Chairman of Committees, Leader of the Opposition and other Members. The Resolution is in order, Sir. It was signed on November 13, 2000 by the Minister responsible for Finance.

I beg to move that it do now pass.

Hon. R. N. GREENIDGE: I beg to second that.

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

ORDER NO. 16 – RESOLUTION TO APPROVE THE
RATES OF ALLOWANCE APPLICABLE TO THE
POSTS OF PERSONAL ASSISTANT TO THE
PRIME MINISTER, EXECUTIVE ASSIS-
TANT TO THE PRIME MINISTER
AND PRESS SECRETARY

Hon. D. A. C. SIMMONS: This Resolution speaks for itself. This is to pay the five per cent for the persons so named in the Resolution, Sir. I beg to move that this Resolution do now pass.

Hon. R. N. GREENIDGE: I beg to second that.

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

ORDER NO. 13 – RESOLUTION TO APPROVE THE
INCREASE OF THE RATE OF TRAVELLING
ALLOWANCE APPLICABLE TO THE POST
OF PERSONAL ASSISTANTS TO
MINISTERS

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, this is a similar Resolution. I beg to move that this Resolution do now pass, effective the same, five per cent.

Hon. R. N. GREENIDGE: I beg to second that.

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

ORDER NO. 22 – RESOLUTION TO APPROVE THE
JUDGES (REMUNERATION AND PENSIONS)
(CONDITIONS OF SERVICE AND
ALLOWANCES) AMENDMENT
REGULATIONS, 2000

Hon. D. A. C. SIMMONS: Sir, I ordinarily would not move this Resolution but I declare an interest to the extent

that this would affect my wife, Sir, who would be covered by this. I declare the interest and beg to move that this Resolution, which is part of this package, do now pass.

Hon. R. N. GREENIDGE: I beg to second that.

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

ORDER NO. 21 – RESOLUTION TO CONSIDER THE
GRANT OF SUMS OF MONEY FOR THE
SERVICE OF BARBADOS

On the motion of Hon. D. A. C. SIMMONS seconded by Hon. R. N. GREENIDGE, the House resolved itself into Committee of Supply, Mr. D. CARTER in the Chair.

COMMITTEE OF SUPPLY

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

21 (5) RESOLUTION TO GRANT THE SUM OF
\$19 638 397 FROM THE CONSOL-
IDATED FUND TO SUPPLEMENT
THE ESTIMATES 2000-2001 AS SET
OUT IN SUPPLEMENTARY ESTIMATE
NO. 4 2000 – 2001 WHICH FORM THE
SCHEDULE TO THIS RESOLUTION.

8.20 p.m.

HEAD 19 – MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS – \$10 MILLION

Hon. G. A. CLARKE: Mr. Chairman, the Housing Credit Fund was established under USA funds since 1983 as a source of funds for mortgages of persons earning income below \$45 000 a year. Since 1983, the Fund has on-lent more than \$119 million in mortgage funds for home improvement, tenancies, loans and for special projects of a housing nature.

In 1998, the Minister of Finance promised the housing sector an injection of \$10 million per annum for the next three years, and this \$10 million is in keeping with the Minister of Finance's pledge to keep the Fund in such a way that it can help the housing situation in the country. It is also important to note that the six per cent loans that were introduced by this Government in 1998 have also borne fruit. In fact, this year alone, over \$12 million were loaned by the BMFC which is Government's major bank for on-lending the six per cent mortgages.

It has been very important to note that there are a

number of persons now getting funds under the six per cent arrangement and later this year it is anticipated that a further \$12 million would be loaned to persons who will acquire funds.

Mr. Chairman, this is only in keeping with Government's pledge to help the BMFC, the General November 28, 2000

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Workers' Loan Fund and other institutions like CLICO and the other credit unions that now get funds from the Housing Credit Fund. As I said before, the Housing Credit Fund is only a mechanism through which other mortgage banks are given funds to keep them in the programme.

With those remarks, I beg to move that this Head stand part.

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

Mr. D. J. H. THOMPSON: Mr. Chairman, I am going to be brief because I believe we will get another chance to discuss housing issues and I am only going to allow the Honourable Member for St. George North to escape from answering the very important questions about housing because of the late hour. We could ask a lot of questions but we are not going to do that tonight. I know at this late hour he can get a bit wobbly. Let him bring it early.

I want to say, because it concerns me greatly, a large number of those wooden houses built by the National Housing Corporation at Apes Hill – but I am not dealing with that – and at Gall Hill are defective. The rainy season has made the situation worse and despite the pleas of residents to have the National Housing Corporation let the contractor come back in and do the repairs, first of all, they took so long for the people to occupy the houses that by the time they got in the houses the paint was peeling and there were other problems. Now they are in, this is one of the first rainy seasons that they have been occupied and a lot of the workmanship on those houses is turning out to be horrendous.

I believe that the Minister knows this already. What is hurtful is that the people are not getting any ready response. The National Housing Corporation is obviously saying that the contractor has to come and do it. You have houses in which the windows will not open or close, you have houses with the doors with paint peeling, flooding. We had a case this week in Gall Hill in St. John with a house that flooded out and the plumbing is the problem.

I would like the Minister to let us not have that kind of fiasco because I am already of the view that those houses were priced above what was a reasonable price and because the people were getting reduced rates of interest on their mortgages, many of them bought them. If they had bought

them under any other circumstances, they should be taking legal action against the people who built them because they are defective and I do not think that because they are poor people that they should be required to accept those conditions because they are buying the houses and not renting them. They should not have to buy defective houses contracted by the National Housing Corporation. Do something about it before it becomes a major problem!

I saw the residents of Apes Hill complaining. The ones in Gall Hill called the *CBC* and the newspapers. They have not come yet and I begged them to give you a chance. I begged the residents to give the Minister a chance. They had already called the newspapers and *CBC* but I told them that I would raise it today and I believe something needs to be done.

It is not only Gall Hill. There are other areas, you know, even in your constituency because I have heard some of your people complain about the quality of the workmanship. Attend to that because, as I say, I do not think that because people are low-income earners that they should be disadvantaged, particularly when they are buying the property. They are not renting. These are people who are putting money aside to pay a deposit and own a property and it would be grossly unfair to them if they end up being ripped off.

In due course, we need to ask the Minister some questions about the building at Warrens, the finances of the National Housing Corporation and a whole set of other matters but tonight is not the night for that. We issue a warning to the Honourable Member in advance and depending upon his reply this evening if he does not satisfy us – Independence Square tomorrow night at 7 p.m.

Mr. D. St. E. KELLMAN: Mr. Chairman, I have been requesting the Minister of Housing to formulate a policy for housing where they will move away from constructing houses. There is no doubt that we have found ourselves in a situation where Government has entered into an arrangement where they are now building houses just as expensive and the quality of the houses are worse than in the private sector. They are using the loan facility at the Barbados Mortgage Finance as the bait for the masses of this country to gravitate towards that bank in order to have a house. The ridiculous thing is that after committing yourself to the Barbados Mortgage Finance you are now finding that the house is not big enough or the quality of the work delivered not appropriate to the wishes of the masses

I am hoping that the Minister of Housing will advise the National Housing Corporation to stop trying to do what they cannot do. The truth is that National Housing Corporation should get involved in delivering house lots to the people of Barbados and we should use that policy to help re-unite communities in Barbados. National Housing Corporation would be able to provide more lots and the people will be able to get their friends to come together once more to help them construct their homes.

I cannot understand why any government can get this type of advice and do not make use of it. For every house that has been constructed by Government it could have

provided four more lots if it had properly utilised the money. Instead of providing 2 000 lots, Government could have provided 8 000. I am saying that the shortfall in house lots in this country has to land on the doorsteps of Government.
8.30 p.m.

Government must understand that there is a great demand for house lots in Barbados more so than houses. Sir, I want to repeat the point that there is a great demand in this country for house spots more so than houses. There are many people constructing houses in Barbados and they are prepared to sell those houses at a reduced price but the truth is that people are buying those houses but do not have anywhere to put them. If you ask Members of Parliament who want to tell the truth, they will tell you that there are many people with houses but they do not have land to put those houses on. I am saying that any time a situation like that exists, that a forward-thinking Government would have to change its policy and recognise that they need to deliver the house spots because people are capable of providing their own homes.

I also warned the Government that the Barbados Mortgage Finance Company should not have increased the limit of the loans from \$75 000 to over \$250 000. I told the Minister at the time that he was going to face a serious problem in this country because, people who previously borrowed on Broad Street, would remove their applications from Broad Street and carry them to the Barbados Mortgage Finance Company and that the officials at the Barbados Mortgage Finance Company would concentrate more on those larger loans than the smaller loans because it would mean less work for them.

Sir, now we are faced with a situation in this Parliament today where there have been a large number of applications to the Barbados Mortgage Finance Company but they have not been able to deliver because people who previously went into Broad Street and borrowed money, are now going to the Barbados Mortgage Finance Company

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drying up the resources.

The Government had that advice and this is why I am going to put the blame squarely on the shoulders of the Government because I told them in this House exactly what would have happened and they ignored me. The truth is, when they first came with that proposal, they said six per cent and I warned them that the six per cent was going to attract the wrong people. I now understand that it is six per cent at a particular level and that they have now increased the loan rate.

Asides.

Mr. D. St. E. KELLMAN: If I am wrong, please correct me, because I may have been informed wrong and I do not want to be telling lies to this Parliament.

Mr. Chairman, people must understand that when a man can borrow \$250 000 at six per cent he is not going to Broad Street to borrow it, especially when he knows that he has someone in Cabinet who can put in a word for him, and he can go straight to the Barbados Mortgage Finance Company.

Hon. G. A. CLARKE: Mr. Chairman, on a point of order. I think the Honourable Member is misleading the House. The six per cent relates to \$100 000 and less, and it is for first-time homeowners. If you are borrowing above \$100 000, it is at the normal interest rate.

Mr. D. St. E. KELLMAN: Mr. Chairman, the Honourable Member for St. Thomas is always warning the Honourable Member for St. George North to listen and to be careful how he gets involved in the debate. I said that when the Honourable Member first came to this House, he said that the loans would be six per cent but now I am informed that the policy has changed and for some reason he has not heard that part.

Asides.

Mr. D. St. E. KELLMAN: Mr. Chairman, the problem is that we have to get the records in the House straight. If the Hansard records were up-to-date, I would be able to call for them and prove to the Minister that he misled this House.

Asides.

Mr. D. St. E. KELLMAN: About one year ago the Minister came to this Parliament and bragged about how he was increasing the loan limit to \$250 000 and that the interest rate was going to be six per cent.

Asides.

Mr. D. St. E. KELLMAN: Yes, the Minister said that in here and I said that if that was done people would not borrow money from Broad Street.

Asides.

Mr. D. St. E. KELLMAN: Sir, we have to get this clarified. We need the facts, Sir, because I am being challenged in this House. The impression is being given that I am lying and I know what I said, Sir. I said if the amount was \$250 000, nobody would borrow on Broad Street, that they would borrow the money at the Barbados Mortgage Finance Company.

Sir, we have a situation in this House where people have shifted their loan applications from Broad Street to the November 28, 2000

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Barbados Mortgage Finance Company and people who are deserving of the loans cannot get loans because people who can borrow elsewhere have utilized the Fund.

Asides.

Mr. D. St. E. KELLMAN: Sir, if I am lying I am giving the Minister the opportunity to refute what I am saying.

Hon. G. A. CLARKE: Mr. Chairman, I have listened to the Honourable Member and I have taken note of what he has said.

I beg that Head 19 stand part.

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

HEAD NO. 20 – MINISTRY OF COMMERCE,
CONSUMER AFFAIRS AND BUSINESS

DEVELOPMENT

Hon. R. St. C. TOPPIN: Mr. Chairman, there are two sub-programmes involved here. The first relates to the National Council for Science and Technology where the total is \$137,000.00 for Structures and the second sub-programme relates to the Public Utilities Board for a total of \$170,349.00.

The figure with respect to the Public Utilities Board is to permit the Board to be able to fund its operations until the end of January 31, 2001. This has been occasioned by the fact that although the Fair Trading Commission Bill and the Utilities Regulations Bill were introduced in Parliament in June with the expectation that it would have been enacted, Parliament made a decision that it should be referred to a Joint Select Committee and it is currently there.

As I intimated a bit earlier, we sought an extension of time for the sub-committee to meet and resolve its business not later than December 15, 2000, when it is anticipated that the work will be completed. If all goes well, Mr. Chairman,

it should be back here before January 31, 2001, with a view to enacting the necessary legislation, but as a precautionary measure, we have sought this supplementary.

The other area under the sub-program, National Programme for Science and Technology, is to facilitate the continued work in the area that is referred to as the Millennium Project in Science and Technology.

Mr. Chairman, this is a project that centres around the development and utilisation of alternative sources of energy. This is occasioned by the fact that small countries like Barbados cannot depend on non-renewable sources of energy like oil for two reasons (1) by virtue of being non-renewal it means that there is limited availability of oil which will run out at some stage (2) the massive pollution that appears as a result of the use of these non-renewal forms of energy. It has been decided that small countries like Barbados should resort to developing utilization of alternative forms of energy. Therefore, the emphasis in Barbados now is centred around the utilisation of solar energy.

8.40 p.m.

Therefore, the emphasis in Barbados in terms of its development in regard to national science and technology, centres around the utilisation of solar energy. There is a culture, of acceptance in relation to solar technology because of the solar water heating system that we have in Barbados.

There are a number of projects in relation to the utilisation of solar technology that have been funded and that are at various stages of development. Twelve secondary schools are producing solar energy and it is being used for distilled water. The 12 schools are scattered around the country. There will be another 12 which will be done during the course of next year.

There are also the manufacturing and production of solar ice makers to assist in the fishing industry. We are starting with two fishing villages. There are two fishing villages which will shortly benefit from the installation of solar power ice making facilities to assist the fishermen from that area.

Another project was in relation to the issue of whether or not solar air conditioning was possible. Experimental work is now being conducted at the University, which would be monitored to see if and how that project can really work in Barbados. Preparatory work is near completion in the provision of solar powered lighting on the outside of Government Headquarters.

In terms of this financial year, for which the sum is

being sought, work will continue and we will see powering of three houses by means of solar energy. These houses are going to be equipped and altered in such a way that rather than relying and being supplied by electricity from the grid, they are going to be supplied with electricity and power from the solar system.

It is expected that all the household appliances are going to be powered by solar energy. It has not yet been determined where these houses will be located.

Two fishing boats will be outfitted with emergency supply powered by solar energy. An electronic beacon would allow fishermen to recharge their batteries while at sea, therefore, making it easier. Fishing boats that are

stranded at sea could get help more quickly than currently exist. It is also intended that solar power be provided for emergency situations.

Mr. Chairman, solar lighting is going to be installed at two bus shelters. There is insufficient lighting near some bus stops and it is felt that as a pilot project, two bus shelters should be identified and be powered by solar energy to ensure the safety and security of persons while at these bus stops.

While these are just physical projects, it is not intended that the issue of the development of an alternative source of energy be done in a piecemeal way. It is intended to establish a centre for renewable energy at the University of the West Indies to ensure that we can harness the skills and talents of the scientists in Barbados and ensure that Barbados is equipped with an adequate number of scientists to ensure that this project is not a short-termed one; that training goes on in schools in relation to these projects.

A supplemental training programme was also initiated where 12 teachers and 12 students were trained in the technology. In May, 2000, I made a call to the University for a number of technicians to be trained in the art of working with the solar technology.

Apart from the physical projects, there is also a programme being put in place to ensure the systematic training of persons to deal with this new form of technology which is necessary in ensuring that the country can progress and can save foreign exchange, that it can save oil, enhance the environment and the economic and social development of Barbados.

With those few comments, Mr. Chairman, I am indebted to you.

Asides.

Hon. R. St. C. TOPPIN: Mr. Chairman, I beg that Head 20 stand part.

Hon. D. A. C. SIMMONS: Mr. Chairman, what is before the House is the provision for other expenditure which has been amended. In addition to that, this Resolution will not be complete and you still could not appropriate the supply unless an Explanatory Note was amended. 8.50 p.m.

Hon. D. A. C. SIMMONS: I beg to move that the Explanatory Note to Head 20, as amended, stand part, together with the supplementary proposal.

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

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

HEAD 23 – MINISTRY OF HEALTH

Hon. D. A. C. SIMMONS: Mr. Chairman, you will recall there was a meeting at Sherbourne Conference Centre on 11th – 12th September, 2000, where there was a Conference on HIV/AIDS in the Caribbean. At that meeting, the Prime Minister announced that Barbados was going to restructure its HIV/AIDS programme and the best responsibility for the coordination of that programme is the Prime Minister's office.

This Resolution is to provide the full set of money to facilitate the revamped HIV/AIDS programme. This is the first tranche of \$9 million. In the Budget the Prime Minister mentioned a figure of \$13 million. This is \$9 million that is coming to get the HIV/AIDS programme fully up and running.

Sir, \$8 million is for the cost of drugs that are associated with the treatment of HIV/AIDS patients, what is called "highly active anti-retroviral therapy drugs" as well as "anti-fungal" and "anti-bacterial" drugs for these HIV/AIDS sufferers. This is an important milestone in the history of the health services of Barbados. Without dwelling on this thought, it is recognised that the HIV/AIDS phenomenon in the region has reached very serious proportions and all governments are now challenged to respond to this phenomenon.

Sir, the Government is putting its money where its mouth is with the \$8 million. There is \$1.3 million for other expenses in connection with setting up the new sub-department within the Prime Minister's office to administer the HIV/AIDS programme.

Sir, without going into any more details, having regards to the hour, I beg to move that Head 23 stand part. I also beg to move that the Explanatory Note be amended as provided for in the Resolution. There is a slight amendment because of the appropriation of these funds.

I beg to move that Head 23, as amended, stand part, Sir.

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

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

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HEAD 26 – MINISTRY OF ENVIRONMENT,
ENERGY AND NATURAL RESOURCES

Hon. R. C. EASTMOND: Sir, Head 26, programme 040, Subprogram 384: Environmental Unit, Object No. Code: IEX03: National Insurance Contributions.

Having closely scrutinised where we are in the Ministry, it has come to our attention that the consequential sum of \$7 048, which should have been provided for, based on personal emoluments, has been left out. To tidy up the whole process, I am asking that this sum be approved.

It is normal, Mr. Chairman, that when the accountants in the Ministries are looking at personal emoluments they look at all that flows and really should have included provisions for National Insurance and paid them over. We have discovered this had been inadvertently left out and so I am asking this Honourable Committee to approve this sum so that this would now put the whole scene right and that this money would be made payable to the Director of National Insurance.

I therefore, beg to move that Head 26 stand part.

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

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

On the motion of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, Mr. CHAIRMAN reported to His Honour, the DEPUTY SPEAKER, the passing of one money Resolution in Committee of Supply and Mr. DEPUTY SPEAKER resumed the Chair and reported accordingly.

On the separate motions of Hon. D. A. C. SIMMONS, seconded by Hon. R. C. EASTMOND, the Resolution was read a first and second time and agreed to.

ORDER NO. 17 – LAND REGISTRATION
(SUSPENSION) ORDER, 2000

Hon. G. A. CLARKE: Mr. Deputy Speaker, the Land Registration Act, Cap. 229, makes provision for three types of land registration: the systematic registration of parcels where the land falls within a registration district; the sporadic and the voluntary registration.

Mr. Deputy Speaker, in all of these cases, the demarkation of parcels are important steps. What is happening in sections 14 and 15 of the Act, where persons can register their parcels on a sporadic and voluntary basis, has caused tremendous pressure on the Land and Surveyors Department to such an extent that the Surveyors Department cannot cope with the number of applications.

It is against this background, Mr. Deputy Speaker, that in 1993, the first Suspension Order was given and again in 1996. We are asking that sections 14 and 15 be suspended for 24 months, so that will give the Department the necessary power to suspend these two sections.
9.00 p.m.

On the motion of Hon. G. A. CLARKE, seconded by Hon. Miss B. A. MILLER, the Land Registration (Suspension) Order, 2000 was passed.

ADJOURNMENT

Hon. D. A. C. SIMMONS: Mr. Deputy Speaker, that really concluded Government's business for today.

We had an extremely long day, Sir, almost 12 hours but we have gotten through a tremendous amount of work today and we could only have done that work in the time and in the environment, and let me say that today was one of those days when we had good rapporteur on both Sides and so, I am deeply indebted to the Honourable Members on both Sides for facilitating Government's Business today which was quite heavy. I think we did well and I compliment all Honourable Members for their contributions, their support and their attendance.

Asides.

Hon. D. A. C. SIMMONS: Yes, another dose next week.

On that note I beg to move, Sir, that this House be now adjourned to Tuesday, December 5, 2000 at 11.00 a.m.

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

The question that this House be now adjourned until Tuesday, December 5, 2000 at 11.00 a.m. was put and resolved in the affirmative without division and Mr. DEPUTY SPEAKER adjourned the House accordingly.
9.04 p.m.

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